

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

<010>	Study Area Code	300606
<015>	Study Area Name	CONNEAUT TEL CO
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Judy Christiansen
<035>	Contact Telephone Number: Number of the person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	jchristiansen@consortiaconsulting.com
	Form Type	54.313 and 54.422

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

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	300606
<015>	Study Area Name	CONNEAUT TEL CO
<020>	Program Year	2017
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<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) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

300606oh112.pdf

- <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.

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The

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

Yes
Yes
Yes
Yes
Yes
Not Applicable

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

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**(300) Unfulfilled Service Request
Data Collection Form**

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<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	300606
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<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 7
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

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<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
300606oh510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	

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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	300606oh610.pdf

<010>	Study Area Code	300606
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	

-- See attached worksheet

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-- See attached worksheet --

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com
<810>	Reporting Carrier	The Conneaut Telephone Company, Inc.
<811>	Holding Company	Not Applicable
<812>	Operating Company	NA

[illegible]

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

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

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

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

<920> Tribal Government Engagement Obligation

Name of Applicant

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to

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

Select Yes or No or

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

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<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

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

FCC Form 481

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

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream

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

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300606oh1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Attachment

<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 § 54.422(a)(2) annual reporting for ETCs receiving low-income support

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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

July 2013

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support
- <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support
- <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 1 or Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2000) Price Cap Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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

July 2013

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

<2016> Certification support used to build broadband

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

<2017A> Connect America Fund Phase II recipient?

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

Name of Attached Document Listing
Required Information

cap carrier used for capital expenditures in 2015.

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

Name of Attached Document Listing
Required Information

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

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

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

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

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

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

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
(3010A)	Milestone Certification {47 CFR § 54.313(f)(1)(i)}	Yes - Attach Certification	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	300606oh3010.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
(3015)	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)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(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: Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
(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: Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	300606oh3026.pdf

REDACTED - FOR PUBLIC INSPECTION

(3005) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends

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4005 Rural Broadband Experiment

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

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

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

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

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

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

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

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	
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Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	
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4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.	Name of Attached Document Listing Required Information	
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**Certification - Reporting Carrier
Data Collection Form**

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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:	
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.	

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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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) <u>Consortia Consulting</u> 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:	Consortia Consulting
Name of Reporting Carrier:	CONNEAUT TEL CO
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 06/27/2016
Printed name of Authorized Officer:	Deanna Brown
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	4405937138 ext.
Study Area Code of Reporting Carrier:	300606 Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

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:	CONNEAUT TEL CO
Name of Authorized Agent Firm:	Consortia Consulting
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 06/27/2016
Name of Authorized Agent Employee:	Judy Christiansen
Title or position of Authorized Agent or Employee of Agent	Consultant
Telephone number of Authorized Agent or Employee of Agent:	4028181322 ext.
Study Area Code of Reporting Carrier:	300606 Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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July 2013

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	

[illegible]

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	300606
<015>	Study Area Name	CONNEAUT TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Judy Christiansen
<035>	Contact Telephone Number - Number of person identified in data line <030>	4028181322 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jchristiansen@consortiaconsulting.com

[illegible]

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Conneaut Telephone Company complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

Service quality standards for voice service are established by the state commission. The Company consistently meets or exceeds those standards and provides reports to the state commission, in accordance with the state commission's rules.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Company's compliance with CPNI rules and a description of the Company's operating procedures that ensure compliance are filed annually with the FCC.

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Conneaut Telephone Company is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

Conneaut Telephone Company

Lifeline Terms and Conditions

Conneaut Telephone Company ("Conneaut") offers Lifeline program-supported service to qualified low-income residential consumers for one telephone line per eligible household. The Lifeline program provides discounts to eligible low-income consumers to help them establish and maintain telephone service. Lifeline assistance lowers the cost of basic, monthly local telephone service. Eligible consumers can receive \$9.25 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in Lifeline. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers are usually not charged a deposit.

Lifeline Program Eligibility Information

Program Based Eligibility

Consumers are eligible for Lifeline if they, one of their dependents or their household participate in one of the following qualifying assistance programs:

Medicaid
Federal Public Housing Assistance (Section 8)
Low Income Housing Energy Assistance (LIHEAP)
Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps)
Ohio Works First/Temporary Aid to Needy Families (TANF)
National School Lunch Program Free Lunch Program
Supplemental Security Income (SSI)
SSI – Blind and Disabled (SSDI)
General/Disability Assistance

Lifeline applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for Lifeline if their household income is at or below 150% of the federal poverty guidelines.

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of Lifeline Program Service

Conneaut's Voice Lifeline service includes unlimited local minutes-of-use within the toll-free calling area. Conneaut's Voice Lifeline Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the Lifeline service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the Lifeline credit on any type or grade of local service, including bundled services that are normally offered by Conneaut. Advertised rates do not include any applicable taxes or surcharges.

Recertification of Lifeline Eligibility

Lifeline recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for the Lifeline program will result in termination of the Lifeline recipient's monthly Lifeline discount and de-enrollment from the Lifeline Program.

Additional Lifeline Program Information

The Lifeline program is limited to one benefit per household, consisting of either wireline or wireless service. A household is defined, for purposes of the Lifeline program, as an individual or group of individuals who live together at the same address and share income and expenses. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

The Conneaut Telephone Company, Inc.

Progress Report of 5 Year Plan – Milestone Certification

To be in compliance with the Milestone Certification of providing upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream:

- The Conneaut Telephone Company, Inc. certifies that it has taken reasonable steps to provide upon a reasonable request broadband service at actual speeds of 10 Mbps downstream/1 Mbps upstream with latency suitable for real-time applications, including Voice over Internet Protocol.
- The Company provides usage capacity that is reasonably comparable to comparable offerings in urban areas.
- The Company certifies that requests for such service are met within a reasonable amount of time.

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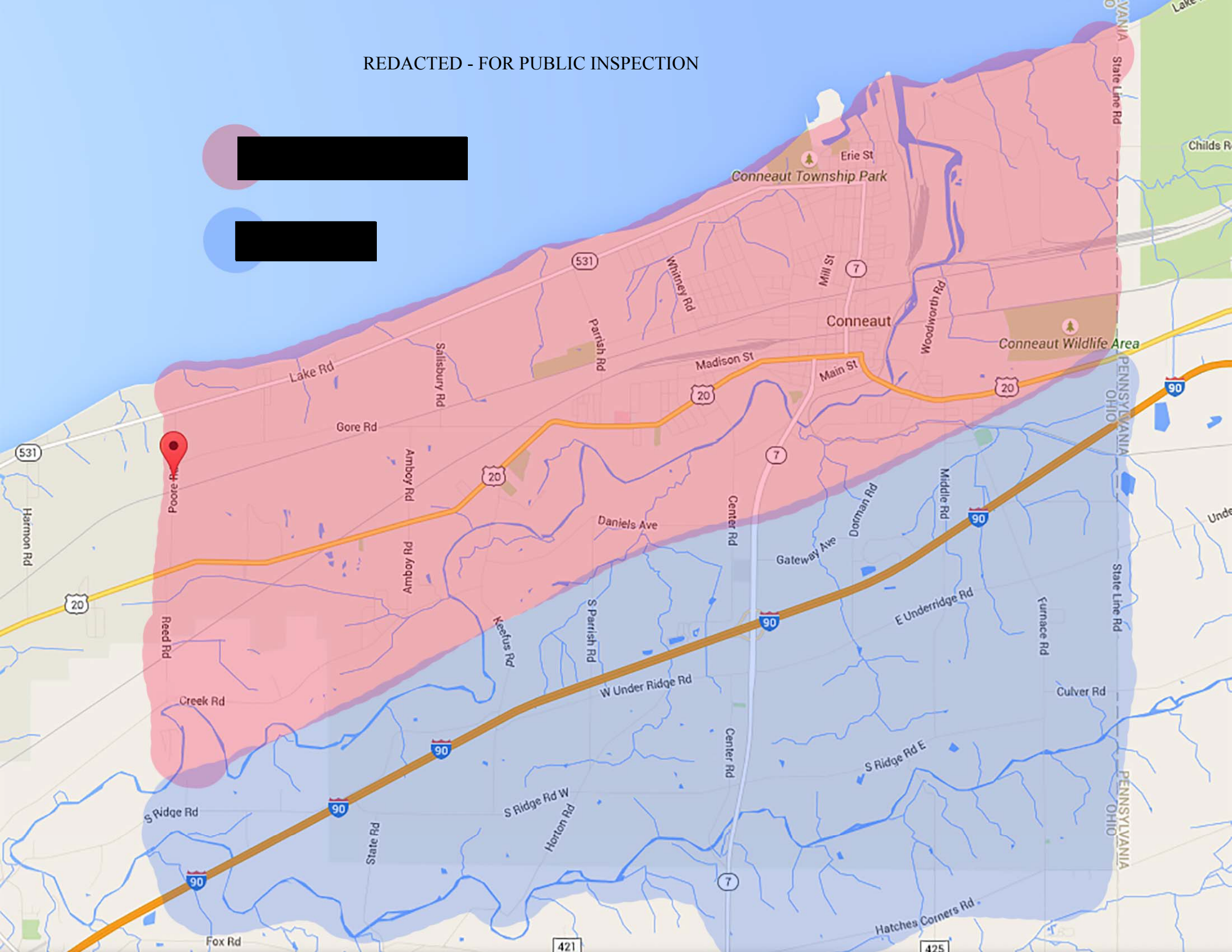
[illegible]

Past investment was used to improve service quality, service coverage, and service capacity. Thus, taking into account operating and maintaining past investment as well as depreciation on past investment, one can reasonably conclude that universal service is used proportionately for service quality, coverage, and capacity.

It is estimated that [REDACTED] of universal service funding received in 2015 was used to ensure and improve *service quality*. This ensures that the network is maintained and operated to provide telecommunications and information services as well as interexchange services and advanced telecommunications that are reasonably comparable to those services offered in urban areas and are available at rates that are reasonably comparable to rates charged for similar services in urban areas. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude the same % of universal service funding received in 2015 will be used to ensure and improve service quality in 2016.

It is estimated that [REDACTED] of universal service funding received in 2015 was used improve *service coverage* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). We believe it is reasonable to conclude the same % of universal service funding received in 2015 will be used to improve service coverage in 2016.

It is estimated that [REDACTED] of universal service funding received in 2015 was used improve *service capacity* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude the same % of universal service funding received in 2015 will be used to improve service capacity in 2016.





June 24, 2016
VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Attention: Wireline Competition Bureau

Re: **Petition for Limited Waiver of Section 54.313(j)
Conneaut Telephone Company, SAC 300606
ETC Annual Reports and Certifications; WC Docket Nos. 14-58 et al.**

Dear Ms. Dortch:

Pursuant to Section 1.3 of the rules of the Federal Communications Commission ("FCC" or "Commission"),¹ Conneaut Telephone Company (the "Company"), SAC 300606, hereby requests a limited waiver of 47 C.F.R. Section 54.313(j).² As demonstrated in the following information, good cause exists for waiver. Specifically pursuant to 47 C.F.R. Section 54.313(f)(2)(ii), all privately held rate-of-return carriers that are not recipients of loans from the RUS and whose financial statements are audited in the ordinary course of business must provide either: A copy of their audited financial statement; or a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, accompanied by a copy of a management letter issued by the independent certified public accountant that performed the company's financial audit.

At this time, an audit of the Company's 2015 financial statement is in process but is not finalized. The audit will be completed but not prior to that which is outlined in 47 C.F.R. Section 54.313(j). The Company estimates that completion of such financial statement will occur within 30 days of this waiver request. The Company will file unaudited financial statements with its original Form 481 filing and will revise such filing with USAC, the FCC, and the State Commission upon completion of the audit. In addition, once completed, all lines of Form 481 that are reliant on the financial statements will be revised if changes are made between the unaudited and audited financial statements.

Once the audited financial statements have been filed, the Company will be in full compliance with 47 C.F.R. Section 54.313(f)(2)(ii). Thus grant of this limited waiver is warranted. The "good

¹ 47 C.F.R. § 1.3

² 47 C.F.R. § 54.313(j)

cause" waiver standard has been satisfied, and grant of this waiver would be in the public interest.

Please address any correspondence regarding this transmittal to the attention of Dan Davis at the following address, e-mail, and telephone number:

/s/ Dan Davis
Director Policy Analysis
Consortia Consulting
233 South 13th Street
Suite 1225
Lincoln, NE 68508

ddavis@consortiaconsulting.com
402-441-1672

REDACTED - FOR PUBLIC INSPECTION

REDACTED - FOR PUBLIC INSPECTION

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Years Ended December 31, 2014 and 2013

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

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Demarchi & Associates

Certified Public Accountants

1111 Chester Avenue, Suite 540

Cleveland, Ohio 44114-3516

Phone (216) 241-6975

EMAIL: DNACPAS@AOL.COM

Independent Auditors' Report

Board of Directors
The Conneaut Telephone Company
Conneaut, Ohio

We have audited the accompanying consolidated balance sheets of THE CONNEAUT TELEPHONE COMPANY and its wholly owned subsidiary, Cable Suite 541, Inc., as of December 31, 2014, and 2013, and the related consolidated statements of income, retained earnings, and cash flows and accompanying schedules, for the years then ended.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general 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 judgement, including the assessment of the risk 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 and 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 2014 and 2013 consolidated financial statements, referred to above present fairly, in all material respects, the financial position of THE CONNEAUT TELEPHONE COMPANY and its wholly owned subsidiary as of December 31, 2014 and 2013, and the results of their operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as whole. The supplemental information presented on pages 24 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

[REDACTED]

[REDACTED]

Demarchi & Associates

July 27, 2015

REDACTED - FOR PUBLIC INSPECTION
BALANCE SHEETS

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

December 31, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
<u>Current Assets:</u>		
Cash on Hand	\$ [REDACTED]	\$ [REDACTED]
Cash in Bank	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]
Accounts Receivable - Telecommunications (Less allowance of [REDACTED], and [REDACTED])	[REDACTED]	[REDACTED]
Accounts Receivable - Other	[REDACTED]	[REDACTED]
Materials and Supplies Inventory	[REDACTED]	[REDACTED]
Prepaid Expenses	[REDACTED]	[REDACTED]
Prepaid Federal Income Tax (Note 6C)	[REDACTED]	[REDACTED]
Unamortized Refinancing Cost (Note 2B)	[REDACTED]	[REDACTED]
Total Current Assets	[REDACTED]	[REDACTED]
<u>Non-Current Assets:</u>		
Deferred Tax Regulatory Assets (Notes 2A and 6A 1)	[REDACTED]	[REDACTED]
Unamortized Refinancing Cost (Note 2B)	[REDACTED]	[REDACTED]
Total Non-Current Assets	[REDACTED]	[REDACTED]
<u>Other Assets:</u>		
Investment in Rural Tel. Finance Corp. Certificate (Note 13)	[REDACTED]	[REDACTED]
Total Other Assets	[REDACTED]	[REDACTED]
<u>Plant, Property, and Equipment:</u>		
Plant in Service (Note 3)	[REDACTED]	[REDACTED]
Less: Accumulated Depreciation and Amortization	[REDACTED]	[REDACTED]
Net Plant in Service	[REDACTED]	[REDACTED]
Add: Plant Under Construction	[REDACTED]	[REDACTED]
Non-Operating Plant	[REDACTED]	[REDACTED]
Net Plant, Property & Equipment	[REDACTED]	[REDACTED]
TOTAL	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	2014	2013
<u>Current Liabilities:</u>		
Current Portion - Long Term Debt - RTFC (Note 13)	\$ [REDACTED]	\$ [REDACTED]
- Capital Equipment Leases (Note 14)	[REDACTED]	[REDACTED]
Accounts Payable	[REDACTED]	[REDACTED]
Advance Billings and Payments	[REDACTED]	[REDACTED]
Accrued Taxes - Other	[REDACTED]	[REDACTED]
Accrued Pension Contribution	[REDACTED]	[REDACTED]
Accrued Dividends on Preferred Stock (Note 8)	[REDACTED]	[REDACTED]
Other Accrued Expenses	[REDACTED]	[REDACTED]
Total Current Liabilities	[REDACTED]	[REDACTED]
<u>Long Term Debt</u> - Rural Telephone Finance Corp. (Note 13)	[REDACTED]	[REDACTED]
- Capital Equipment Leases (Note 14)	[REDACTED]	[REDACTED]
Total Long Term Debt	[REDACTED]	[REDACTED]
<u>Other Liabilities and Deferred Credits:</u>		
Unfunded Accrued Pension Cost (Note 4)	[REDACTED]	[REDACTED]
Unfunded Accrued Other Postretirement Benefits (Note 5)	[REDACTED]	[REDACTED]
Deferred Tax Liability (Note 6A 2a)	[REDACTED]	[REDACTED]
Deferred Tax Regulatory Liability (Note 6A 2b)	[REDACTED]	[REDACTED]
Deferred Tax Regulatory Adjustment Account (Note 6A 2c)	[REDACTED]	[REDACTED]
Total Other Liabilities and Deferred Credits	[REDACTED]	[REDACTED]
Total Liabilities	[REDACTED]	[REDACTED]
<u>Stockholders' Equity:</u>		
Preferred Stock-Authorized [REDACTED] Shares @ [REDACTED] Par Value;		
Issued and Outstanding, [REDACTED] shares @ [REDACTED] Par Value	[REDACTED]	[REDACTED]
Common Stock-Authorized [REDACTED] Shares @ [REDACTED] Par Value;		
Issued and Outstanding [REDACTED] Shares @ [REDACTED] Stated Value	[REDACTED]	[REDACTED]
Less - [REDACTED] Shares Treasury Stock at Cost	[REDACTED]	[REDACTED]
Common Stock Outstanding ([REDACTED] Shares)	[REDACTED]	[REDACTED]
Additional Paid-In-Capital (on Common Stock)	[REDACTED]	[REDACTED]
Retained Earnings (Page 4)	[REDACTED]	[REDACTED]
Accumulated Other Comprehensive Income (Note 4)	[REDACTED]	[REDACTED]
Total Stockholders' Equity	[REDACTED]	[REDACTED]
TOTAL	\$ [REDACTED]	\$ [REDACTED]

REDACTED - FOR PUBLIC INSPECTION
STATEMENTS OF INCOME

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
<u>Operating Revenues (Page 31)</u>			
Local Network Services Revenue	\$ [REDACTED]	[REDACTED]	[REDACTED]
Network Access Services Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Long Distance Network Services Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Less - Uncollectible Revenues	[REDACTED]	[REDACTED]	[REDACTED]
Total Operating Revenues - Regulated	[REDACTED]	[REDACTED]	[REDACTED]
<u>Operating Expenses (Pages 32 and 33)</u>			
Plant Specific Operations	[REDACTED]	[REDACTED]	[REDACTED]
Plant Nonspecific Operations	[REDACTED]	[REDACTED]	[REDACTED]
Customer Operations	[REDACTED]	[REDACTED]	[REDACTED]
Corporate Operations	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and Amortization	[REDACTED]	[REDACTED]	[REDACTED]
Total Operating Expenses - Regulated	[REDACTED]	[REDACTED]	[REDACTED]
<u>Operating Taxes</u>			
Federal Income Tax - Current Expense (Credit) (Note 6 B)	[REDACTED]	[REDACTED]	[REDACTED]
- Deferred Expense (Note 6 B)	[REDACTED]	[REDACTED]	[REDACTED]
Other Operating Taxes (Note 17)	[REDACTED]	[REDACTED]	[REDACTED]
Total Operating Taxes - Regulated	[REDACTED]	[REDACTED]	[REDACTED]
Operating Loss Before Interest - Regulated	[REDACTED]	[REDACTED]	[REDACTED]
Less - Interest Expense on Long Term Debt	[REDACTED]	[REDACTED]	[REDACTED]
Operating Loss - Regulated	[REDACTED]	[REDACTED]	[REDACTED]
<u>Other Income (Expense) - Net (Page 33)</u>	[REDACTED]	[REDACTED]	[REDACTED]
Loss from Regulated Operations	[REDACTED]	[REDACTED]	[REDACTED]
<u>Nonregulated Income (Loss)</u>			
Net Income - Cellular (Page 24)	[REDACTED]	[REDACTED]	[REDACTED]
Net Income - Internet Operations (Page 25)	[REDACTED]	[REDACTED]	[REDACTED]
Net Loss - Cable Suite 541 (Page 27)	[REDACTED]	[REDACTED]	[REDACTED]
Other Income & (Expenses) - Deregulated (Page 28)	[REDACTED]	[REDACTED]	[REDACTED]
Total Nonregulated Net Income	[REDACTED]	[REDACTED]	[REDACTED]
Loss before Extraordinary Income	[REDACTED]	[REDACTED]	[REDACTED]
<u>Extraordinary Income (Note 7)</u>			
Gain on Sale of Partnership Interest	-	[REDACTED]	[REDACTED]
<u>NET INCOME (LOSS)</u>	\$ [REDACTED]	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF RETAINED EARNINGS

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>BALANCE AT BEGINNING OF YEAR</u>	\$ [REDACTED]	\$ [REDACTED]
Add: Net Income (Loss) for the Period (Page 3)	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]
Less: Dividends on Preferred Stock (Note 8)	[REDACTED]	[REDACTED]
Dividends on Common Stock	[REDACTED]	-
Total Dividends	[REDACTED]	[REDACTED]
<u>BALANCE AT END OF YEAR - CONSOLIDATED</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>
* * * * *		
<u>BOOK VALUE PER SHARE (NOTE 10)</u>	\$ [REDACTED]	\$ [REDACTED]
<u>EARNINGS (LOSS) PER SHARE (NOTE 11)</u>		
a) Before Extraordinary Income	\$ [REDACTED]	\$ [REDACTED]
b) After Extraordinary Income	\$ -	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

Years Ended December 31, 2014 and 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash Received from Customers, etc.	\$ [REDACTED]	\$ [REDACTED]
Interest, Dividends and Capital Gains - net	[REDACTED]	[REDACTED]
Interest Paid	[REDACTED]	[REDACTED]
Cash Paid to Suppliers, Employees and Relative Expenses	[REDACTED]	[REDACTED]
Taxes Paid	[REDACTED]	[REDACTED]
Net Cash Provided by Operating Activities	[REDACTED]	[REDACTED]
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Acquisition of Fixed Assets	[REDACTED]	[REDACTED]
Acquisition of Plant Under Construction	[REDACTED]	[REDACTED]
Distributions from Partnerships - Cellular	-	[REDACTED]
Gross Proceeds From RSA#3 Sale	-	[REDACTED]
Net Increase from RTFC Certificate	[REDACTED]	-
Net Cash Provided (Used) by Investing Activities	[REDACTED]	[REDACTED]
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from Capital Lease Financing for Fixed Asset Acquisitions	[REDACTED]	[REDACTED]
Principal Payments - RTFC Term Loans	[REDACTED]	[REDACTED]
- RTFC Line of Credit	[REDACTED]	-
- Capital Leases	[REDACTED]	[REDACTED]
Net Cash Used by Financing Activities	[REDACTED]	[REDACTED]
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	[REDACTED]	[REDACTED]
Cash and Cash Equivalents at Beginning of Year	[REDACTED]	[REDACTED]
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

THE CONNEAUT TELEPHONE COMPANY
and Wholly Owned Subsidiary

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>RECONCILIATION OF NET INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES:</u>		
Net Income (Loss) (Page 3)	\$ [REDACTED]	[REDACTED]
Adjustments to Reconcile Net Income and Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	[REDACTED]	[REDACTED]
Non-Cash - Partnership (Income) - Cellular	-	[REDACTED]
Extraordinary Gain on Sale of RSA #3-Before Taxes	-	[REDACTED]
Net Federal Income Tax Expensed Non-Cash	[REDACTED]	[REDACTED]
(Increase) Decrease in Receivables	[REDACTED]	[REDACTED]
(Increase) Decrease in Prepaid Federal Income Tax	[REDACTED]	[REDACTED]
(Increase) Decrease in Prepaid Items	[REDACTED]	[REDACTED]
Amortization of Refinancing Costs-RTFC Note	[REDACTED]	[REDACTED]
Decrease in Materials & Supplies Inventory	[REDACTED]	[REDACTED]
Increase in Accounts Payable	[REDACTED]	[REDACTED]
Decrease in Advance Billings	[REDACTED]	[REDACTED]
Increase (Decrease) in Accrued Taxes	[REDACTED]	[REDACTED]
Increase (Decrease) in Accrued Dividends Payable	[REDACTED]	[REDACTED]
Increase (Decrease) in Accrued Pension Contribution	[REDACTED]	[REDACTED]
Increase in Other Accrued Expenses	[REDACTED]	[REDACTED]
Pension Expense (Credit) - Non Cash	[REDACTED]	[REDACTED]
Increase in Accrued Retirement Health Benefits-Non Cash	[REDACTED]	[REDACTED]
Other Post Retirement Benefit Payments Made	[REDACTED]	[REDACTED]
Decrease Other Comprehensive Income	[REDACTED]	[REDACTED]
Other Non-Cash Adjustments	[REDACTED]	[REDACTED]
Total Adjustments	[REDACTED]	[REDACTED]
<u>TOTAL CASH PROVIDED BY OPERATING ACTIVITIES</u>	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the consolidated financial statements of the parent company, The Conneaut Telephone Company, and its wholly-owned subsidiary, Cable Suite 541, Inc.

General Policy – The Telephone Company is primarily a regulated public utility, and follows the accounting for regulated enterprises prescribed by Statement of Financial Accounting Standards No. 71 “Accounting for the Effects of Certain Types of Regulations.” This accounting recognizes the economic effects of rate regulations by recording costs and a return on investment as such amounts are recovered through rates authorized by regulatory authorities.

Cable Suite 541, Inc., a wholly-owned subsidiary that began operations in July, 2001, operates cable T.V. services in the same basic area of the telephone company. Cable Suite 541, Inc. was organized to maintain separate operations from the state regulated telephone utility company. All significant intercompany accounts and profit have been eliminated in these consolidated financial statements.

Revenues are recognized when earned. In telephone operations, this is generally based on usage of the Company’s local exchange networks or facilities or under revenue sharing arrangements with other telecommunications carriers. For cable T.V. services and other products or services, revenue is recognized when products are delivered or services are rendered to customers.

Non-regulated income includes Cellular Income (page 24), Internet Income (page 25), Cable T.V. (page 27) and Other Income and Expenses – Deregulated, such as phone rentals, phone sales, service charges, etc. (page 28). The Company carries its assets and liabilities on the historical cost basis and follows the accrual basis of accounting. The Company’s policy is to hold marketable securities to maturity.

Inventories are stated at lower of cost or market. Cost is determined by the average cost method on a first-in, first-out basis.

Both the telephone and cable television plants are carried at cost in continuing mass asset accounts, which includes expenditures for new facilities, and major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. When assets are retired, or otherwise disposed of, the depreciation reserve is charged with the full cost or other basis of the asset, and credited with the salvage value and/or proceeds.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

For the Telephone Company, depreciation is based on the estimated useful lives computed for financial reporting on the straight-line method. For each mass asset account, the average of the beginning and ending monthly balances is computed and the applicable depreciation rate is applied.

Thus, depreciation is calculated on a monthly basis. For income tax purposes, the Company adheres to the normalization rule in applying straight-line and accelerated rates.

Cable Suite 541, Inc. calculates its depreciation on the accelerated method for tax purposes. For financial reporting purposes, depreciation is based on the estimated useful lives, which is longer than for tax purposes.

In line with the continuing mass asset accounts, additions to and retirements from are made as they occur. Individual assets in continuing account may be fully depreciated; yet the account will continue to be a live account against which depreciation reserve is less than the cost or other basis (adjusted for salvage) of all the assets in the account.

For the purpose of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company provides telecommunication, internet access and cable television services. The Company commenced business in 1897 and is located at 224 State Street in Conneaut, Ohio.

2. NON-CURRENT ASSETS

A. DEFERRED TAX

Non-current assets consist of a deferred tax regulatory asset. In accordance with the adoption provisions of F.C.C. Docket #89-360, effective February 8, 1994, the Company recognized a deferred tax regulatory asset in implementing FASB ASC 740 (formerly #109): "Accounting for Income Taxes." This account acts in conjunction with liability accounts "Deferred Tax Regulatory Liability" and "Deferred Tax Regulatory Adjustment Account" to maintain the revenue neutral standard of the order. The balance as of December 31, 2014 is [REDACTED] and in 2013 [REDACTED] respectively.

B. UNAMORTIZED REFINANCING COST

The Company refinanced its long term loan with RTFC (see Note 13) in June 2012. The fixed interest rate conversion cost amounted to [REDACTED] and is being amortized over the new loan's seven year life. At December 31, 2014, the current unamortized portion was [REDACTED] and the long term portion was [REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

3. TELEPHONE PLANT, PROPERTY AND EQUIPMENT

This consists of telephone (primarily regulated) plant in service, internet (non-regulated), and cable television (non-regulated), property, plant and equipment at cost, as follows:

<u>TELEPHONE PLANT IN SERVICE</u>	<u>2014</u>	<u>2013</u>
Land	\$ [REDACTED]	\$ [REDACTED]
Buildings	[REDACTED]	[REDACTED]
Digital Electronic Switching (includes Capital Lease equipment)	[REDACTED]	[REDACTED]
Station Apparatus	[REDACTED]	[REDACTED]
Poles, Cables and Wire	[REDACTED]	[REDACTED]
Other Equipment, etc.	[REDACTED]	[REDACTED]
General Purpose Computers	[REDACTED]	[REDACTED]
Furniture & Office Equipment	[REDACTED]	[REDACTED]
Total Telephone Plant In Service	[REDACTED]	[REDACTED]
<u>INTERNET PLANT IN SERVICE</u> (non regulated)		
Internet -- Switching Equipment	[REDACTED]	[REDACTED]
- Computers	[REDACTED]	[REDACTED]
- Furniture and Equipment	[REDACTED]	[REDACTED]
Total Internet Plant In Service (non regulated)	[REDACTED]	[REDACTED]
Total Cost Basis Telephone Company	[REDACTED]	[REDACTED]
<u>CABLE TELEVISION PLANT IN SERVICE</u>		
Head End Circuit & Building	[REDACTED]	[REDACTED]
Switching Equipment	[REDACTED]	[REDACTED]
Computers	[REDACTED]	[REDACTED]
Customer Premise Equipment	[REDACTED]	[REDACTED]
Total CATV Cost Basis	[REDACTED]	[REDACTED]
<u>TOTAL COST BASIS</u>	[REDACTED]	[REDACTED]
Less: Accumulated Depreciation		
Telephone Company	[REDACTED]	[REDACTED]
Cable Television Company	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]
<u>NET PLANT, PROPERTY & EQUIPMENT</u>	[REDACTED]	[REDACTED]

The Telephone Company's total depreciation expense for the current year amounted to [REDACTED], Internet's amounted to [REDACTED], and Cable TVs amounted to [REDACTED].

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

4. PENSION PLAN

The Company has a defined benefit pension plan covering all of its employees. The benefits are based on years of service and the employee's final average monthly pay, which is the monthly average of an employee's earnings during the five consecutive years within the last ten years of employment, which produce the highest average. The Company's funding policy is to contribute annually an amount that, based on actuarial assumptions, is greater than the minimum required contribution, to meet the minimum funding standards of ERISA, but less than the maximum amount that can be deducted for federal income tax purposes. However, the Company has temporarily frozen pension plan benefit accruals for newly hired and existing employees. The funds are invested in various (a) common stocks; (b) fixed income securities; and, (c) convertible securities.

During the year 2006, the Company began reporting its pension liability under the new FASB No. 158 rules. Under these new rules, the Funded Status is reported using only the fair value of plan assets compared to the projected benefit obligation. In prior years, the net unrecognized transition obligation from 1990 was being amortized over 20 years, and was also included in the funded status calculation. Under the new rules, the unrecognized transition obligation is added to the pension liability account as of December 31, 2004, with a charge to retained earnings, net of deferred tax. Furthermore, previously unrecognized actuarial gains and losses are now recognized in a new liability account in stockholders equity called Accumulated Other Comprehensive Income.

The following tables set forth the plan's funded status and amounts recognized in the Company's balance sheets at December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Actuarial present value of benefit obligations		
Accumulated Benefit Obligations, including vested benefits of [REDACTED] and [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Projected benefit obligation for service rendered to date	\$ [REDACTED]	\$ [REDACTED]
Plan assets at fair value, primarily listed stocks and securities	[REDACTED]	[REDACTED]
<u>Unfunded Accrued Pension Cost</u>	[REDACTED]	[REDACTED]

The Segmented Interest Rates were used in determining the actuarial present value of the projected benefit obligation.

Under the Pension Protection Act of 2006, new rules for determining funding requirements were first used in Year 2008.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

4. PENSION PLAN (Cont'd)

An alternative amortization approach was used to amortize the unrecognized net obligations, i.e., a straight-line amortization over the average remaining service period of employees expected to receive benefits under the plan.

	<u>2014</u>	<u>2013</u>
<u>Projected Benefit Obligation: Reconciliation</u>		
Beginning Balance	\$ [REDACTED]	\$ [REDACTED]
Service Cost	[REDACTED]	-
Interest Cost	[REDACTED]	[REDACTED]
Actuarial (Gains) and Losses	[REDACTED]	[REDACTED]
Benefits Paid and Expenses	[REDACTED]	[REDACTED]
Ending Balance	[REDACTED]	[REDACTED]
<u>Fair Value Plan Assets: Reconciliation</u>		
Beginning Balance	[REDACTED]	[REDACTED]
Actual Return on Plan Assets	[REDACTED]	[REDACTED]
Employer Contributions	[REDACTED]	[REDACTED]
Benefits Paid	[REDACTED]	[REDACTED]
Actuarial Adjustment	[REDACTED]	[REDACTED]
Ending Balance	[REDACTED]	[REDACTED]
<u>Unfunded Accrued Pension</u>	[REDACTED]	[REDACTED]
Net pension cost for 2014 and 2013 included the following components:		
Service Cost	\$ [REDACTED]	\$ -
Interest cost on projected benefit obligation	[REDACTED]	[REDACTED]
Actual return on plan assets	[REDACTED]	[REDACTED]
Net (gain) loss	[REDACTED]	[REDACTED]
Net Periodic Pension Cost (Credit)	[REDACTED]	[REDACTED]

ACCUMULATED OTHER COMPREHENSIVE INCOME

An analysis of Accumulated Other Comprehensive Income under FASB 158 follows:

Net Unrecognized Actuarial Gains and losses at 12/31/04	\$ [REDACTED]
Less Deferred Income Tax [REDACTED]	[REDACTED]
Reclassified as Other Comprehensive Income 1/1/05	[REDACTED]
Net Gains and (Losses) from 2005 to 2012	[REDACTED]
Year 2013 (Loss)	[REDACTED]
Year 2014 (Loss)	[REDACTED]
<u>Balance December 31, 2014</u>	[REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

5. POSTRETIREMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the Company provides certain health care benefits for retired employees, specifically the payment of health care insurance premiums. All of the Company's employees may become eligible for these benefits if they reach normal retirement age while working for the Company. For early retirees age 55 and over, the Company pays the Medicare supplement rate, with the retirees paying the balance. The plan is neither funded nor does it hold any assets. The premiums are paid from cash flows provided by operating activities. There are no non-benefit liabilities or significant matters affecting the comparability of information for the periods presented.

The Company has adopted and implemented the provisions of FASB #158 in Year 2006. Under these new rules, the Funded Status is reported using only the Accumulated Benefit Obligation compared to the fair value of plan assets.

Effective August 1, 2008 the Company was able to reduce its monthly hospitalization premium to [REDACTED] per participant. Since 1993 the Postretirement Health Care Benefit Obligation (OPEB) liability had been calculated using a [REDACTED] monthly premium, plus an assumed [REDACTED] annual [REDACTED]. The actual rate of [REDACTED] is much lower than the prior assumptions and dramatically reduced the 2008 and thereafter calculations of the OPEB liability. The Current obligation calculation also assumes an annual [REDACTED] rather than [REDACTED].

The following tables set forth the plan's funded status and amounts recognized in the Company's balance sheets at December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Retirees	\$ [REDACTED]	\$ [REDACTED]
Other active plan participants	[REDACTED]	[REDACTED]
Accumulated Benefit Obligation	\$ [REDACTED]	\$ [REDACTED]
Accumulated Benefit Obligation	[REDACTED]	[REDACTED]
Plan assets at fair market value	[REDACTED]	[REDACTED]
<u>Unfunded Accrued Other</u> <u>Postretirement Benefits</u>	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

5. POSTRETIREMENT HEALTH CARE BENEFITS (Cont'd)

Net Postretirement Benefit Cost for 2014 and 2013 included the following components:

	<u>2014</u>	<u>2013</u>
Service cost-benefits earned during Year	\$ [REDACTED]	\$ [REDACTED]
Interest cost on accumulated benefit obligation	[REDACTED]	[REDACTED]
Net Periodic Postretirement Benefit Cost	[REDACTED]	[REDACTED]
Accrued Benefit Cost at beginning of Year	\$ [REDACTED]	\$ [REDACTED]
Net Periodic Postretirement Benefit Cost	[REDACTED]	[REDACTED]
Contribution (payments made)	[REDACTED]	[REDACTED]
Adjustment for Employee Resignations	[REDACTED]	[REDACTED]
<u>Unfunded Accrued Postretirement Benefit</u>		
<u>Cost, End of Year – Funded Status</u>	[REDACTED]	[REDACTED]

The weighted average discount rate used in determining the present value of the accumulated benefit obligation and the health care cost trend rate (current and prospective) were three and five percent, respectively.

Increasing the weighted average health care cost trend rate [REDACTED] would [REDACTED] both the accumulated postretirement benefit obligation as of December 31, 2013 and 2012 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the years then ended as follows:

<u>If Costs</u> [REDACTED]:	<u>2014</u>	<u>2013</u>
Accumulated Benefit Obligation [REDACTED] by	\$ [REDACTED]	\$ [REDACTED]
Postretirement Benefit Cost [REDACTED] by	\$ [REDACTED]	\$ [REDACTED]

Decreasing the weighted average health care cost trend [REDACTED] would [REDACTED] both categories as follows:

<u>If Costs</u> [REDACTED]:	<u>2014</u>	<u>2013</u>
Accumulated Benefit Obligation [REDACTED] by	\$ [REDACTED]	\$ [REDACTED]
Postretirement Benefit Cost [REDACTED] by	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

6. INCOME TAXES AND DEFERRED TAXES

The Company uses different methods to account for Depreciation Expense, Postretirement Benefits, Pension Costs, and other items for financial reporting purposes than it does for income tax purposes. The differences between these two reporting methods result in future tax consequences which are provided for in Deferred Taxes on the Balance Sheet, in the financial statements.

In accordance with the provisions of FASB ASC 740 (formerly #109), the following are presented in their required detail:

- A. Components of Deferred Tax Assets and Deferred Tax Liabilities
- B. Components of Tax Expense for financial reporting purposes
- C. Reconciliation of expected and actual Tax Expense

A. 1. Components of Deferred Tax Assets:

	<u>2014</u>	<u>2013</u>
Deferred tax regulatory asset FCC mandated gross up to FASB ASC 740 of -		
Capital Lease	\$ [REDACTED]	\$ [REDACTED]
Regulatory Asset	[REDACTED]	[REDACTED]
<u>Total Deferred Tax Regulatory Asset</u>	[REDACTED]	[REDACTED]

2. Components of Deferred Tax Liability:

a) Non-current Deferred Tax Liabilities -		
Telecommunications Plant – net diff.	\$ [REDACTED]	\$ [REDACTED]
Amortization of Intangible	[REDACTED]	[REDACTED]
OPEB (FASB #158)	[REDACTED]	[REDACTED]
Pension Costs (FASB #158)	[REDACTED]	[REDACTED]
Unamortized Lease	[REDACTED]	[REDACTED]
Net Operating Loss Carryover	[REDACTED]	[REDACTED]
Tax Rate	[REDACTED]	[REDACTED]
<u>Consolidated Total Non-current</u>	[REDACTED]	[REDACTED]
<u>Deferred Tax Liabilities</u>	[REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

6. INCOME TAXES AND DEFERRED TAXES (Cont'd)

		<u>2014</u>	<u>2013</u>
A. 2. b) <u>Deferred Tax Regulatory Liability</u>			
FCC mandated gross up of –			
Transition Adj. to FASB ASC 740	\$		\$
OPEB costs (FASB #158)			
Pension cost (FASB #158)			
Amortization of Intangible			
Regulatory liability			
<u>Total Deferred Tax Regulatory</u>			
<u>Liability</u>			

c) Deferred Tax Regulatory Adjustment Account

Deferred taxes and gross up –			
Transition Adj. to FASB ASC 740	\$		\$
Amortization of Intangible			
Pension cost (FASB #158)			
OPEB (FASB #158)			
Unamortized Capital Lease			
Regulatory Asset and Liability			
<u>Total Deferred Tax Regulatory</u>			
<u>Adjustment Account</u>			

B. Components of Tax Expense for Financial
Reporting Purposes:

		<u>2014</u>	<u>2013</u>
Provision for Current Tax (Credit)	\$		\$
Provision for Deferred Income Tax (Credit)			
<u>Total Income Tax Expense (Credit) for</u>			
<u>Financial Reporting</u>	\$		\$

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

6. INCOME TAXES AND DEFERRED TAXES (Cont'd)

B. (Cont'd)

The foregoing Federal Income Tax Expense (Credit) is reported in these financial statements as follows –

	<u>2014</u>	<u>2013</u>
Federal Income Tax – Current –		
Regulated Operations	\$ [REDACTED]	\$ [REDACTED]
Cellular Income	[REDACTED]	[REDACTED]
Internet Operations	[REDACTED]	[REDACTED]
Other Deregulated	[REDACTED]	[REDACTED]
Cable Suite 541, Inc.	[REDACTED]	[REDACTED]
Extraordinary Income	-	[REDACTED]
Total Current Tax Expense (Credit)	[REDACTED]	[REDACTED]
Deferred Taxes –		
Regulated Operations	[REDACTED]	[REDACTED]
Internet Operations	[REDACTED]	[REDACTED]
Cellular Income	-	[REDACTED]
Other Deregulated	[REDACTED]	[REDACTED]
Cable Suite 541 Inc.	[REDACTED]	[REDACTED]
Extraordinary Income	[REDACTED]	[REDACTED]
Total Deferred Tax Expense (Credit)	[REDACTED]	[REDACTED]
<u>Net Tax Expense (Credit)</u>	\$ [REDACTED]	\$ [REDACTED]

C. Reconciliation of Expected and Actual Tax Expense:

<u>Year 2014</u>	<u>Taxable Income</u>	<u>Tax</u>	<u>Rate</u>
Pre-tax accounting book income and expected tax at statutory rate	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]
Book vs. tax timing differences – net	[REDACTED]	[REDACTED]	[REDACTED]
Total Taxable Income	\$ [REDACTED]		
Income Tax Credit [REDACTED]		[REDACTED]	[REDACTED]
Alternative Minimum Tax		-	-
Provision for Deferred Tax Expense		[REDACTED]	[REDACTED]
<u>Net Tax Expense for Financial Reporting in 2014</u>		[REDACTED]	[REDACTED]

During the year the Company did not pay any estimated Income Taxes. The actual tax was [REDACTED].

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

6. INCOME TAXES AND DEFERRED TAXES (Cont'd)

C. (Cont'd):

The total N.O.L. carryforward is [REDACTED] at December 31, 2014 and the related tax benefit is [REDACTED]. The N.O.L. carryforward begins expiring in Year 2024.

<u>Year 2013</u>	<u>Taxable (Loss)</u>	<u>Tax</u>	<u>Rate</u>
Pre-tax accounting Book income and expected tax at statutory rate	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]
Book vs. tax timing differences – net	[REDACTED]	[REDACTED]	[REDACTED]
Total Taxable Income (Loss)	\$ [REDACTED]		
Income Tax Expense		[REDACTED]	[REDACTED]
Alternative Minimum Tax		[REDACTED]	[REDACTED]
Provision for Deferred Tax Expense		[REDACTED]	[REDACTED]
<u>Net Tax for Financial Reporting in 2013</u>		\$ [REDACTED]	

7. EXTRAORDINARY INCOME - PRIOR YEAR

The Company experienced Extraordinary Income in 2013 from the sale of a partnership interest.

The Company finalized the sale of its [REDACTED] interest in Ohio RSA#3 Limited Partnership on November 22, 2013 to A.T. & T.

A.T. & T. had recently acquired the other [REDACTED] interest from Allied Wireless Communications (Note 3B) in February 2013, and wanted [REDACTED] ownership.

After hiring a consultant and months of negotiating, a sales price of [REDACTED] was agreed to and the sale finalized on November 22, 2013.

Accordingly, the Company realized Extraordinary Income in 2013 as follows:

Sales Price	[REDACTED]
Less Commission on Sale	[REDACTED]
Less Cost Basis of Investment	[REDACTED]
Gain on Sale	[REDACTED]
Federal Income Tax Expense	\$ [REDACTED]
Deferred Tax Credit	[REDACTED]
Less Net Tax Expense	[REDACTED]

NET GAIN ON SALE OF PARTNERSHIP [REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

8. DIVIDENDS ON PREFERRED STOCK

During 2014 the Board of Directors declared four quarterly dividends on Preferred Stock amounting to [REDACTED]. However, RTFC approved payment for only two quarters since the Company has not met certain loan covenants, which left two quarters' dividends to accumulate. The Company did pay [REDACTED] for all dividends accrued through December 31, 2013. The balance for accrued Dividends at December 31, 2014 and 2013 is [REDACTED] and [REDACTED] respectively. There was an adjustment in 2014 for an additional [REDACTED] shares outstanding.

9. TREASURY STOCK/COMMON STOCK

In September 2014, the Company transferred [REDACTED] shares of Common Treasury Stock, as a contribution to the Company's defined benefit pension plan. The total stock contribution to the pension amounted to [REDACTED].

In addition, [REDACTED] shares, with a value of [REDACTED], were transferred to the pension plan in prior years and will reduce the pension contribution.

10. BOOK VALUE

Book value per share is based upon [REDACTED] shares outstanding at December 31, 2014 and adjusted for 2013, and is calculated as follows:

	<u>2014</u>	<u>2013</u> (Adjusted)
Stockholders' Equity - Preferred Stock Outstanding		
[REDACTED] Common Shares		
<u>Book Value Per Share</u>	\$ [REDACTED]	[REDACTED]

11. EARNINGS (LOSS) PER SHARE

Earnings per share is based upon [REDACTED] average shares outstanding for 2014 and for 2013, and is calculated using the following formula:

<u>Net Income (Loss) - Preferred Dividends</u>		
<u>Average Common Shares</u>	<u>=</u>	<u>EPS</u>
	<u>2014</u>	<u>2013</u>
Net Income (Loss) before Extraordinary Income		
\$ [REDACTED] - Preferred Dividends [REDACTED]		
[REDACTED] Average Common Shares	<u>=</u>	
<u>Earnings (Loss) per Share before Extraordinary Income</u>	[REDACTED]	\$ [REDACTED]
Net Income (Loss) after Extraordinary Income		
[REDACTED] - Preferred Dividends [REDACTED]		
[REDACTED] Average Common Shares	<u>=</u>	
<u>Earnings (Loss) per Share after Extraordinary Income</u>	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

12. OPERATING LEASES

- A. In March 2009, the Company originally signed a five-year lease with One Community to provide video transport of Cleveland TV channels for its cable television operation; and to provide bandwidth service for its internet operation. The monthly lease rate was [REDACTED], and the lease was to end in March 2014. However, the Company renegotiated this lease in July, 2013 for 60 months at a new low monthly rate of [REDACTED]. This new lease began on August 1, 2013 and expires in July 2018.
- B. The Company also has a small operating lease for land for its microwave tower.
- C. The Company leases a variety of vehicles under one master operating lease with Enterprise Fleet Management.

The following is a schedule by years of future minimum rental payments, required under operating leases that have initial or remaining non-cancelable lease terms as of December 31, 2014:

Year	- 2015	\$ [REDACTED]
	- 2016	[REDACTED]
	-2017	[REDACTED]
	-Thereafter	[REDACTED]
	Total Minimum Future Lease Payments	[REDACTED]

13. NOTE PAYABLE – RTFC LONG TERM LOAN

As of December 31, 2014 the loan balance is [REDACTED] of which [REDACTED] is classified as long term debt and [REDACTED] is shown as current liability. The amount of loan principal paid in 2014 amounted to [REDACTED] and [REDACTED] of principal was paid in 2013, (of which [REDACTED] was required in connection with the sale of the Ohio RSA #3 partnership).

As of December 31, 2013 the loan balance was [REDACTED], of which [REDACTED] was classified as long term debt and [REDACTED] as current.

The total interest paid on this note was [REDACTED] for 2014 and [REDACTED] for the year 2013, (of which [REDACTED] represented a prepayment interest penalty), all of which was expensed.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

13. NOTE PAYABLE – RTFC LONG TERM LOAN (Cont'd)

The future principal payments of long-term debt (not including interest) as of December 31, 2014 are as follows:

Year	2015	\$	
	2016		
	2017		
	2018		
	2019		
	TOTAL		

The loan also requires that ten percent of the total loan be used to purchase a RTFC Subordinated Capital Certificate (SCC), which is amortized annually to maintain a SCC-to-outstanding loan balance. The SCC's amortized amounts are paid in cash to the Company. The Company received SCC cash payments of for the year 2014.

14. CAPITAL EQUIPMENT LEASES

During 2014 the Company has acquired various machinery and equipment that totaled . These purchases were financed with multiple capital leases having terms ranging from 48 months to 65 months. The current portion of these capital leases is and the long term amount is .

15. LAWSUITS AND CONTINGENCIES

The Company has been named as a defendant in two lawsuits, one filed by Sprint Communications Company, L.P. and the other by MCI Communications Services, Inc., which are both pending in the United States District Court for the Northern District of Texas. Both of these lawsuits are identical lawsuits filed by the same plaintiffs in federal courts across the country against many local exchange companies, like the Company. These lawsuits have been consolidated to one federal court.

The litigation is in its early stages and the many defendants, including the Company, are part of a joint defense group have filed a motion to dismiss the complaints or transfer the case to Federal Communications Commission. A ruling on this motion is expected in the fall of 2015. At this early stage, it is not possible to assess the likelihood of an unfavorable outcome or to assess the value of the plaintiffs' claims. The Company intends to continue to litigate this lawsuit as part of the joint defense group.

16. ADVERTISING

The Company expenses advertising costs as incurred. Advertising expense amounted to and for the years 2014 and 2013, respectively.

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
NOTES TO FINANCIAL STATEMENTS

The Conneaut Telephone Company

December 31, 2014

17. OTHER OPERATING TAXES

Other operating taxes consist of the following:	<u>2014</u>	<u>2013</u>
Real Estate Taxes	\$ [REDACTED]	\$ [REDACTED]
Municipal Income Tax	[REDACTED]	[REDACTED]
Ohio Commercial Activities Tax	[REDACTED]	[REDACTED]
Other Misc. Taxes	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
TOTAL	[REDACTED]	[REDACTED]

18. CONCENTRATION

The Company has a concentration of customers in one geographic area, specifically Conneaut, Ohio and the surrounding Ashtabula County communities.

The Company is operating under a collective bargaining agreement with the International Brotherhood of Electrical Workers, AFL-CIO, and its Local Union Number 673. It covers all outside plant and central office personnel, excluding supervisors, employed by the Company. Management and office clerical employees are also not covered by the Union. In August 2013, the Company signed a new three year contract that expires July 31, 2016.

Occasionally in 2014 the Company has concentrated its credit risk for cash by maintaining bank deposit balances in excess of the Federally insured limit of [REDACTED].

19. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Examples of such estimates and assumptions include – actuarial assumptions of remaining lives of employees for calculating postretirement pension obligations, postretirement health care benefits obligations, and expected long term rate of return on pension assets. Actual results could differ from those estimated.

The accompanying notes are an integral part of these financial statements.

The Conneaut Telephone Company

20. SUBSEQUENT EVENTS

As of this report, [REDACTED] has been billed with another [REDACTED] to be billed around the end of July, 2015. The balance of [REDACTED] should be billed in August, 2015, when the work is completed. Most of the materials for this job have been purchased, but additional costs to complete the project include labor, overtime, sub-contractors, etc.

SUPPLEMENTAL INFORMATION

SCHEDULES OF CELLULAR INCOME

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<u>OPERATING REVENUE</u>			
Ohio RSA #3 Limited Partnership - Operating Income	\$ -	\$ [REDACTED]	\$ [REDACTED]
State Access Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Total Revenue	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING EXPENSES</u>			
Plant Specific	[REDACTED]	[REDACTED]	[REDACTED]
Plant Non-Specific	[REDACTED]	[REDACTED]	[REDACTED]
Customer Operations	[REDACTED]	[REDACTED]	[REDACTED]
Corporate Operations	[REDACTED]	[REDACTED]	[REDACTED]
Total Expense	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING TAXES</u>			
Federal Income Tax (Credit)	[REDACTED]	[REDACTED]	[REDACTED]
Deferred Income Tax	[REDACTED]	[REDACTED]	[REDACTED]
Other Operating Taxes	[REDACTED]	[REDACTED]	[REDACTED]
Total Taxes	[REDACTED]	[REDACTED]	[REDACTED]
<u>NET INCOME - CELLULAR OPERATIONS</u>	\$ [REDACTED]	\$ [REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

SCHEDULES OF INTERNET INCOME

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
<u>OPERATING REVENUE</u>			
Basic Internet	\$ [REDACTED]	[REDACTED]	[REDACTED]
Customer Premise	[REDACTED]	[REDACTED]	[REDACTED]
On Site Network Maintenance	[REDACTED]	[REDACTED]	[REDACTED]
Web Page - Fees	[REDACTED]	[REDACTED]	[REDACTED]
Web Page - Advertising	[REDACTED]	[REDACTED]	[REDACTED]
Sales - Net (Below)	[REDACTED]	[REDACTED]	[REDACTED]
Sales & Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]
Less: Uncollectible Revenues	[REDACTED]	[REDACTED]	[REDACTED]
Total Revenue	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING EXPENSES (Page 26)</u>			
Plant Specific Operations	[REDACTED]	[REDACTED]	[REDACTED]
Plant Specific Networking	[REDACTED]	[REDACTED]	[REDACTED]
Plant Non-Specific Operations	[REDACTED]	[REDACTED]	[REDACTED]
Customer Operations	[REDACTED]	[REDACTED]	[REDACTED]
Corporate Operations	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and Amortization	[REDACTED]	[REDACTED]	[REDACTED]
Total Operating Expenses	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING TAXES</u>			
Federal Income Tax	[REDACTED]	[REDACTED]	[REDACTED]
Deferred Income Tax (Credit)	[REDACTED]	[REDACTED]	[REDACTED]
Other Operating Taxes	[REDACTED]	[REDACTED]	[REDACTED]
Total Taxes	[REDACTED]	[REDACTED]	[REDACTED]
Interest on Capital Leases	[REDACTED]	[REDACTED]	[REDACTED]
<u>NET INCOME - INTERNET OPERATIONS</u>	\$ [REDACTED]	[REDACTED]	[REDACTED]
* * *	*	*	*
<u>NET SALES - OPERATING REVENUES</u>			
Gross Sales	\$ [REDACTED]	[REDACTED]	[REDACTED]
Cost of Goods Sold (Below)	[REDACTED]	[REDACTED]	[REDACTED]
<u>NET SALES</u>	\$ [REDACTED]	[REDACTED]	[REDACTED]
<u>COST OF GOODS SOLD</u>			
Internet Inventory Beginning of Year	\$ [REDACTED]	[REDACTED]	[REDACTED]
Add: Purchases	[REDACTED]	[REDACTED]	[REDACTED]
Labor & Freight	[REDACTED]	[REDACTED]	[REDACTED]
Y/E Reconcile Adjustment	[REDACTED]	[REDACTED]	[REDACTED]
Cost of Goods Available for Sale	[REDACTED]	[REDACTED]	[REDACTED]
Less: Internet Inventory End of Year	[REDACTED]	[REDACTED]	[REDACTED]
<u>TOTAL COST OF GOODS SOLD</u>	\$ [REDACTED]	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
SCHEDULES OF OPERATING EXPENSES - INTERNET

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
<u>PLANT SPECIFIC OPERATIONS</u>			
Vehicles	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]
Other Work Equipment	[REDACTED]	[REDACTED]	[REDACTED]
Land and Building	[REDACTED]	[REDACTED]	-
Office Furniture	[REDACTED]	[REDACTED]	[REDACTED]
Office Equipment	[REDACTED]	[REDACTED]	[REDACTED]
General Purpose Computers	[REDACTED]	[REDACTED]	[REDACTED]
Digital Electric Switch	[REDACTED]	[REDACTED]	[REDACTED]
Circuit Equipment - Digital	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>PLANT SPECIFIC NETWORKING</u>			
On Site Network Maintenance	[REDACTED]	[REDACTED]	[REDACTED]
Inside Wire	[REDACTED]	[REDACTED]	[REDACTED]
On Site Networking Install	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>PLANT NON-SPECIFIC OPERATIONS</u>			
Provisioning	[REDACTED]	[REDACTED]	[REDACTED]
Network Administration	[REDACTED]	[REDACTED]	[REDACTED]
Plant Administration	[REDACTED]	[REDACTED]	[REDACTED]
Testing	[REDACTED]	[REDACTED]	[REDACTED]
Engineering	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>CUSTOMER OPERATIONS</u>			
Product Management	[REDACTED]	[REDACTED]	[REDACTED]
Sales	[REDACTED]	[REDACTED]	[REDACTED]
Advertising	[REDACTED]	[REDACTED]	[REDACTED]
Customer Service	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>CORPORATE OPERATIONS</u>			
Executive	[REDACTED]	-	[REDACTED]
Accounting and Finance	[REDACTED]	[REDACTED]	[REDACTED]
External Relations	[REDACTED]	[REDACTED]	[REDACTED]
Information Management	[REDACTED]	[REDACTED]	[REDACTED]
Legal	[REDACTED]	[REDACTED]	[REDACTED]
Procurement	[REDACTED]	[REDACTED]	[REDACTED]
Web Page	[REDACTED]	[REDACTED]	[REDACTED]
Other General and Administration	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>DEPRECIATION AND AMORTIZATION</u>			
<u>TELECOMMUNICATIONS PLANT</u>	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>TOTAL OPERATING</u>			
<u>EXPENSES - INTERNET</u>	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

SCHEDULES OF CABLE SUITE 541, INC. INCOME

THE CONNEAUT TELEPHONE COMPANY

For the Years Ending December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
<u>OPERATING REVENUE</u>			
Basic Cable TV	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Digital Basic	[REDACTED]	[REDACTED]	[REDACTED]
Premium Service	[REDACTED]	[REDACTED]	[REDACTED]
Pay-Per-View	[REDACTED]	[REDACTED]	[REDACTED]
Installation	[REDACTED]	[REDACTED]	[REDACTED]
Advertising	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]
Less: Uncollectible Revenues	[REDACTED]	[REDACTED]	[REDACTED]
Total Revenue	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING EXPENSES</u>			
Computers	[REDACTED]	[REDACTED]	[REDACTED]
Headend Expenses	[REDACTED]	[REDACTED]	[REDACTED]
Customer Premise Wire	[REDACTED]	[REDACTED]	[REDACTED]
Customer Premise Equip. Install/Repair	[REDACTED]	[REDACTED]	[REDACTED]
Sales Expense & Marketing	[REDACTED]	[REDACTED]	[REDACTED]
Advertising	[REDACTED]	[REDACTED]	[REDACTED]
Customer Service	[REDACTED]	[REDACTED]	[REDACTED]
Accounting	[REDACTED]	[REDACTED]	[REDACTED]
External Relations	[REDACTED]	[REDACTED]	[REDACTED]
Legal	[REDACTED]	[REDACTED]	[REDACTED]
Other G & A	[REDACTED]	[REDACTED]	[REDACTED]
Procurement	[REDACTED]	[REDACTED]	[REDACTED]
Programming Costs	[REDACTED]	[REDACTED]	[REDACTED]
Video Production	[REDACTED]	[REDACTED]	[REDACTED]
Barter Offset	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]	[REDACTED]
Total Operating Expenses	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING TAXES</u>	[REDACTED]	[REDACTED]	[REDACTED]
<u>INTEREST ON CAPITAL LEASE</u>	[REDACTED]	-	[REDACTED]
<u>LOSS BEFORE FEDERAL INCOME TAX CREDIT</u>	[REDACTED]	[REDACTED]	[REDACTED]
Less - Provision for Federal Income Tax Credit	[REDACTED]	[REDACTED]	[REDACTED]
Deferred Income Tax Credit	[REDACTED]	[REDACTED]	[REDACTED]
Total Tax Credit	[REDACTED]	[REDACTED]	[REDACTED]
<u>NET LOSS</u>	\$ [REDACTED]	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

SCHEDULES OF OTHER INCOME AND EXPENSES - DEREGULATED

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<u>OPERATING REVENUE</u>			
Rentals	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
CLEC Services	[REDACTED]	-	[REDACTED]
Toll Resale	[REDACTED]	[REDACTED]	[REDACTED]
Sales - Net (Page 29)	[REDACTED]	[REDACTED]	[REDACTED]
Inside Wire Maintenance	[REDACTED]	[REDACTED]	[REDACTED]
Service Charges	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]
Less: Uncollectible Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Total Revenue	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING EXPENSES (Page 30)</u>			
Plant Specific Operations	[REDACTED]	[REDACTED]	[REDACTED]
Plant Non-Specific Operations	[REDACTED]	[REDACTED]	[REDACTED]
Customer Operations	[REDACTED]	[REDACTED]	[REDACTED]
Corporate Operations	[REDACTED]	[REDACTED]	[REDACTED]
Depreciation and Amortization	[REDACTED]	[REDACTED]	[REDACTED]
Total Expenses	[REDACTED]	[REDACTED]	[REDACTED]
<u>OPERATING TAXES</u>			
Federal Income Tax (Credit)	[REDACTED]	[REDACTED]	[REDACTED]
Deferred Income Tax Expense (Credit)	[REDACTED]	[REDACTED]	[REDACTED]
Other Operating Taxes (Credits)	[REDACTED]	[REDACTED]	[REDACTED]
Net Tax (Credit)	[REDACTED]	[REDACTED]	[REDACTED]
<u>OTHER INCOME & EXPENSES</u>			
Other Non Operating Income	-	[REDACTED]	[REDACTED]
Other Non Operating Expenses	[REDACTED]	[REDACTED]	[REDACTED]
Total Other Income	[REDACTED]	[REDACTED]	[REDACTED]
<u>NET OTHER EXPENSES - DEREGULATED</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The accompanying notes are an integral part of these financial statements.

SCHEDULES OF NET SALES AND
COST OF GOODS SOLD - DEREGULATED

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<u>NET SALES - OPERATING</u>			
<u>REVENUES - DEREGULATED</u>			
Gross Sales	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Cost of Goods Sold (Below)	[REDACTED]	[REDACTED]	[REDACTED]
<u>NET SALES</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>
* * *	*	*	*
<u>COST OF GOODS SOLD</u>			
Deregulated Inventory at Beginning of Year	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>
Add: Purchases	[REDACTED]	[REDACTED]	[REDACTED]
Labor and Freight	[REDACTED]	[REDACTED]	[REDACTED]
Materials Used for Repair	[REDACTED]	-	[REDACTED]
Materials Leased	[REDACTED]	[REDACTED]	[REDACTED]
Junked from Stock to Physical Count)	[REDACTED]	[REDACTED]	[REDACTED]
	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Cost of Goods Available for Sale	[REDACTED]	[REDACTED]	[REDACTED]
Less: Deregulated Inventory at End of Year	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
<u>Total Cost of Goods Sold</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
SCHEDULES OF OPERATING EXPENSES - DEREGULATED

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
<u>PLANT SPECIFIC OPERATIONS</u>			
Office Equipment	\$ [REDACTED]	[REDACTED]	[REDACTED]
General Purpose Computers	[REDACTED]	[REDACTED]	[REDACTED]
Circuit Equipment - Voice	[REDACTED]	[REDACTED]	[REDACTED]
Station Apparatus	[REDACTED]	[REDACTED]	[REDACTED]
Inside Wire	[REDACTED]	[REDACTED]	[REDACTED]
Network Wiring	[REDACTED]	[REDACTED]	[REDACTED]
Large PBX	[REDACTED]	[REDACTED]	[REDACTED]
Public Telephone Term. Equip.	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>PLANT NON-SPECIFIC OPERATIONS</u>			
Plant Administration	[REDACTED]	[REDACTED]	[REDACTED]
Engineering	[REDACTED]	[REDACTED]	[REDACTED]
Provisioning	[REDACTED]	[REDACTED]	[REDACTED]
Access - Toll Resale	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>CUSTOMER OPERATIONS</u>			
Customer Services	[REDACTED]	[REDACTED]	[REDACTED]
Product Advertising	[REDACTED]	[REDACTED]	[REDACTED]
Product Management	[REDACTED]	[REDACTED]	[REDACTED]
Sales Expense	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>CORPORATE OPERATIONS</u>			
Executive	[REDACTED]	[REDACTED]	[REDACTED]
Accounting and Finance	[REDACTED]	[REDACTED]	[REDACTED]
External Relations	[REDACTED]	[REDACTED]	[REDACTED]
Legal	[REDACTED]	[REDACTED]	[REDACTED]
Procurement	[REDACTED]	[REDACTED]	[REDACTED]
Graphic Arts	[REDACTED]	[REDACTED]	[REDACTED]
Other General and Administration	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>DEPRECIATION AND AMORTIZATION</u>			
<u>TELECOMMUNICATIONS PLANT</u>	[REDACTED]	[REDACTED]	[REDACTED]
<u>TOTAL OPERATING</u>			
<u>EXPENSES - DEREGULATED</u>	\$ [REDACTED]	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
SCHEDULES OF OPERATING REVENUES - REGULATED

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<u>OPERATING REVENUES</u>			
<u>Local Network Services Revenue</u>			
Basic Local Service	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Optional Extended Area	[REDACTED]	[REDACTED]	[REDACTED]
Local Private Line	[REDACTED]	[REDACTED]	[REDACTED]
Customer Premise	[REDACTED]	[REDACTED]	[REDACTED]
Other Local - Customer Call	[REDACTED]	[REDACTED]	[REDACTED]
<u>Network Access Services Revenue</u>			
End User	[REDACTED]	[REDACTED]	[REDACTED]
Switched Access	[REDACTED]	[REDACTED]	[REDACTED]
N.E.C.A. Settlement	[REDACTED]	[REDACTED]	[REDACTED]
Special Access	[REDACTED]	[REDACTED]	[REDACTED]
State Access - Switched Intra/E	[REDACTED]	[REDACTED]	[REDACTED]
State Access - Special Intra/E	[REDACTED]	[REDACTED]	[REDACTED]
State Access - Switched Intra/A	[REDACTED]	[REDACTED]	[REDACTED]
<u>Long Distance Network Services Revenue</u>			
Intra / Inter	[REDACTED]	[REDACTED]	[REDACTED]
Inter / Inter	[REDACTED]	[REDACTED]	[REDACTED]
Intra / Intra	[REDACTED]	[REDACTED]	[REDACTED]
Voice Grade	[REDACTED]	[REDACTED]	[REDACTED]
Other - Intra DA	[REDACTED]	[REDACTED]	[REDACTED]
<u>Miscellaneous</u>			
Directory	[REDACTED]	[REDACTED]	[REDACTED]
Rent	[REDACTED]	[REDACTED]	[REDACTED]
Carrier B&C - Inter	[REDACTED]	[REDACTED]	[REDACTED]
B&C Intra/Inter	[REDACTED]	[REDACTED]	[REDACTED]
B&C Intra/Intra	[REDACTED]	[REDACTED]	[REDACTED]
911	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	\$ [REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
SCHEDULES OF OPERATING EXPENSES - REGULATED

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<u>OPERATING EXPENSES</u>			
<u>Plant Specific Operations</u>			
Motor Vehicles	\$ [REDACTED]	[REDACTED]	\$ [REDACTED]
Other Work Equipment	[REDACTED]	[REDACTED]	[REDACTED]
Land and Buildings	[REDACTED]	[REDACTED]	[REDACTED]
Furniture and Artwork	[REDACTED]	[REDACTED]	[REDACTED]
Office Equipment	[REDACTED]	[REDACTED]	[REDACTED]
General Purpose Computers	[REDACTED]	[REDACTED]	[REDACTED]
Digital Electric Switch	[REDACTED]	[REDACTED]	[REDACTED]
Circuit Equipment - Digital	[REDACTED]	[REDACTED]	[REDACTED]
Other Terminal Equipment	[REDACTED]	[REDACTED]	[REDACTED]
Poles	[REDACTED]	[REDACTED]	[REDACTED]
Aerial Cable	[REDACTED]	[REDACTED]	[REDACTED]
Underground Cable	[REDACTED]	[REDACTED]	[REDACTED]
Buried Cable	[REDACTED]	[REDACTED]	[REDACTED]
Aerial Cable - Drop	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>Plant Non-Specific Operations</u>			
Access	[REDACTED]	[REDACTED]	[REDACTED]
Provisioning	[REDACTED]	[REDACTED]	[REDACTED]
Power	[REDACTED]	[REDACTED]	[REDACTED]
Testing	[REDACTED]	[REDACTED]	[REDACTED]
Plant Operations Administration	[REDACTED]	[REDACTED]	[REDACTED]
Engineering	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
<u>Customer Operations</u>			
Product Management	[REDACTED]	[REDACTED]	[REDACTED]
Product Advertising	[REDACTED]	[REDACTED]	[REDACTED]
Number Services	[REDACTED]	[REDACTED]	[REDACTED]
Customer Services	[REDACTED]	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION
SCHEDULES OF OPERATING EXPENSES - REGULATED (Cont'd)
AND OTHER INCOME - NET

THE CONNEAUT TELEPHONE COMPANY

Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
<u>OPERATING EXPENSES (Cont'd)</u>			
<u>Corporate Operations</u>			
Executive	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Accounting and Finance	[REDACTED]	[REDACTED]	[REDACTED]
External Relations	[REDACTED]	[REDACTED]	[REDACTED]
Human Resources	[REDACTED]	[REDACTED]	[REDACTED]
Information Management	[REDACTED]	[REDACTED]	[REDACTED]
Legal	[REDACTED]	[REDACTED]	[REDACTED]
Procurement	[REDACTED]	[REDACTED]	[REDACTED]
Research & Development	[REDACTED]	[REDACTED]	[REDACTED]
Pension Expense	[REDACTED]	[REDACTED]	[REDACTED]
Hospitalization Retirees	[REDACTED]	[REDACTED]	[REDACTED]
Other General and Administration	[REDACTED]	[REDACTED]	[REDACTED]
<u>Depreciation and Amortization - Plant in Service</u>	[REDACTED]	[REDACTED]	[REDACTED]
<u>TOTAL OPERATING EXPENSES - REGULATED</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>
* * *	*	*	*
<u>OTHER INCOME - NET</u>			
<u>Income</u>			
Gain on Fiber Route Sale	\$ -	\$ [REDACTED]	\$ [REDACTED]
ACMC Fiber Sale	[REDACTED]	-	[REDACTED]
RTFC Patronage Income	[REDACTED]	[REDACTED]	[REDACTED]
BWC Adjustment	-	[REDACTED]	[REDACTED]
Interest Income	[REDACTED]	[REDACTED]	[REDACTED]
Insurance Reimbursements	[REDACTED]	-	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]
Total Non-Operating Income - Regulated	[REDACTED]	[REDACTED]	[REDACTED]
<u>Expenses</u>			
Amortization of Refinancing Costs	[REDACTED]	[REDACTED]	-
Interest - Capital Lease	[REDACTED]	[REDACTED]	[REDACTED]
Sale - Leaseback Loss	[REDACTED]	-	[REDACTED]
Medicare Reimbursement	[REDACTED]	-	[REDACTED]
Contributions	[REDACTED]	[REDACTED]	-
Penalties & Late Payment Fees	[REDACTED]	[REDACTED]	[REDACTED]
Miscellaneous	[REDACTED]	[REDACTED]	[REDACTED]
Total Non-Operating Expenses-Regulated	[REDACTED]	[REDACTED]	[REDACTED]
<u>TOTAL NON-OPERATING INCOME AND (EXPENSES) - REGULATED</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The accompanying notes are an integral part of these financial statements.

REDACTED - FOR PUBLIC INSPECTION



Local Rate Floor Data Collection

Logged In User: Tim Eklund



Study Area: CONNEAUT TEL CO (ID: 300606)

Study Area List

Study Area - Exchange Level Data for Local Rate Floor

Data Entry History

Data Collection Period: 201606 ▼

InstructionsAgent CertificationData Certification (No Rates Less Than \$21.93)Data Certification (With Rates Less Than \$21.93)Print Submitted Data in PDF formatPrint Submitted Data in Excel format

Name: Deanna Brown [First Middle Last]
 Phone: 440-593-7138 [999-999-9999]
 Email: dbrown@greatwave.com.com

Enter all exchange/rate zone level rates and their corresponding lines below, where the sum of columns C-F is less than \$21.93.

This data will be used to calculate the impact of the local rate floor on your company's High Cost Support.

This system is closed for data collection for this period

(A) Exchange Name/Zone Name	(B) Class Of Service	(C) Residential Local Service Charge	(D) State Subscriber Line Charge	(E) State Universal Service Fee	(F) Mandatory Extended Area Service Charge	(G) Rate Total Subject to Floor (Sum of C-F)	(H) Residential Lines

[To enter additional rows of data, click on the + button.]

If the data form is left blank, select one of the boxes below:

- ☐ Check here if your company receives or is projected to receive High Cost Loop Support or High Cost Model Support in 2016, but has no monthly residential rates (plus charges listed above) less than \$21.93 (*certification required*)
- ☐ Check here if your company is not projected to receive High Cost Loop Support or High Cost Model Support in 2016
- ☐ Check here if you plan to submit local rate floor data directly to USAC

Study Area List

Exit

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/28/2016 4:36:42 PM

in

Case No(s). 16-1115-TP-COI, 16-1116-TP-COI

Summary: Report Redacted form 481-Carrier Annual Report including Redacted Rate Floor Data on behalf of Conneaut Telephone Company electronically filed by Mr. William A. Adams on behalf of Conneaut Telephone Company