

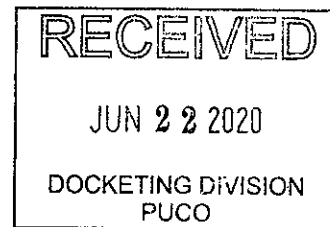
Confidential Release

Case number: 13-1115-TP-COI

Date of Confidential Document: 10/15/2013

Release Date: 6/18/20

Page Count: 24



Document Description: FCC Form 481 Carrier
Annual Reporting

"Consent to Release to the PUCO DIS Website"

Name Jay S. Agranoff

Reviewing Attorney Examiner's Signature

Date Reviewed 6/22/20

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Technician ADH Date Processed 6/23/20

CONFIDENTIAL

Confidential treatment has been requested for the following document:

Case # 13-1115-TP-CDI

> Page Count 25

> Date Filed 10/15/13

> Filed by Andrew Emerson on behalf of
The Chillum Telephone Company

❖ Summary of document:

FIC Form 481 - Carrier Annual Reporting

RECEIVED-DOCKETING DIV
2013 OCT 15 PM 2:23
PUCO

ECC Form 481 - Carrier Annual Reporting Data Collection Form		ECC Form 481 OMB Control No. 3040-0085 / OMB Control No. 3040-0013 July 2013	
--	--	---	--

<010> Study Area Code	300597
<015> Study Area Name	THE CHILLICOTHE TEL
<020> Program Year	2014
<030> Contact Name: Person USAC should contact with questions about this data	Jeff Blevins
<035> Contact Telephone Number: Number of the person identified in data line <030>	740-772-8327
<039> Contact Email Address: Email of the person identified in data line <030>	jeff.blevins@horizontel.com

ANNUAL REPORTING FOR ALL CARRIERS		54-113 Completion Required	54-113 Completion Required
--	--	----------------------------------	----------------------------------

<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	<input type="text"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	<input type="text" value="0.46"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	<input type="text" value="0.0"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	<input type="text"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	<input type="text"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <input type="text" value="300597oh510"/>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <input type="text" value="300597oh610"/>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> <input type="text"/>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110> <input type="text"/>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

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

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

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

<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILMCO THE TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-772-8327
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com
<110>	Has your company received its ETC certification from the FCC?	<input checked="" type="radio"/> (yes / no) <input 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?	<input checked="" type="radio"/> (yes / no) <input type="radio"/>

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

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

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

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

<010> Study Area Code

<015> Study Area Name

Program Year
<020>

<030>	Contact Name
-------	--------------

<035> Contact Telephone

<039> Contact Email Address

[illegible]

<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILLICOTHE TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-772-8127
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

1/1/2013

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

[illegible]

(710) Broadband Price Offerings Data Collection Form

FCC Form 481
OMB Control No. 3060-0885/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 300597

<015> Study Area Name THE CHILLICOTHE TEL

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Jeff Blevins

<035> Contact Telephone Number - Number of person identified in data line <030> 740-772-0327

<039> Contact Email Address - Email Address of person identified in data line <030> jeff.blevins@horizontaltel.com

State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rate and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Unit Reached (select)

~~See attached worksheet~~

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

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

<010>	Study Area Code	30557
<015>	Study Area Name	THE CHILLICOTHE TRIL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-772-8327
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

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

<920> Tribal Government Engagement Obligation

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

Select (Yes, No, NA)	
	Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
	Feasibility and sustainability planning;
	Marketing services in a culturally sensitive manner;
	Compliance with Rights of way processes
	Compliance with Land Use permitting requirements
	Compliance with Facilities Siting rules
	Compliance with Environmental Review processes
	Compliance with Cultural Preservation review processes
	Compliance with Tribal Business and Licensing requirements.

Name of Attached Document (.pdf)

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

ECF Form 481
OMB Control No. 3060-0988/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	30597
<015>	Study Area Name	THE CHILLICOTHE TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-772-8327
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

☐

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

☐

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

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

<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILICOTHE TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-772-8327
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	Name of attached document (.pdf)
<1220>	Link to Public Website	HTTP www.horizontel.com

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

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

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

FCC Form 481
 OMB Control No. 3160-0046/OMB Control No. 3160-0819
 July 2013

<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILLICOTHE TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blavine
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-272-8327
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blavine@horizontal1.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, Frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b)(1)-(3), (d), (e) the information reported on this form and in the documents attached below is accurate.

<2010>	Incremental Connect America Phase I reporting	
<2011>	2nd Year Certification (47 CFR § 54.313(b)(1))	
<2012>	3rd Year Certification (47 CFR § 54.313(b)(2))	

<2013>	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))	
<2014>	2013 Frozen Support Certification	
<2015>	2014 Frozen Support Certification	
<2016>	2015 Frozen Support Certification	
<2017>	2016 and future Frozen Support Certification	

<2018>	Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))	
<2019>	Certification Support Used to Build Broadband	

<2020>	Connect America Phase II Reporting (47 CFR § 54.313(e))	
<2021>	3rd year Broadband Service Certification	
<2022>	5th year Broadband Service Certification	
<2023>	Interim Progress Certification	

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

Name of Attached Document Listing Required Information

Interim Progress Community Anchor Institutions

<2021>

(3000) Rate of Return Carrier Additional Documentation
Data Collection Form

FCC Form 487
OMB Control No. 3060-0886/OMB Control No. 3060-0819
July 2013

Study Area Code 100597
Study Area Name THE CHILLICOTHE TEL
Program Year 2014
Contact Name - Person USAC should contact regarding this data Jeff Blevins
Contact Telephone Number - Number of person identified in data line (303b) 740-772-8327
Contact Email Address - Email address of person identified in data line (303b) jblevins@chillco.net

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

Progress Report on 5 Year Plan

Milestone Certification (47 CFR § 54.313(f)(1)(i))

Please check this box to confirm that the attached PDF, on line 3012,

contains the required information pursuant to § 54.313(f)(1)(i), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

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

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

If yes, does your company file the RUS annual report

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

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

(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

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

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

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

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

(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

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

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

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

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

(3024) Underlying information subjected to an officer certification.

(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

Name of Attached Document (Using Required Information)
☒ (Yes/No)
☐ (Yes/No)

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

Name of Attached Document Listing Required Information
30059703026

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

<010> Study Area Code	300597
<015> Study Area Name	THE CHILLICOTHE TEL
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035> Contact Telephone Number - Number of person identified in data line <030>	740-772-8327
<039> Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontel.com

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	THE CHILLICOTHE TEL
Signature of Authorized Officer:	CERTIFIED ONLINE Date 10/10/2013
Printed name of Authorized Officer:	Pete Holland
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	740.772.8547
Study Area Code of Reporting Carrier:	300597 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0886/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	300597
<015>	Study Area Name	THE CHILLICOTHE TEL
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Jeff Blevins
<035>	Contact Telephone Number - Number of person identified in data line <030>	740-772-8327
<039>	Contact Email Address - Email Address of person identified in data line <030>	jeff.blevins@horizontal1.com

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

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

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
<small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>	

Attachments



September 27, 2013

The Company complies with applicable federal and Ohio service quality standards and consumer protection rules with respect to its basic local exchange services and Lifeline services, including requirements regarding contractual terms and conditions, rates, rate increases, lists of features and services, deposits, directories, billing periods, late payment fees, repair commitments, out-of-service credits, disconnection and reconnection.

Respectfully,

Pete Holland

The Chillicothe Telephone Company

68 E Main St.

Chillicothe, OH 45601

(740) 772-8547



September 27, 2013

The Company has examined the ability of its network to remain functional in the event of the occurrence of the types of emergency situations likely to impact its central Ohio service area (e.g., severe snow and ice storms, lightning storms, tornados, earthquakes, forest fires, nuclear power plant accidents). On the basis of its risk assessments, the Company has determined that it has available a reasonable amount of back-up power to ensure the functionality of its affected exchanges for at least 4 days without an external power source. The Company also has concluded from its risk assessments that its network has reasonable and sufficient options for routing traffic around the facilities most likely to be damaged in the relevant emergencies, and that its network has sufficient capacity to manage most traffic spikes resulting from such emergencies.

Respectfully,

Pete Holland

The Chillicothe Telephone Company
68 E Main St.
Chillicothe, OH 45601
(740) 772-8547

MOSS-ADAMS LLP
Certified Public Accountants, Chartered Accountants

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
The Chillicothe Telephone Company

Report on the Financial Statements

We have audited the accompanying financial statements of The Chillicothe Telephone Company, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income, *comprehensive income*, *stockholder's equity*, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

REPORT OF INDEPENDENT AUDITORS (continued)

Auditor's Responsibility (continued)

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 financial statements referred to above present fairly, in all material respects, the financial position of The Chillicothe Telephone Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mass Adams LLP

Overland Park, Kansas
June 10, 2013

<010> Study Area Code
<015> Study Area Name
<020> Program Year
<030> Contact Name - Person USAC should contact regarding this data
<035> Contact Telephone Number - Number of person identified in data line <030>
<039> Contact Telephone Email Address - Email Address of person identified in data line <030>

350552
<015> The Chattanooga Telephone Company
2013
<030> Don Bamhart
<035> 740-273-8249
<039> don.bamhart@chatttelnet.com

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM	PRIOR YEAR	THIS YEAR	
1. Local Network Services Revenues	9999711	9043330	
2. Network Access Services Revenues	5615767	4618224	
3. Long Distance Network Services Revenues	469701	370059	
4. Carrier Billing and Collection Revenues	0	0	
5. Miscellaneous Revenues	13195762	12220544	
6. Uncollectible Revenues	713871	469758	
7. Net Operating Revenues (1 thru 5 less 6)	28567070	26033893	
8. Plant Specific Operations Expense	6682582	6713429	
9. Plant Non-specific Operations Expense (excluding Depreciation & Amortization)	3324041	2968213	
10. Depreciation Expense	7651834	8034083	
11. Amortization Expense	0	0	
12. Customer Operations Expense	3313767	2384515	
13. Corporate Operations Expense	5080129	5596574	
14. Total Operating Expenses (8 thru 13)	27328351	25975334	
15. Operating Income or Margins (7 less 14)	1738717	168545	
16. Other Operating Income and Expenses	2911665	2720813	
17. State and Local Taxes	253613	271068	
18. Federal Income Taxes	1182368	905341	
19. Other Taxes	0	0	
20. Total Operating Taxes (17+18+19)	1535981	1176609	
21. Net Operating Income or Margins (15+16-20)	2614601	1712749	
22. Interest on Funded Debt	0	0	
23. Interest Expense - Capital Leases	0	0	
24. Other Interest Expense	0	0	
25. Allowance for Funds Used During Construction	0	0	
26. Total Fixed Charges (22+23+24+25)	0	0	
27. Nonoperating Net Income	-66651	21381	
28. Extraordinary Items	0	0	
29. Jurisdictional Differences	0	0	
30. Nonrepeated Net Income	0	0	
31. Total Net Income or Margins (21+27+28+29+30-26)	2544750	1794130	
32. Total Taxes Based on Income	0	0	
33. Retained Earnings or Margins Beginning of Year	0	0	
34. Miscellaneous Credits Year-to-Date	0	0	
35. Dividends Declared (Common)	0	0	
36. Dividends Declared (Preferred)	0	0	
37. Other Debts Year-to-Date	0	0	
38. Transfers to Patronage Capital	0	0	
39. Retained Earnings or Margins end-of-Period [(31+33+34)+(-35)-36+37-38]	2544750	1794130	
40. Patronage Capital Beginning of Year	0	0	
41. Transfers to Patronage Capital	0	0	
42. Patronage Capital End of Year (40+41-42)	0	0	
43. Patronage Capital End of Year (40+41-42)	0	0	
44. Annual Debt Service Payments	3030357	2722565	
45. Cash Flow (14+20-10-11-17)	4123476	3870280	
46. Operating Actual Taxes (14+20-26/7)	MDV/01	MDV/02	
47. TRR [(31+36)/76]	231741	222003	
48. DSCR [(31+26+10+11)/44]			

<010> Study Area Code 300597
<015> Study Area Name The Chillicothe Telephone Company 2013
<020> Program Year
<030> Contact Name - Person USAC should contact regarding this data Don Barnhart
<035> Contact Telephone Number - Number of person identified in data line <030> 740-772-8948
<039> Contact Telephone Email Address - Email Address of person identified in data line <030> don.barnhart@horizontel.com

PART C. STATEMENTS OF CASH FLOWS	
CASH FLOWS FROM OPERATING ACTIVITIES	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	204575
2. Net Income	1734130
3. Add: Depreciation	11918965
4. Add: Amortization	0
5. Other (Explain)	Deferred income tax and provision for bad debt
6. Decrease/(Increase) in Accounts Receivable	Changes in Operating Assets and Liabilities
7. Decrease/(Increase) in Materials and Inventory	-1026455
8. Decrease/(Increase) in Prepayments and Deferred Charges	-1423364
9. Decrease/(Increase) in Other Current Assets	-453299
10. Increase/(Decrease) in Accounts Payable	0
11. Increase/(Decrease) in Advance Billings & Payments	-4588190
12. Increase/(Decrease) in Other Current Liabilities	0
13. Net Cash Provided/(Used) by Operations	1449813
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	8585326
15. Increase/(Decrease) in Notes Payable	0
16. Increase/(Decrease) in Customer Deposits	0
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	0
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	0
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	0
20. Less: Payment of Dividends	-1252890
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain)	Contributed capital
23. Net Cash Provided/(Used) by Financing Activities	15436806
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	14183916
25. Other Long-Term Investments	-61967085
26. Other Noncurrent Assets & Jurisdictional Differences	0
27. Other (Explain)	Advanced payments on construction
28. Net Cash Provided/(Used) by Investing Activities	40342391
29. Net Increase/(Decrease) in Cash	-21624694
30. Ending Cash	1144548
	1349123



June 10, 2013

Moss Adams LLP
10561 Barkley St, Suite 550
Overland Park, KS 66212

We are providing this letter in connection with your audits of the balance sheets of The Chillicothe Telephone Company, (the "Company") as of December 31, 2012 and 2011 and the related statements of income, comprehensive income, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of The Chillicothe Telephone Company in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

On behalf of the Company, we confirm, to the best of our knowledge and belief, as of June 10, 2013, the following representations made to you during your audits.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 9, 2012, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. We believe that the financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
5. We have made available to you all—
 - a. Material financial records and related data.
 - b. Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Additional information that you have requested from us for the purpose of the audit;
 - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
6. We have received no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
7. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
8. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
9. We believe any uncorrected financial statement misstatements, both individually and in the aggregate, to the financial statements taken as a whole are not material.
10. We have no knowledge of any fraud or suspected fraud affecting the Company involving—

- a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, analysts, regulators, short sellers, or others.
 12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 13. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
 14. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
 15. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
 16. There are no unrecorded material financial statement misstatements in the current period.
 17. We have reviewed long-lived assets for impairment whenever events or changes in circumstances have indicated that the carrying value amount of assets might not be recoverable. We have not identified any impairment that would require adjustment to the carrying values of long-lived assets.
 18. The FCC wireless licenses recorded as intangible assets with indefinite lives in the financial statements are subjected to annual impairment analysis. We believe that the market values of the assets exceed their book values and that no impairment exists.
 19. The following have been properly recorded or disclosed in the financial statements:
 - a. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Company is contingently liable.
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with ASC 275 Risks and Uncertainties. (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year).
 - d. All leases and material amounts of rental obligations under long-term leases.
 - e. Concentrations of credit and other risk.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
 20. There are no—
 - a. Violations of laws or regulations whose effects should be disclosed in the financial statements or as a basis for recording a loss contingency.
 - b. Possible illegal acts brought to the attention of management.
 - c. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with ASC 450, Contingencies.
 - d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC 450.
 - e. Agreements to repurchase assets previously sold.

- f. Undisclosed guarantees, whether written or oral, under which the Company is contingently liable.
 - g. Liabilities which are subordinated to any other actual or possible liabilities of the Company.
- 21. The Company has satisfactory title to all owned assets, and there are no material liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed to you and reported in the financial statements.
- 22. We have reviewed and approved the tax accrual calculations and acknowledge that we are responsible for the accrual prepared by Moss Adams.
- 23. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Company vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
- 24. We believe adequate provisions have been made to prepare and record access revenue estimates in compliance with rules established by the Federal Communications Commission and the National Exchange Carrier Association (NECA). We are unaware of any items or issues which would cause material true-up adjustments to revenues for the audit period as a result of differences between recorded access revenues based on our estimates and revenues that will result from the filing of the annual cost study with NECA.
- 25. We believe the allocation of costs between regulated and non-regulated operations is reasonable. NECA and USAC have not objected to the allocations in our regulatory filings and we are not aware of any adverse rulings from either agency that would require a return of revenues that have been earned to date.
- 26. Related party transactions are priced in accordance with the FCC's rules on affiliate transactions in Part 32.27.
- 27. We believe the Company has no material unrecorded asset retirement obligations associated with its property, plant, and equipment that are required to be accrued or disclosed.
- 28. The Company has no significant amounts of idle property and equipment or permanent excess capacity.
- 29. Access receivables recorded in the financial statements represent valid claims against interexchange carriers arising on or before the balance sheet date and have been appropriately reduced to their estimated realizable value.
- 30. Provision, when material, has been made for:
 - a. Losses to be sustained from inability to fulfill any sales commitments.
 - b. Losses to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
 - c. Losses to be sustained as a result of the reduction of excess or obsolete inventories to their estimated net realizable value.
- 31. All cash deposits are in institutions whose accounts are insured by an agency of the Federal government.
- 32. Regarding inventory:
 - a. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
 - b. The inventories were recorded and valued in substantially the same manner and on the same basis as the inventories at the close of the preceding year.
 - c. In our opinion, the amount reported on the balance sheet is a fair and proper valuation of the inventories.
- 33. Required federal and state income tax returns have been filed for previous years on a timely basis. We have informed you of all tax matters coming to our attention which may have a material effect

on our financial statements. The Company has no material uncertain tax positions to be accounted for in the financial statements.

34. The calculations of current and deferred tax expense and/or benefit and related current and long-term deferred tax assets and liabilities have been determined based on appropriate provisions of applicable enacted tax laws and regulations.
35. The Company has complied with contractual agreements that would have a material adverse effect on the financial statements in the event of noncompliance.
36. We are aware of all significant compliance requirements related to our BTOP funding and as of December 31, 2012, we believe that the Company met the requirements which were due as of December 31, 2012.
37. We have informed you of all material matters related to Horizon Telcom, Inc.'s current default under the terms of its secured credit facility with CoBank and the risk of a possible change of control in the Company as a result of the default. We have not received communication from CoBank through the date of this letter CoBank has taken any action to effect a change of control.
38. We believe that the deferred revenues recognized on the balance sheets for the BTOP and the Southern Ohio Health Care Network (SOHCN) agreements are properly accounted for in accordance with the grant and contractual terms of the agreements.
39. We have evaluated all of the Company's indefeasible right to use (IRU) agreements and we believe that they qualify for operating lease treatment and that the IRUs have been properly accounted for as operating lease arrangements.
40. The assets associated with retirements recorded in our records are no longer used in providing service to our customers.
41. With regard to our defined postretirement benefit plans:
 - a. We agree with the findings of specialists in evaluating the Company's postretirement healthcare liability and pension plan liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
 - b. We believe the accrued postretirement benefit plan information provided by Aon Hewitt in their reports represents a reasonable estimate of the Company's accrued post-employment benefit obligation as of December 31, 2012.
 - c. We believe that the assumptions used Aon Hewitt to calculate the accrued postretirement benefit plan liabilities at December 31, 2012 are reasonable. These assumptions include, but are not limited to: number of eligible employees, discount rate, expected return on plan assets, salary increase rate, probabilities of withdrawals, retirement, and mortality.
 - d. We have disclosed to you all significant postretirement benefits promised and have made available to you all significant summary plan descriptions, benefit communications, and all other relevant information, including plan changes, that constitute the plan.
42. All contributions to employee benefit plans have been authorized by management and are reflected in the financial statements.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.


Peter Holland, Chief Financial Officer


Donald L. Barnhart, Manager of Accounting