

DOCKET NO. UM 1688

**Cover Sheet for Submission of
2014 Annual ETC Certification Reports**

Name of Eligible Telecommunications Carrier: Pioneer Telephone Cooperative

Filing date: 6-25-14

Is this: Original submission? X
OR
Revised submission? _____

Person to contact for questions:

Name: MICHAEL WHALEN

Phone number: 541-929-8256

E-mail address: mikewhalen@pioneer.net

Documents included in this filing (please check applicable items):

- CAF/ICC Support (47 CFR § 54.304)
- Rate Floor Data (47 CFR § 54.313(h))
- Form 481 (High-cost per 47 CFR § 54.313, Low-income per 54.422)¹
- Form 690 (Mobility Fund per 47 CFR § 54.1009)
- Affidavit for High-Cost Support

Filing deadlines: The deadlines for filing items required by 47 CFR § 54 are the same as the deadlines for filing with the FCC. The notarized affidavit for high-cost support must be filed no later than the due date for the FCC Form 481. Based on current information, it appears that all items other than CAF/ICC support data are due by July 1, 2014. The CAF/ICC support data are due the same day as the ETC's interstate access tariff filing.

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

¹ Lifeline-only ETCs must provide all information specified in 47 CFR § 54.422(b) even if the ETC does not submit this information to the FCC.

DOCKET NO. UM 1688

FILING INSTRUCTIONS

Please file submissions in Docket No. UM 1688. You do not need to include a cover letter if you use the cover sheet from the previous page. Please fill in all relevant information.

Filings must be electronically submitted to the PUC Filing Center. You may e-mail documents to PUC.FilingCenter@state.or.us or see the PUC website for further instructions if you need to upload rather than send via email. If selected portions of documents, e.g., network plans, are to receive confidential treatment, those portions should not be filed electronically. You may electronically file redacted versions of documents containing confidential information, but then follow-up by sending full versions including confidential information printed on yellow paper.

After filing electronically, send one original and one copy of the filing package (cover sheet and filed information) to the PUC Filing Center. Be sure to include one original affidavit with the raised seal or notary's mark evident, and one copy of the original. Hard copies of confidential material should be filed in accordance with confidential designation requirements described in OAR 860-011-0080.

Regular delivery methods may be used to send all hard copy documents; overnight or express delivery is not necessary.

If sending documents to the Filing Center via US mail, use the following address:

Public Utility Commission of Oregon
Attn: Filing Center
PO Box 1088
Salem, OR 97308-1088

If sending documents to the Filing Center by means other than US mail, use the following address:

Public Utility Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Drive SE
Salem, OR 97302-1166

If you have any questions regarding the reporting requirements, please contact Kay Marinos at 503-378-6730 or send an e-mail to Kay.Marinos@state.or.us.

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2015
<030>	Contact Name: Person USAC should contact with questions about this data	Michael Whalen
<035>	Contact Telephone Number: Number of the person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	mikewhalen@pioneer.net

ANNUAL REPORTING FOR ALL CARRIERS	54.313	54.422
	Completion	Completion
	Required	Required

			(check box when complete)	
<100>	Service Quality Improvement Reporting	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200>	Outage Reporting (voice)	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300>	Unfulfilled Service Requests (voice)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310>	Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<input type="checkbox"/>	<input type="checkbox"/>
<i>(attach descriptive document)</i>				
<320>	Unfulfilled Service Requests (broadband)	<input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330>	Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<input type="checkbox"/>	<input type="checkbox"/>
<i>(attach descriptive document)</i>				
<400>	Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410>	Fixed	<input type="text" value="0.0"/>		
<420>	Mobile	<input type="text" value="0.0"/>		
<430>	Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440>	Fixed	<input type="text" value="0.0"/>		
<450>	Mobile	<input type="text" value="0.0"/>		
<500>	Service Quality Standards & Consumer Protection Rules Compliance	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510>	<div style="border: 1px solid black; padding: 2px;">532393OR510.pdf</div>	<i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600>	Functionality in Emergency Situations	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<610>	<div style="border: 1px solid black; padding: 2px;">532393OR610.pdf</div>	<i>(attached descriptive document)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700>	Company Price Offerings (voice)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710>	Company Price Offerings (broadband)	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800>	Operating Companies and Affiliates	<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	<i>(if yes, complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000>	Voice Services Rate Comparability	<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010>	<div style="border: 1px solid black; padding: 2px;">532393OR1010.xls</div>	<i>(attach descriptive document)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	<i>(if not, check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>		<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers	<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet				
<i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>				
<2000>		<i>(check to indicate certification)</i>	<input type="checkbox"/>	<input type="checkbox"/>
<2005>		<i>(complete attached worksheet)</i>	<input type="checkbox"/>	<input type="checkbox"/>
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet				
<3000>		<i>(check to indicate certification)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>		<i>(complete attached worksheet)</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

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

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael Whalen
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net
<110>	Has your company received its ETC certification from the FCC? 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 checked="" type="radio"/> (yes / no) <input type="radio"/> <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.

532393OR100.pdf, 532393OR100.xlsx

Name of Attached Document

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

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

✓
✓
✓
✓

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael Whalen
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

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

<920> Tribal Government Engagement Obligation

Name of Attached Document

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 § 54.313(a)(9) includes:

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

Select (Yes, No, NA)

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

FCC Form 481

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

July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael Whalen
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

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

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

(1200) Terms and Condition for Lifeline Customers Lifeline Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael Whalen
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans



Name of Attached Document

<1220> Link to Public Website

HTTP pioneer.net

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

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

(2000) Price Cap Carrier Additional Documentation Data Collection Form <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael Whalen
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

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

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

- Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}**
- <2012> 2013 Frozen Support Certification
- <2013> 2014 Frozen Support Certification
- <2014> 2015 Frozen Support Certification
- <2015> 2016 and future Frozen Support Certification

- Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**
- <2016> Certification Support Used to Build Broadband

- Connect America Phase II Reporting {47 CFR § 54.313(e)}**
- <2017> 3rd year Broadband Service Certification
- <2018> 5th year Broadband Service Certification
- <2019> Interim Progress Certification
- <2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

- <2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
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<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

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

(3010) Progress Report on 5 Year Plan
Milestone Certification (47 CFR § 54.313(f)(1)(i))

Name of Attached Document Listing Required Information

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

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

Name of Attached Document Listing Required Information

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

(3014) If yes, does your company file the RUS annual report (Yes/No)

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

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

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

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

Name of Attached Document Listing Required Information

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

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

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

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

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

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

(3024) Underlying information subjected to an officer certification.

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

(3026) Attach the worksheet listing required information

532393OR3026.pdf

Name of Attached Document Listing Required Information

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	532393
<015> Study Area Name	PIONEER TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Michael Whalen
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<039> Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	PIONEER TEL COOP
Signature of Authorized Officer:	CERTIFIED ONLINE Date
Printed name of Authorized Officer:	Michael Whalen
Title or position of Authorized Officer:	Executive Vice-president
Telephone number of Authorized Officer:	5419298256 ext.
Study Area Code of Reporting Carrier:	532393 Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	532393
<015> Study Area Name	PIONEER TEL COOP
<020> Program Year	2015
<030> Contact Name - Person USAC should contact regarding this data	Michael Whalen
<035> Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

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

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
<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

PIONEER TELEPHONE COOPERATIVE FIVE YEAR SERVICE QUALITY IMPROVEMENT PLAN

PREAMBLE

This five year improvement plan is a section of the Company's 2014 Annual Report. It is in compliance with § 54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161). This document also incorporates further clarifications identified in subsequent Reconsideration Orders, as applicable, in effect prior to the filing of the Annual Report.

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

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

The environment in which the Company operates remains dynamic, not static. As a result, Pioneer Telephone Cooperative reserves the opportunity to modify its plan in response to further regulatory decisions as they are adopted, and their implication upon the Company's financial viability in providing the required services and service level quality becomes known.

Pioneer Telephone Cooperative will re-evaluate this plan on an annual basis. Action, however, may also be taken abruptly on the presented plan for both current and outer years in the event of evolving regulatory conditions and/or changes in technology. All adjustments to the improvement plan in this document will be reflected and explained in subsequent annual reports.

OVERVIEW

Pioneer Telephone Cooperative as an Eligible Telecommunications Carrier (ETC) provides Universal Service supported services to approximately 9,124 customers in 14 exchanges covering approximately 1,330 square miles.

Consistent with Commission requirements, this Service Quality Improvement Plan addresses only Pioneer Telephone Cooperative regulated eligible telecommunications carrier operations.¹ A detailed description of Pioneer Telephone Cooperative plans for the provision of the supported services in the five-year period starting with January 2015 is provided herein.

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

Per the Universal Service Administrative Company (USAC), for the calendar year 2013, Pioneer Telephone Cooperative received a total of \$ in USF support funds. The breakdown of the funding for the year was:

- \$1,112,811 High Cost Loop Support
- \$1,648,800 Connect America Fund-Intercarrier Compensation Support
- \$2,018,202 Interstate Common Line Support

All funds were used in 2013 to both: 1) maintain, upgrade, and improve the Company's network and, 2) cover its operating expenses and debt commitments as necessary to permit it to offer a high level of service for both voice and broadband throughout its service area. The federal support payments above represent approximately 38% of the Company's 2013 revenues.

IMPROVEMENT PLANS BY YEAR (2015-2019 inclusive)

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

- Network improvement expenditures identify the cost to provide those services supported by the universal service funding mechanisms. When a project involves expenditures for both regulated and non-regulated services, the non-regulated investment costs have been removed. The Company estimates non-regulated costs using the appropriate allocation rules. Details of those costs are retained by the Company and available for inspection.
- Costs are reported only for those service areas in which the Company is authorized to receive USF funding.

Due to the current uncertainty of the amounts of support funds the company may receive in future years, Pioneer Telephone Cooperative advises the Commission that the deployment of specific network improvement projects may be modified, and the meeting of projected service goals muted, to accommodate the actual amount of support that will be received.

ANCHOR INSTITUTIONS WITHIN PIONEER TELEPHONE COOPERATIVE TERRITORY

In 2013, Pioneer Telephone Cooperative provided high speed broadband to all "anchor" institutions that requested service. All medical facilities and schools are served with fiber optic connections. No anchor institutions who desire broadband remain unfulfilled.

SUMMARY DISCUSSION OF PLANS BY YEAR

2015

The Central Office budget for 2015 is \$812,680. The largest project is \$535,000 for increasing the capacity on our fiber optic ring. This ring connects 14 exchanges and will be upgraded to provide significantly more bandwidth for the ever increasing demand for higher broadband speeds. Approximately \$128,000 will be spent on Calix E-3 Digital Loop Carrier. The E-3 product is being used to shorten copper loop lengths in order to obtain higher DSL rates to subscribers. Pioneer Telephone Cooperative does not consider fiber-to-the-home to be viable due to regulatory uncertainty and cost. The E-3 product allows higher speeds on existing copper and is a much more cost-effective solution. The remainder of the Central Office budget is for routine items such as batteries, power plants and card replacements.

The Outside Plant budget for 2015 is \$1,373,000. The largest item is \$657,000 for fiber optic cable to connect the E-3 projects listed above. The budget also includes \$183,000 for fiber optic cable to improve redundancy of our fiber optic rings. The remainder is for routine items throughout the 1,330 square mile area served by Pioneer. This includes both fiber optic cable and copper cable.

2016

The Central Office budget for 2016 is \$240,690. Approximately \$67,000 will be spent on Calix E-3 Digital Loop Carrier. The E-3 product is being used to shorten copper loop lengths in order to obtain higher DSL rates to subscribers. Pioneer Telephone Cooperative does not consider fiber-to-the-home to be viable due to regulatory uncertainty and cost. The E-3 product allows higher speeds on existing copper and is a much more cost-effective solution. The remainder of the Central Office budget is for routine items such as batteries, power plants and card replacements.

The Outside Plant budget for 2016 is \$1,317,000. The largest item is \$820,000 for fiber optic cable to connect the E-3 projects listed above. The remainder is for routine items throughout the 1,330 square mile area served by Pioneer. This includes both fiber optic cable and copper cable.

2017

The Central Office budget for 2017 is \$214,915. Approximately \$56,000 will be spent on Calix E-3 Digital Loop Carrier. The E-3 product is being used to shorten copper loop lengths in order to obtain higher DSL rates to subscribers. Pioneer Telephone Cooperative does not consider fiber-to-the-home to be viable due to regulatory uncertainty and cost. The E-3 product allows higher speeds on existing copper and is a much more cost-effective solution. The remainder of the Central Office budget is for routine items such as batteries, power plants and card replacements.

The Outside Plant budget for 2017 is \$1,370,000. The largest item is \$873,000 for fiber optic cable to connect the E-3 projects listed above. The remainder is for routine items throughout the 1,330 square mile area served by Pioneer. This includes both fiber optic cable and copper cable.

2018

The Central Office budget for 2018 is \$485,900. Approximately \$126,000 will be spent on two projects to place Calix C7 Digital Loop Carriers. Approximately \$200,000 will be spent to replace Calix E5-400 rings. This project is required due to the manufactures anticipated end of life for this product. The remainder of the Central Office budget is for routine items such as batteries, power plants and card replacements.

The Outside Plant budget for 2018 is \$1,155,000. The budget includes \$558,000 for fiber optic cable to improve redundancy of our fiber optic rings. Approximately \$100,000 will be spent to provide fiber optic cable to the two Calix C7 Digital Loop Carriers. The remainder is for routine items throughout the 1,330 square mile area served by Pioneer. This includes both fiber optic cable and copper cable.

2019

The Central Office budget for 2019 is \$150,000. The entire Central Office budget is for routine items such as batteries, power plants and card replacements.

The Outside Plant budget for 2019 is \$1,307,000. The budget includes \$810,000 for fiber optic cable to improve redundancy of our fiber optic rings. The remainder is for routine items throughout the 1,330 square mile area served by Pioneer. This includes both fiber optic cable and copper cable.

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014 (2015 ACTIVITY)

WIRE CENTER NAME	CLI	DESCRIPTION of IMPROVEMENT	CENTRAL OFFICE COST	FIBER/ COPPER COST	TOTAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED SQ MILES	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
A	B	C	D	E	F = D X E									
ALSEA	ALSFORXXRS1	CALIX E3-12 REMOTE - FALL CREEK RD	\$ 4,300	\$ 78,000	\$ 82,300	100%	\$ 82,300	100%	25%	1	20	Dec-15		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	184	1,217	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	184	1,217	Dec-15		
		TOTAL	\$ 12,500	\$ 127,700	\$ 140,200		\$ 140,200							
BELLFOUNTAIN	BLFNORXXRS0	CALIX E3-12 REMOTE - BRUCE ROAD	\$ 3,800	\$ 15,000	\$ 18,800	100%	\$ 18,800	100%	63%	3	34	Dec-15		
		CALIX E3-48 REMOTE - MCFARLAND ROAD	\$ 9,700	\$ 85,000	\$ 94,700	100%	\$ 94,700	100%	76%	4	93	Dec-15		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	94	1,190	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	94	1,190	Dec-15		
TOTAL	\$ 20,100	\$ 149,700	\$ 169,800		\$ 169,800									
BLODGETT	BLDGORKARSO	CALIX E3-48 REMOTE - BENNETT LANE	\$ 10,255	\$ 35,000	\$ 45,255	100%	\$ 45,255	100%	69%	5	81	Dec-15		
		CALIX E3-12 REMOTE - BLODGETT ROAD	\$ 5,300	\$ 15,000	\$ 20,300	100%	\$ 20,300	100%	86%	1	42	Dec-15		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	97	842	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	97	842	Dec-15		
TOTAL	\$ 23,755	\$ 99,700	\$ 123,455		\$ 123,455									
EDDYVILLE	EDVLORXARSO	CALIX E3-48 REMOTE - BRYANT	\$ 10,255	\$ 95,000	\$ 105,255	100%	\$ 105,255	100%	77%	1	39	Dec-15		
		AERIAL CABLE & POLE REPL - HWY 20	\$ -	\$ 36,000	\$ 36,000	100%	\$ 36,000	100%	N/A	-	-	Dec-15		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 20,424	\$ -	\$ 20,424	100%	\$ 20,424	100%	N/A	115	668	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	115	668	Dec-15		
TOTAL	\$ 30,679	\$ 155,850	\$ 186,529		\$ 186,529									
HARLAN	HRLNORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 11,520	\$ -	\$ 11,520	100%	\$ 11,520	100%	N/A	61	170	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	61	170	Dec-15		
		TOTAL	\$ 11,520	\$ 24,850	\$ 36,370		\$ 36,370							
LOBSTER VALLEY	LBVYORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	41	153	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	41	153	Dec-15		
		TOTAL	\$ 8,200	\$ 24,850	\$ 33,050		\$ 33,050							
PHILOMATH	PHLMORXADS1	CALIX E3-48 REMOTE - BOTKIN ROAD	\$ 10,255	\$ 25,000	\$ 35,255	100%	\$ 35,255	100%	77%	2	86	Dec-15		
		CALIX E3-48 REMOTE - LABARRE ROAD	\$ 9,225	\$ 15,000	\$ 24,225	100%	\$ 24,225	100%	83%	3	32	Dec-15		
		CALIX E3-12 REMOTE - NEUMAN ROAD	\$ 4,300	\$ 15,000	\$ 19,300	100%	\$ 19,300	100%	64%	2	49	Dec-15		
		CALIX E3-12 REMOTE - PRIEST ROAD	\$ 4,300	\$ 15,000	\$ 19,300	100%	\$ 19,300	100%	100%	1	17	Dec-15		
		CALIX E3-48 REMOTE - CATTLE DRIVE	\$ 9,700	\$ 75,000	\$ 84,700	100%	\$ 84,700	100%	83%	1	71	Dec-15		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 45,456	\$ -	\$ 45,456	100%	\$ 45,456	100%	N/A	167	6,752	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	167	6,752	Dec-15		
		ADD 10GIG RING AFFECTS ALL	\$ 535,000	\$ -	\$ 535,000	100%	\$ 535,000	100%	58%	1,330	26,563	Dec-15		
		TOTAL	\$ 618,236	\$ 219,550	\$ 837,786		\$ 837,786							
SOUTH BEACH	SBCHORXXRS0	SBTC/WPNB REDUNDANT FO ROUTE	\$ -	\$ 113,000	\$ 113,000	100%	\$ 113,000	100%	N/A	-	-	Dec-15		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 10,000	\$ -	\$ 10,000	100%	\$ 10,000	100%	N/A	22	2,590	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	22	2,590	Dec-15		
TOTAL	\$ 10,000	\$ 162,700	\$ 172,700		\$ 172,700									
TRIANGLE LAKE	TRLKORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	144	888	Dec-15		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	144	888	Dec-15		
		TOTAL	\$ 6,600	\$ 24,850	\$ 31,450		\$ 31,450							
WALDPORT	WLPTORXXRS0	CALIX E3-48 REMOTE - TIDEWATER ROAD	\$ 11,255	\$ 25,000	\$ 36,255	100%	\$ 36,255	100%	67%	3	54	Dec-15		
		CALIX E3-48 REMOTE - LITTLE SWITZERLAND	\$ 9,225	\$ 85,000	\$ 94,225	100%	\$ 94,225	100%	79%	1	76	Dec-15		

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WIRE CENTER NAME	CLI	DESCRIPTION of IMPROVEMENT	CENTRAL OFFICE COST	FIBER/ COPPER COST	TOTAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED SQ MILES	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
A	B	C	D		E	F = D X E								
ALSEA	ALSEORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	184	1,217	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	184	1,217	Dec-16		
		TOTAL	\$ 8,200	\$ 49,700	\$ 57,900		\$ 57,900							
BELLFOUNTAIN	BLFNORXXRS0	CALIX E3-12 REMOTE - AMY ROAD	\$ 4,430	\$ 15,000	\$ 19,430	100%	\$ 19,430	100%	64%	2	30	Dec-16		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	94	1,190	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	94	1,190	Dec-16		
		TOTAL	\$ 9,430	\$ 64,700	\$ 74,130		\$ 74,130							
BLODGETT	BLDGORXXRS0	CALIX E3-12 REMOTE - JONES ROAD	\$ 4,565	\$ 15,000	\$ 19,565	100%	\$ 19,565	100%	80%	2	12	Dec-16		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	97	842	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	97	842	Dec-16		
		TOTAL	\$ 11,165	\$ 64,700	\$ 75,865		\$ 75,865							
EDDYVILLE	EDVLORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	115	668	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	115	668	Dec-16		
		TOTAL	\$ 5,000	\$ 24,850	\$ 29,850		\$ 29,850							
HARLAN	HRLNORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	61	170	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	61	170	Dec-16		
		TOTAL	\$ 5,000	\$ 24,850	\$ 29,850		\$ 29,850							
LOBSTER VALLEY	LBVYORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	41	153	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	41	153	Dec-16		
		TOTAL	\$ 5,000	\$ 24,850	\$ 29,850		\$ 29,850							
PHILOMATH	PHLMORXADS1	CALIX E3-12 REMOTE - BEAVER CREEK	\$ 3,850	\$ 55,000	\$ 58,850	100%	\$ 58,850	100%	88%	2	34	Dec-16		
		CALIX E3-12 REMOTE - WEST HARRIS ROAD	\$ 3,850	\$ 75,000	\$ 78,850	100%	\$ 78,850	100%	100%	2	30	Dec-16		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 43,600	\$ -	\$ 43,600	100%	\$ 43,600	100%	N/A	167	6,752	Dec-16		
		SWITCHING ROUTINES/REPLACE POWER PLANT (SWITCH)	\$ 23,500	\$ -	\$ 23,500	100%	\$ 23,500	100%	N/A	167	6,752	Dec-16		
		ROUTINE WORK ORDERS - ALL EXCHANGES	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	167	6,752	Dec-16		
		TOTAL	\$ 74,800	\$ 204,550	\$ 279,350		\$ 279,350							
SOUTH BEACH	SBCHORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 25,000	\$ -	\$ 25,000	100%	\$ 25,000	100%	N/A	22	2,590	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	22	2,590	Dec-16		
		TOTAL	\$ 25,000	\$ 49,700	\$ 74,700		\$ 74,700							
TRIANGLE LAKE	TRLKORXXRS1	CALIX E3-48 REMOTE - NELSON MTN	\$ 10,570	\$ 55,000	\$ 65,570	100%	\$ 65,570	100%	59%	2	69	Dec-16		
		CALIX E3-12 REMOTE - LEFT FORK	\$ 4,430	\$ 75,000	\$ 79,430	100%	\$ 79,430	100%	75%	2	12	Dec-16		
		CALIX E3-48 REMOTE - UPPER DEADWOOD CREEK	\$ 10,570	\$ 45,000	\$ 55,570	100%	\$ 55,570	100%	82%	4	76	Dec-16		
		CALIX E3-12 REMOTE - ALPHA	\$ 3,370	\$ 15,000	\$ 18,370	100%	\$ 18,370	100%	60%	1	30	Dec-16		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 10,000	\$ -	\$ 10,000	100%	\$ 10,000	100%	N/A	144	888	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	144	888	Dec-16		
		TOTAL	\$ 38,940	\$ 214,850	\$ 253,790		\$ 253,790							
WALDPORT	WLPTORXXRS0	CALIX E3-12 REMOTE - BENNER CREEK	\$ 3,370	\$ 141,000	\$ 144,370	100%	\$ 144,370	100%	100%	2	7	Dec-16		
		CALIX E3-12 REMOTE - CRAB CREEK	\$ 4,430	\$ 15,000	\$ 19,430	100%	\$ 19,430	100%	50%	2	10	Dec-16		
		CALIX E3-12 REMOTE - SCOTT CREEK	\$ 4,430	\$ 15,000	\$ 19,430	100%	\$ 19,430	100%	36%	2	27	Dec-16		
		CALIX E3-12 REMOTE - ECKMAN CREEK ROAD	\$ 5,475	\$ 121,000	\$ 126,475	100%	\$ 126,475	100%	64%	2	27	Dec-16		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 26,600	\$ -	\$ 26,600	100%	\$ 26,600	100%	N/A	262	8,868	Dec-16		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	262	8,868	Dec-16		

		TOTAL	\$ 44,305	\$ 366,550	\$ 410,855		\$ 410,855						
YACHATS	YCHTORXKRSO	CALIX E3-12 REMOTE - UPPER TEN MILE ROAD	\$ 3,850	\$ 178,000	\$ 181,850	100%	\$ 181,850	100%	100%	2	17	Dec-16	
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 10,000	\$ -	\$ 10,000	100%	\$ 10,000	100%	N/A	143	3,225	Dec-16	
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	143	3,225	Dec-16	
		TOTAL	\$ 13,850	\$ 227,700	\$ 241,550		\$ 241,550						
GRAND TOTAL			\$ 240,690	\$ 1,317,000			\$ 1,557,690						

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WIRE CENTER NAME	CLI	DESCRIPTION of IMPROVEMENT	CENTRAL OFFICE COST	FIBER/ COPPER COST	TOTAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED SQ MILES	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
A	B	C	D		D	E	F = D X E							
ALSEA	ALSEORXXRS1	CALIX E3-12 REMOTE - SPENCER CREEK ROAD	\$ 4,565	\$ 172,000	\$ 176,565	100%	\$ 176,565	100%	71%	2	17	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	184	1,217	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	184	1,217	Dec-17		
		TOTAL	\$ 12,765	\$ 221,700	\$ 234,465		\$ 234,465							
BELLFOUNTAIN	BLFNORXXRS0	CALIX E3-12 REMOTE - MERCER	\$ 4,565	\$ 55,000	\$ 59,565	100%	\$ 59,565	100%	67%	2	22	Dec-17		
		CALIX E3-48 REMOTE - HORTON ROAD	\$ 11,950	\$ 95,000	\$ 106,950	100%	\$ 106,950	100%	38%	2	47	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	94	1,190	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	94	1,190	Dec-17		
TOTAL	\$ 23,115	\$ 199,700	\$ 222,815		\$ 222,815									
BLODGETT	BLDGORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	97	842	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	97	842	Dec-17		
		TOTAL	\$ 5,000	\$ 49,700	\$ 54,700		\$ 54,700							
EDDYVILLE	EDVLORXXRS0	CALIX E3-12 REMOTE - HAYES ROAD	\$ 3,975	\$ 75,000	\$ 78,975	100%	\$ 78,975	100%	100%	2	7	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 11,400	\$ -	\$ 11,400	100%	\$ 11,400	100%	N/A	115	668	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	115	668	Dec-17		
		TOTAL	\$ 15,375	\$ 99,850	\$ 115,225		\$ 115,225							
HARLAN	HRLNORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	61	170	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	61	170	Dec-17		
		TOTAL	\$ 5,000	\$ 24,850	\$ 29,850		\$ 29,850							
LOBSTER VALLEY	LBVYORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	41	153	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	41	153	Dec-17		
		TOTAL	\$ 5,000	\$ 24,850	\$ 29,850		\$ 29,850							
PHILOMATH	PHLMORXXRS1	(2) CALIX E3-12 REMOTE - TIMBER SUPPLY	\$ 9,130	\$ 80,000	\$ 89,130	100%	\$ 89,130	100%	40%	2	25	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 51,368	\$ -	\$ 51,368	100%	\$ 51,368	100%	N/A	167	6,752	Dec-17		
		SWITCHING ROUTINES/REPLACE POWER PLANT (SWITCH)	\$ 9,000	\$ -	\$ 9,000	100%	\$ 9,000	100%	N/A	167	6,752	Dec-17		
		ROUTINE WORK ORDERS - ALL EXCHANGES	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	167	6,752	Dec-17		
TOTAL	\$ 69,498	\$ 154,550	\$ 224,048		\$ 224,048									
SOUTH BEACH	SBCHORXXRS0	CALIX E3-12 REMOTE - NINETY EIGHTH	\$ 4,565	\$ 75,000	\$ 79,565	100%	\$ 79,565	100%	0%	2	2	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 11,600	\$ -	\$ 11,600	100%	\$ 11,600	100%	N/A	22	2,590	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	22	2,590	Dec-17		
		TOTAL	\$ 16,165	\$ 124,700	\$ 140,865		\$ 140,865							
TRIANGLE LAKE	TRLKORXXRS1	CALIX E3-12 REMOTE - WINDY PEAK	\$ 4,565	\$ 15,000	\$ 19,565	100%	\$ 19,565	100%	100%	1	7	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	144	888	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	144	888	Dec-17		
		TOTAL	\$ 12,765	\$ 39,850	\$ 52,615		\$ 52,615							
WALDPOR	WLPTORXXRS0	CALIX E3-12 REMOTE - WILSON CREEK	\$ 4,565	\$ 15,000	\$ 19,565	100%	\$ 19,565	100%	100%	2	5	Dec-17		
		CALIX E3-12 REMOTE - CASCADE CREEK	\$ 3,470	\$ 151,000	\$ 154,470	100%	\$ 154,470	100%	25%	1	10	Dec-17		
		CALIX E3-12 REMOTE - LEWIS CREEK	\$ 4,565	\$ 140,000	\$ 144,565	100%	\$ 144,565	100%	50%	2	12	Dec-17		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 27,632	\$ -	\$ 27,632	100%	\$ 27,632	100%	N/A	262	8,868	Dec-17		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	262	8,868	Dec-17		
		TOTAL	\$ 40,232	\$ 380,550	\$ 420,782		\$ 420,782							

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014 (2018 ACTIVITY)

WIRE CENTER NAME	CLI	DESCRIPTION of IMPROVEMENT	CENTRAL OFFICE COST	FIBER/ COPPER COST	TOTAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED SQ MILES	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes	
A	B	C	D	E	F = D X E										
ALSEA	ALSEORXXRS1	HRTN/PRAIRIE PEAK REDUNDANT FIBER FEED		\$ 128,000	\$ 128,000	100%	\$ 128,000	100%	N/A	-	-	Dec-18			
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	184	1,217	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	184	1,217	Dec-18			
		TOTAL	\$ 6,600	\$ 177,700	\$ 184,300		\$ 184,300								
BELLFOUNTAIN	BLFNORXXRS0	HRTN/PRAIRIE PEAK REDUNDANT FIBER FEED		\$ 248,000	\$ 248,000	100%	\$ 248,000	100%	N/A	-	-	Dec-18			
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	94	1,190	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	94	1,190	Dec-18			
		TOTAL	\$ 5,000	\$ 297,700	\$ 302,700		\$ 302,700								
BLODGETT	BLDGORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 9,800	\$ -	\$ 9,800	100%	\$ 9,800	100%	N/A	97	842	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	97	842	Dec-18			
		TOTAL	\$ 9,800	\$ 49,700	\$ 59,500		\$ 59,500								
EDDYVILLE	EDVLORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	115	668	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	115	668	Dec-18			
		TOTAL	\$ 6,600	\$ 24,850	\$ 31,450		\$ 31,450								
HARLAN	HRLNORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 11,400	\$ -	\$ 11,400	100%	\$ 11,400	100%	N/A	61	170	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	61	170	Dec-18			
		TOTAL	\$ 11,400	\$ 24,850	\$ 36,250		\$ 36,250								
LOBSTER VALLEY	LBVYORXXRS1	MISTY ACRES / BENNER REDUNDANT FIBER ROUTE		\$ 75,000	\$ 75,000	100%	\$ 75,000	100%	N/A	41	153	Dec-18			
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 5,000	\$ -	\$ 5,000	100%	\$ 5,000	100%	N/A	41	153	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	41	153	Dec-18			
		TOTAL	\$ 5,000	\$ 99,850	\$ 104,850		\$ 104,850								
PHILOMATH	PHLMORXADS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 59,400		\$ 59,400	100%	\$ 59,400	100%	N/A	167	6,752	Dec-18			
		SWITCHING ROUTINES/REPLACE POWER PLANT (SWITCH)	\$ 9,500		\$ 9,500	100%	\$ 9,500	100%	N/A	167	6,752	Dec-18			
		ROUTINE WORK ORDERS - OSP		\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	167	6,752	Dec-18			
		REPLACE ES-400 RINGS	\$ 200,000		\$ 200,000	100%	\$ 200,000	100%	N/A			Dec-18			
		TOTAL	\$ 268,900	\$ 74,550	\$ 343,450		\$ 343,450								
SOUTH BEACH	SBCHORXXRS0	CALIX C7 REMOTE - SOUTH SHORE	\$ 56,400	\$ 50,000	\$ 106,400	100%	\$ 106,400	51%	49%	1	364	Dec-18			
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 10,000	\$ -	\$ 10,000	100%	\$ 10,000	100%	N/A	22	2,590	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	22	2,590	Dec-18			
		TOTAL	\$ 66,400	\$ 99,700	\$ 166,100		\$ 166,100								
TRIANGLE LAKE	TRLKORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	144	888	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	144	888	Dec-18			
		TOTAL	\$ 6,600	\$ 24,850	\$ 31,450		\$ 31,450								
WALDPOR	WLPTORXXRS0	BENNER / MISTY ACRES REDUNDANT FIBER ROUTE		\$ 107,000	\$ 107,000	100%	\$ 107,000	100%	N/A	-	49	Dec-18			
		CALIX C7 REMOTE - CRESTLINE	\$ 70,000	\$ 50,000	\$ 120,000	100%	\$ 120,000	100%		2	615	Dec-18			
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 16,400	\$ -	\$ 16,400	100%	\$ 16,400	100%	N/A	262	8,868	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	262	8,868	Dec-18			
		TOTAL	\$ 86,400	\$ 231,550	\$ 317,950		\$ 317,950								
YACHATS	YCHTORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 13,200	\$ -	\$ 13,200	100%	\$ 13,200	100%	N/A	143	3,225	Dec-18			
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	143	3,225	Dec-18			
		TOTAL	\$ 13,200	\$ 49,700	\$ 62,900		\$ 62,900								

AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014 (2019 ACTIVITY)

WIRE CENTER NAME	CLI	DESCRIPTION of IMPROVEMENT	CENTRAL OFFICE COST	FIBER/ COPPER COST	TOTAL COST	REGULATED % ALLOCATION	AMOUNT IN USF SUPPORT AREA	% VOICE	% BROADBAND	AREA IMPACTED SQ MILES	POPULATION IMPACTED	TARGET COMPLETION DATE	ACTUAL COMPLETION DATE	Notes
A	B	C	D		D	E	F = D X E							
ALSEA	ALSEORXXRS1	ALCC/WELLS CREEK REDUNDANT FIBER ROUTE		\$ 250,000	\$ 250,000	100%	\$ 250,000	100%	N/A	-	-	Dec-19		
		ALSE/LAKE LYONS REDUNDANT FIBER ROUTE		\$ 200,000	\$ 200,000	100%	\$ 200,000	100%	N/A	-	219	Dec-19		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	184	1,217	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	184	1,217	Dec-19		
		TOTAL	\$ 8,200	\$ 499,700	\$ 507,900		\$ 507,900							
BELLFOUNTAIN	BLFNORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 8,200	\$ -	\$ 8,200	100%	\$ 8,200	100%	N/A	94	1,190	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	94	1,190	Dec-19		
		TOTAL	\$ 8,200	\$ 49,700	\$ 57,900		\$ 57,900							
BLODGETT	BLDGORXXRS0	NASHVILLE / BRYANT REDUNDANT FIBER ROUTE		\$ 105,000	\$ 105,000	100%	\$ 105,000	100%	N/A	-	-	Dec-19		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 11,400	\$ -	\$ 11,400	100%	\$ 11,400	100%	N/A	97	842	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	97	842	Dec-19		
		TOTAL	\$ 11,400	\$ 154,700	\$ 166,100		\$ 166,100							
EDDYVILLE	EDVLORXXRS0	BRYANT / NASHVILLE REDUNDANT FIBER ROUTE		\$ 75,000	\$ 75,000	100%	\$ 75,000	100%	N/A	-	-	Dec-19		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	115	668	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	115	668	Dec-19		
		TOTAL	\$ 6,600	\$ 99,850	\$ 106,450		\$ 106,450							
HARLAN	HRLNORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	61	170	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	61	170	Dec-19		
		TOTAL	\$ 6,600	\$ 24,850	\$ 31,450		\$ 31,450							
LOBSTER VALLEY	LBVYORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 6,600	\$ -	\$ 6,600	100%	\$ 6,600	100%	N/A	41	153	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	41	153	Dec-19		
		TOTAL	\$ 6,600	\$ 24,850	\$ 31,450		\$ 31,450							
PHILOMATH	PHLMORXXRS1	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 21,000		\$ 21,000	100%	\$ 21,000	100%	N/A	167	6,752	Dec-19		
		SWITCHING ROUTINES/REPLACE POWER PLANT (SWITCH)	\$ 10,000		\$ 10,000	100%	\$ 10,000	100%	N/A	167	6,752	Dec-19		
		ROUTINE WORK ORDERS - OSP		\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	167	6,752	Dec-19		
		TOTAL	\$ 31,000	\$ 74,550	\$ 105,550		\$ 105,550							
SOUTH BEACH	SBCHORXXRS0	SBCH/OMSI FIBER ROUTE		\$ 60,000	\$ 60,000	100%	\$ 60,000	100%	N/A	-	-	Dec-19		
		FERRY SLIP ROAD FIBER/DIST REROUTE		\$ 25,000	\$ 25,000	100%	\$ 25,000	100%	N/A	-	-	Dec-19		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 11,600	\$ -	\$ 11,600	100%	\$ 11,600	100%	N/A	22	2,590	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	22	2,590	Dec-19		
		TOTAL	\$ 11,600	\$ 134,700	\$ 146,300		\$ 146,300							
TRIANGLE LAKE	TRLKORXXRS1	DEADWOOD CREEK FIBER REPL		\$ 95,000	\$ 95,000	100%	\$ 95,000	100%	N/A	-	-	Dec-19		
		TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 9,800	\$ -	\$ 9,800	100%	\$ 9,800	100%	N/A	144	888	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 24,850	\$ 24,850	100%	\$ 24,850	100%	N/A	144	888	Dec-19		
		TOTAL	\$ 9,800	\$ 119,850	\$ 129,650		\$ 129,650							
WALDPORT	WLPORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 24,400	\$ -	\$ 24,400	100%	\$ 24,400	100%	N/A	262	8,868	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 74,550	\$ 74,550	100%	\$ 74,550	100%	N/A	262	8,868	Dec-19		
		TOTAL	\$ 24,400	\$ 74,550	\$ 98,950		\$ 98,950							
YACHATS	YCHTORXXRS0	TRANSMISSION ROUTINES(DSL,BATTERIES,POWER PLANTS,ECT)	\$ 25,600	\$ -	\$ 25,600	100%	\$ 25,600	100%	N/A	143	3,225	Dec-19		
		ROUTINE WORK ORDERS - OSP	\$ -	\$ 49,700	\$ 49,700	100%	\$ 49,700	100%	N/A	143	3,225	Dec-19		

		TOTAL	\$ 25,600	\$ 49,700	\$ 75,300		\$ 75,300							
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GRAND TOTAL \$ 150,000 \$ 1,307,000 \$ 1,457,000

PIONEER TELEPHONE COOPERATIVE

2014 FCC Form 481

(510) Service Quality Standards & Consumer Protection Rules Compliance

47 CFR § 54.313(a)(5) – Pioneer Telephone Cooperative complies with applicable service quality standards as stated in Oregon Administrative Rules 860-034-0390, Retail Telecommunications Service Standards for Small Telecommunications Utilities and consumer protection rules as defined in 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft.

BROADBAND

Pioneer Telephone Cooperative follows the service standards noted in NECA Tariff #5 and is committed to provide the highest quality service to its broadband customers.

PIONEER TELEPHONE COOPERATIVE

2014 FCC Form 481

(600) Functionality in Emergency Situations

Back-up Power

Pioneer Telephone Cooperative has the following back-up power capabilities:

Switches (stand alone and/or host), Remote Central Offices, Subscriber Carrier, DLC:

See next page for the list of back-up power capabilities

Network Interface Devices (NIDs)

Pioneer Telephone Cooperative has 10,520 access lines with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Pioneer Telephone Cooperative has 278 access lines with non-metallic (fiber optic) connections to the Central Office. Of these, 115 NIDs are battery powered in case of emergency, with batteries rated at 8 hours based on Telcordia GR-909 specifications, and 163 NIDs are powered from the Central Office with SureReach technology by Generonix®.

Ability to reroute traffic around damaged facilities:

Pioneer Telephone Cooperative has built redundant facilities between its exchanges and its connecting company. This redundant facility is in the form of a SONET ring with alternate physical facilities between **Pioneer Telephone Cooperative** and **CenturyLink**, its interconnection to the Public Switched Telephone Network.

Capability to manage traffic spikes resulting from emergency situations

Pioneer Telephone Cooperative has 9,124 customers, switching capacity of 4,345 simultaneous calls, and transport capacity for 1,600 simultaneous calls. **Pioneer Telephone Cooperative** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Pioneer Telephone Cooperative
Back-up Power

Location	Capacity	Fuel Type	Hours	Capacity	Hours	Notes
Philomath	200	Diesel	520	52 HR.	4180	8.69 HR.
Alsea	30	Diesel	550	183 HR.	1000	12 HR.
Bellfountain	25	Diesel	30	30 HR.	2090	22 HR.
Blodgett	25	Diesel	30	30 HR.	930	16.5 HR.
Chitwood	25	Diesel	30	30 HR.	1000	14.50 HR.
Deadwood	15	Diesel	220	183 HR.	400	8.9 HR.
South Beach	80	Diesel	250	48 HR.	2090	22.25 HR.
Waldport	75	Diesel	280	60 HR.	2090	14.25 HR.
Yachats	30	Diesel	250	104 HR.	2090	17 HR.
Harlan	15	Diesel	132	121 HR.	500	16 HR.
Lobster Valley	15	Diesel	132	121 HR.	775	29 HR.
Horton	25	DIESEL	30	30 HR.	310	82.5 HR
Tidewater	13	PROPANE	120	85 HR.	465	31.5 HR.
Triangle Lake	30	DIESEL	550	229 HR.	465	74.25 HR.
Alexander Road					155	77 HR.
Bayshore					620	24.75 HR.
Bayview					290	37.25 HR.
Beamer Creek					155	88.5 HR.
Beaver Valley					290	46.25 HR.
Big Elk Creek					155	62 HR.
Blachly					170	18.60 HR.
Brush Creek					225	163 HR.
Buck Creek					290	55 HR.
Bummer Creek					300	68.5 HR.
Bunker Hill					125	24.25 HR.
Campbell Park					155	77.5 HR.
Cecil Lane						Line Powered From Tobacco Road 72 HR.
Cedar Creek					245	115 HR.
Clem Road					290	38.6 HR.
Cline Hill						Line Powered From Oglesby Creek 22.2 HR.
Crooked Creek					290	38.6 HR.
Darkey Creek					290	31.6 HR.
Decker Ridge					145	72.5 HR.
Decker Road					155	13.75 HR
Eckman					465	32.6 HR.
Eddyville					100	13.25 HR.
Elk City					155	72.75 HR.
Elk Mountain Rd.					145	46.4 HR.
Ervin Road					290	15.3 HR.
Evergreen Rd					125	31.25 HR.
Five Rivers					155	41.3 HR.
Foster Road					255	12.9 HR.
Fox Creek						Line Powered From Seal Rock 29 HR.
Grand Oaks					600	43.0 HR.
Green Mountain						Line Powered From Summit 82.5 HR.
Green Peak						Line Powered From Foster Road 12.9 HR.
Harris Road					290	32 HR.
Henderson Rd					290	33.6 HR.
Hidden Valley					290	38.5 HR.
Honeygrove					125	90.75 HR.
Hoskins Road						Line Powered From Summit 82.5 HR.
Hutchcroft Road					155	82.5 HR.
Idaho St.					435	33 HR.
Jacobson Road						Line Powered From Blodgett 16.5 HR. (Generator)
Johnson Creek					155	112 HR.
Keller Creek					155	47.5 HR.
Kings Valley					620	66.00 HR.
Fort Hoskins						Line Powered From Kings valley 66.00 HR.
Legion Road					435	31.5 HR.
Little Lobster Creek						Line Powered From Slide Creek 41.3 HR.
Lilly Hill						Line Powered From Blodgett 16.5 HR. (Generator)
Llewellyn Road						Line Powered From Ervin Road 15.3 HR.
Logsdan Road						Line Powered From Summit 82.5 HR.

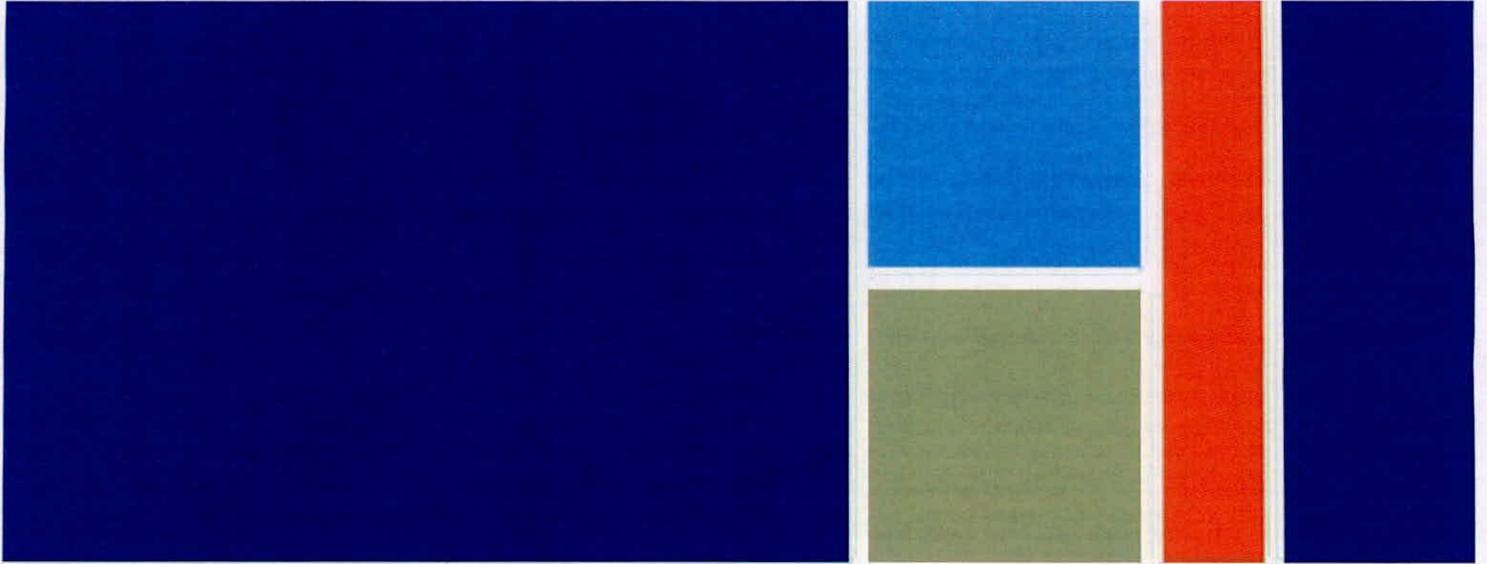
Pioneer Telephone Cooperative
Back-up Power

Lost Creek	465	47.5 HR.
Hayden Road	Line Powered From Alsea 12.12 HR. (Generator)	
Haynes Road	Line Powered From Alsea 12.12 HR. (Generator)	
Makai	310	27.5 HR.
Marvel Road	Line Powered From Summit 82.5 HR.	
Mary's Peak	290	225 HR.
Marys River Est	290	18.5 HR.
McGarry	310	31 HR.
Misty Acres Rd.	Line Powered From Slide Creek 41.3 HR.	
Nashville	100	80 HR.
Neabeack Hill	375	27.25 HR.
Nelson Creek	155	47.5 HR.
North Beaver	145	72.5 HR.
Norton Creek	125	40 HR.
Oglesby Creek	125	22.20 HR.
Old Peak	125	40 HR.
Oliver Creek	155	77.50 HR.
Park Road	Line Powered From Bellfountain 22.5 HR. (Generator)	
Pit Road	125	76.75 HR.
Powder House	Line Powered From Philomath 8.69 HR. (Generator)	
Preacher Creek	145	82.86
Rock Creek	155	77.50 HR.
Salmonberry	Line Powered From Campbell Park 77.5 HR.	
Sam's Creek	80	33.5 HR.
Sea Lion Caves	300	50 HR.
Seal Rock	600	29 HR.
Shingle Creek	300	140 HR.
Shotpouch	155	112 HR.
Slide Creek	155	41.3 HR.
Solado	Line Powered From Big Elk 62 HR.	
South Bay Rd	145	96.5 HR.
South Beaver	290	46.25 HR.
South Harris	145	105 HR.
South Fork	Line Powered From Alsea 12.12 HR. (Generator)	
Stoney Mountain	Line Powered From Five Rivers 41.3 HR.	
Summit	620	82.50 HR.
Swamp Creek Rd.	155	77.5 HR.
Tatum Lane	Line Powered From Kings Valley 66.00 HR.	
Ten Mile	500	31.50 HR.
Thiel Creek	435	30.5 HR.
Thissell	155	42.75 HR.
Tobacco Road	270	72 HR.
Trap Creek	Line Powered From Chitwood 14.50 HR. (Generator)	
Updike	Line Powered From Elk City 72.5 HR.	
Wakonda Beach	600	47.5 HR.
Ward Road	145	77.25 HR.
Washburne S.P.	300	80 HR.
West Elk	145	77.25 HR.
West Fork	155	82.5 HR.
West Hills	290	20.1 HR.
Westwood Village	375	31.5 HR.
Wildwood	270	54 HR.
Williams Road	Line Powered From Foster Road 12.91 HR.	
Winnie Road	Line Powered From Campbell Park 77.5 HR.	
Wolfe Creek	290	210 HR.
Woods Creek	290	35 HR.
Yachats River Rd	290	46.25 HR.
Yates	120	12 HR.

PIONEER TELEPHONE COOPERATIVE
Voice Service Rate Comparability

EXCHANGE	CLASS OF SERVICE	RESIDENTIAL RATE	STATE SLC	STATE USF	FLAT RATE EAS	TOTAL
ALSEA	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
BELLFOUNTAIN	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.87	\$ 7.00	\$ 23.87
BLODGETT	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
CHITWOOD	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.61	\$ 3.95	\$ 20.56
HARLAN	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
HORTON	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.87	\$ 7.00	\$ 23.87
LOBSTER VALLEY	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
PHILOMATH	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.61	\$ 3.95	\$ 20.56
SOUTH BEACH	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.70	\$ 4.95	\$ 21.65
SUMMIT	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
TIDEWATER	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
TRIANGLE LAKE	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.96	\$ 8.00	\$ 24.96
WALDPORT	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48
YACHATS	RESIDENTIAL	\$ 15.00	\$ -	\$ 1.53	\$ 2.95	\$ 19.48

Pioneer Telephone Cooperative also offers measured EAS service at a rate of \$.05 per minute.
Only about 3% of the residential customers subscribe to measured EAS service.
The average cost per customer is about \$1.43 per month.



**PIONEER TELEPHONE COOPERATIVE AND
SUBSIDIARY**

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012



AKT

| CPAs AND BUSINESS CONSULTANTS |

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

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CPAS AND BUSINESS CONSULTANTS

Personal. Local. Global.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pioneer Telephone Cooperative and Subsidiary
Philomath, Oregon

We have audited the accompanying consolidated financial statements of Pioneer Telephone Cooperative and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

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

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

OPINION

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

AKT LLP

Salem, Oregon
April 3, 2014

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AKT LLP

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY**Consolidated Balance Sheets**

December 31, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and cash equivalents	\$ 6,091,335	\$ 3,817,551
Accounts receivable, less allowance for doubtful accounts of \$10,000	65,458	271,309
Other receivables	1,126,755	1,127,304
Materials and supplies	351,283	315,539
Prepaid expenses	<u>258,208</u>	<u>244,675</u>
Total Current Assets	<u>7,893,039</u>	<u>5,776,378</u>
Other Assets and Investments	<u>3,451,948</u>	<u>3,245,734</u>
Property, Plant, and Equipment:		
In service	72,729,875	72,057,085
Under construction	<u>12,347</u>	<u>54,261</u>
	72,742,222	72,111,346
Less accumulated depreciation	<u>55,721,915</u>	<u>53,061,413</u>
Property, Plant, and Equipment, net	<u>17,020,307</u>	<u>19,049,933</u>
	<u>\$ 28,365,294</u>	<u>\$ 28,072,045</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 198,013	\$ 141,775
Accrued expenses	734,518	870,103
Current portion of long-term debt	<u>-</u>	<u>1,840,910</u>
Total Current Liabilities	<u>932,531</u>	<u>2,852,788</u>
Deferred Income Taxes	<u>172,382</u>	<u>49,593</u>
Members' Equity:		
Memberships	9,261	9,793
Patronage capital	22,742,067	20,764,239
Other equity	<u>4,509,053</u>	<u>4,395,632</u>
Total Members' Equity	<u>27,260,381</u>	<u>25,169,664</u>
	<u>\$ 28,365,294</u>	<u>\$ 28,072,045</u>

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY**Consolidated Statements of Operations**

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Local network	\$ 3,195,953	\$ 3,634,975
Network access	10,709,499	11,224,706
Miscellaneous	<u>1,193,383</u>	<u>1,190,556</u>
Total Operating Revenues	<u>15,098,835</u>	<u>16,050,237</u>
Operating Expenses:		
Plant specific	2,589,887	2,825,068
Plant nonspecific	1,862,599	1,860,288
Customer	2,407,265	2,526,141
Corporate	2,010,409	1,944,129
Depreciation	3,386,238	4,020,812
Other taxes	383,271	406,145
Other operating expenses	<u>429,161</u>	<u>402,957</u>
Total Operating Expenses	<u>13,068,830</u>	<u>13,985,540</u>
Operating Margin	<u>2,030,005</u>	<u>2,064,697</u>
Other Income (Expense):		
Interest and other income	140,068	117,868
Income tax expense	(159,357)	(85,051)
Nonregulated income (loss), net	8,915	(11,473)
Income from other investments	<u>130,283</u>	<u>84,524</u>
Total Other Income, net	<u>119,909</u>	<u>105,868</u>
Margin Available for Fixed Charges	2,149,914	2,170,565
Fixed Charges - Interest on Long-Term Debt	<u>46,672</u>	<u>212,369</u>
Net Margin	<u>\$ 2,103,242</u>	<u>\$ 1,958,196</u>

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2013 and 2012

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Other Equity</u>	<u>Total</u>
Balance, December 31, 2011	\$ 10,031	\$ 18,974,938	\$ 4,237,030	\$ 23,221,999
Change in memberships	(238)	-	-	(238)
Redemption of patronage capital	-	(10,293)	-	(10,293)
Other adjustments	-	(2,630)	2,630	-
Net Income	<u>-</u>	<u>1,802,224</u>	<u>155,972</u>	<u>1,958,196</u>
Balance, December 31, 2012	<u>\$ 9,793</u>	<u>\$ 20,764,239</u>	<u>\$ 4,395,632</u>	<u>\$ 25,169,664</u>
Change in memberships	(532)	-	-	(532)
Redemption of patronage capital	-	(30,992)	-	(30,992)
Excise tax refund	-	18,999	-	18,999
Other adjustments	-	762	(762)	-
Net Income	<u>-</u>	<u>1,989,059</u>	<u>114,183</u>	<u>2,103,242</u>
Balance, December 31, 2013	<u>\$ 9,261</u>	<u>\$ 22,742,067</u>	<u>\$ 4,509,053</u>	<u>\$ 27,260,381</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY**Consolidated Statements of Cash Flows**

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net margin	\$ 2,103,242	\$ 1,958,196
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	3,386,238	4,020,812
Income from investments	(137,421)	(112,524)
Change in deferred taxes	122,789	49,593
Changes in assets and liabilities:		
Accounts receivable	205,851	8,927
Other receivables	549	(175,487)
Materials and supplies	(35,744)	4,626
Prepaid expenses	(13,533)	39,730
Accounts payable	56,238	(45,861)
Accrued expenses	<u>(135,585)</u>	<u>(310,514)</u>
Net Cash Provided by Operating Activities	<u>5,552,624</u>	<u>5,437,498</u>
Cash Flows from Investing Activities:		
Purchase of property, plant, and equipment, net	(1,356,612)	(1,413,615)
Purchase of other investments	(202,500)	(18,588)
Proceeds from other investments	<u>133,707</u>	<u>6,750</u>
Net Cash Used by Investing Activities	<u>(1,425,405)</u>	<u>(1,425,453)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(1,840,910)	(2,454,545)
Net change in memberships	(532)	(238)
Excise tax refunds received	18,999	-
Payments of capital credits, net	<u>(30,992)</u>	<u>(10,293)</u>
Net Cash Used by Financing Activities	<u>(1,853,435)</u>	<u>(2,465,076)</u>
Net Increase in Cash and Cash Equivalents	2,273,784	1,546,969
Cash and Cash Equivalents, beginning	<u>3,817,551</u>	<u>2,270,582</u>
Cash and Cash Equivalents, ending	<u>\$ 6,091,335</u>	<u>\$ 3,817,551</u>
Cash Paid During the Year for Interest Net of Amounts Capitalized	<u>\$ 79,806</u>	<u>\$ 236,885</u>

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Pioneer Telephone Cooperative (the Cooperative) is an Oregon cooperative corporation providing telecommunications services from within and around the City of Philomath, Oregon to the City of Waldport, Oregon. The Cooperative invests in other telecommunication-related ventures through its wholly-owned subsidiary, Pioneer Consolidated, Inc.

Basis of Consolidation

The consolidated financial statements include the accounts of Pioneer Telephone Cooperative and its wholly-owned subsidiary, Pioneer Consolidated, Inc. (the Subsidiary). All intercompany transactions and balances have been eliminated in the consolidation.

Estimates

The Cooperative uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Regulation

The Cooperative is subject to limited regulation by the Public Utility Commission of Oregon (PUC) and the Federal Communications Commission (FCC). The Cooperative maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the FCC and adopted by the PUC. As a result, the application of accounting principles generally accepted in the United States of America by the Cooperative differs in certain respects from the application by nonregulated businesses. Such differences primarily concern the time at which certain items enter into the determination of net margin.

Regulatory and legislative actions, as well as future regulations, could have a significant impact on the Cooperative's future operations and financial condition. See Note 1, National Broadband Plan and FCC Order.

Cash and Cash Equivalents

The Cooperative considers cash investments with an original maturity of 3 months or less to be cash equivalents. The Cooperative maintains its cash either in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor that are fully insured by the FDIC. As of December 31, 2013 and 2012, the Cooperative did not have cash in any one bank that exceeded the FDIC limit due to the Cooperative having funds swept nightly into repurchase agreements which are fully collateralized.

The Cooperative has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

The Cooperative generally does not require collateral or other security to support accounts receivable. An allowance for doubtful accounts is maintained, based upon management's review of the year-end accounts receivable aging and past credit and collection history. Receivables are written off when the Cooperative determines an account is uncollectible. Past due status is determined based on how recently payments have been received.

Investments

Investments in which the Cooperative holds a 20%-50% interest are accounted for on the equity method. Investments accounted for on the equity method are recorded at cost and adjusted for the Cooperative's share of income or loss. Investments in which the Cooperative holds less than a 20% interest are recorded at cost, and income is recorded when dividends are received.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Materials and Supplies

Materials and supplies are stated at the lower of cost or market. Cost is determined principally by the average cost method.

Fair Value of Financial Instruments

The Cooperative's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, payables, and notes payable. The Cooperative estimates that the fair value of all of these non-derivative financial instruments at December 31, 2013 and 2012 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying consolidated balance sheets.

Property, Plant, and Equipment

Telecommunications plant in service and under construction is stated at cost, including estimated overhead expense. Depreciation is calculated on a straight-line basis over the estimated life of the classes of property and equipment in accordance with rates consistent with industry standards. Depreciation rates range from 2.2% to 14.3%. Costs of plant retired are eliminated from telecommunications plant accounts and such costs plus removal expenses, less salvage, are charged to accumulated depreciation.

The Cooperative follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. In 2013, total interest incurred was \$46,672 (\$212,369 in 2012), of which zero was capitalized (\$18,147 in 2012).

Memberships

An initial refundable membership fee of \$1 is charged to all new member subscribers, which entitles the member to vote at the annual meeting.

Patronage Allocations

The net margin of the Cooperative is allocated to its members in proportion to a member's access minutes of use and local service. Losses sustained by the Cooperative may be allocated to the accounts of individual patrons or offset to other equity at the discretion of the Board of Directors.

Other Equity

Other equity represents the accumulated earnings of Pioneer Consolidated, Inc. and any unallocated equities and unallocated losses.

Network Access Revenues

Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Cooperative, charge the long-distance carrier for access and interconnection to local facilities. The Cooperative has elected to file access tariffs through the National Exchange Carriers Association (NECA) and the Oregon Exchange Carriers Association (OECA). These access tariffs are subject to approval by the FCC for interstate charges and the PUC for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Cooperative. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investments maintained.

The Cooperative participates in various pooling arrangements with NECA and OECA. The OECA Optional pool closed in July 2013 and as a result the Cooperative is no longer a member of the OECA pools. Effective July 2013 the Cooperative now files their own tariff directly with the PUC for intrastate charges.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Network Access Revenues, continued

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months (NECA pool only) after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

In addition to recoveries from the pools, the Cooperative also receives revenues from the Universal Service High Cost Loop Fund (HCL) and other support mechanisms administered by the Universal Service Administrative Company (USAC). These universal service support revenues are intended to compensate the Cooperative for the high cost of providing service in rural areas. The amount of support received from HCL is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC. The Cooperative also receives funding from Oregon Universal Service (OUS) fund administered by the PUC. These support revenues are included in the network access revenues in the accompanying consolidated financial statements.

In 2013, the Cooperative received \$1,112,811 from the USAC High Cost Loop Fund (\$1,644,342 in 2012) and \$7,377,392 (\$7,889,609 in 2012) in interstate access revenues administered through the NECA Pools. In 2013, the Cooperative received \$1,654,916 from the OUS fund (\$701,341 in 2012).

National Broadband Plan and FCC Order

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Intercarrier Compensation) and moved to support mechanisms based on broadband services rather than the current Universal Service High Cost Loop Fund administered by USAC.

In response to the plan, the FCC on October 27, 2011, approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and intercarrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms.

The key provisions of the order include:

- Capping the federal universal service fund at current levels.
- Placing limitations on capital and operating spending.
- Establishing local rate benchmarks.
- Capping the per-line support amount for the universal service high cost loop fund at \$250 per month.
- Phase out of local switching support and the establishment of the CAF for recovery of investment and expenses related to the provision of switching services.
- Reforming the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Cooperative is approximately 9 years from the date of the order.
- Adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues.

The Order was effective December 29, 2011 and implementation began July 1, 2012. As of the implementation date CAF recovery is calculated based on the frozen fiscal year 2011 interstate switched access revenue requirement, plus certain 2011 intrastate access revenues, and will decline annually by 5% during the transition period.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued

As of December 31, 2013, the Cooperative is transitioning its local rates and is not subject to the \$250 per line support cap. Furthermore, for the period ended December 31, 2013 the impacts to the Cooperative related to the 5% annual decline in switched access revenues have not been significant.

The overall reform process will take place in phases and will take several years to implement. Furthermore, the Order includes a Further Notice of Proposed Rulemaking, the FCC has issued numerous Orders for Reconsideration and continues to seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact is uncertain at this time.

Income Taxes

The Cooperative has been granted an exemption from Federal income taxes, except for "unrelated" business income, under Section 501(c)(12) of the Internal Revenue Code.

The Cooperative is also exempt from state income taxes. However, in any year for which greater than 15% of gross revenue is derived from nonmember services, the Cooperative becomes a taxable cooperative. The Cooperative was exempt from income taxes in 2013 and 2012. Federal and state taxes payable by taxable cooperatives are computed differently from taxes payable by other corporations, primarily because cooperatives are allowed to deduct margins allocated or paid to patrons within 8 1/2 months after the end of each taxable year. Pioneer Consolidated, Inc. is a taxable corporation and files a separate income tax return.

Deferred taxes represent the future tax return consequence of differences between the financial statement and the tax basis of assets and liabilities, which will either be taxable or deductible when the related assets or liabilities are recorded or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Cooperative follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Cooperative recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the consolidated financial statements related to uncertain tax positions.

The Cooperative files informational returns. With limited exceptions, the Cooperative is no longer subject to examinations for years before 2010.

Revenue Recognition

The Cooperative recognizes revenues when earned regardless of the period in which they are billed.

Monthly service fees derived from local telephone service and internet service are billed in advance. Accounts receivable are reduced by advanced billings and subsequently transferred to income in the period earned. Access charges (see Note 1, Network Access Revenue), long distance and other revenues based on usage are billed in arrears.

Subsequent Events

The Cooperative has evaluated subsequent events through April 3, 2014, which is the date the consolidated financial statements were available to be issued.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 2 - Other Assets and Investments

Other assets and investments, at cost, consist of the following:

	<u>2013</u>	<u>2012</u>
Communications Supply Service Association	\$ 25,000	\$ 25,000
National Telcom Corporation	50,000	50,000
Deferred charges	-	3,375
CoBank patronage certificates	1,112,011	1,235,205
ANPI Holding, Inc.	198,432	198,432
CHR Solutions, Inc.	145,401	145,401
RTIC Holding Company, Inc.	<u>200,000</u>	<u>-</u>
Total, at cost	\$ <u>1,730,844</u>	\$ <u>1,657,413</u>
Other investments, equity method:		
Casco Communications, Inc.	\$ 1,416,786	\$ 1,280,489
Wilcom LLC	<u>304,318</u>	<u>307,832</u>
Equity Investments	\$ <u>1,721,104</u>	\$ <u>1,588,321</u>
Total Other Assets and Investments	\$ <u>3,451,948</u>	\$ <u>3,245,734</u>

CoBank is a cooperative bank. Borrowers are required to invest a minimum of \$1,000 or 2% of their loan, whichever is less. Patronage dividends are paid annually in cash and in stock at the discretion of the board of directors of CoBank.

During 2013, the Subsidiary purchased 200 shares of class B common stock of RTIC Holding Company, Inc., an affiliate of Telcom Insurance Group which will provide a 3% guaranteed dividend for ten years and provide a 5% reduction in insurance costs to the Cooperative.

The Subsidiary has a 50% ownership interest in Casco Communications, Inc. (Casco), a corporation providing internet access and other services. The investment is recorded using the equity method of accounting. Based on audited financial statements, the Subsidiary recorded income of \$136,297 related to this investment in 2013 (\$220,405 in 2012). Following is a summary of financial position and results of operations of Casco Communications, Inc.:

	<u>2013</u>	<u>2012</u>
Current assets	\$ 2,287,223	\$ 2,018,238
Net property and equipment	428,073	581,804
Other assets and investments	<u>1,253,190</u>	<u>1,179,152</u>
	\$ <u>3,968,486</u>	\$ <u>3,779,194</u>
Current liabilities	\$ 352,996	\$ 447,265
Other liabilities	261,000	270,766
Noncontrolling interest	465,273	444,540
Stockholders' equity	<u>2,889,217</u>	<u>2,616,623</u>
	\$ <u>3,968,486</u>	\$ <u>3,779,194</u>
Operating revenue	\$ <u>6,343,029</u>	\$ <u>6,189,128</u>
Net income after taxes and noncontrolling interest	\$ <u>272,594</u>	\$ <u>440,809</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 2 - Other Assets and Investments, continued

During the year ended December 31, 2013, the Cooperative recorded an investment loss of \$6,014 from Wilcom LLC, (\$1,131 loss in 2012), and contributed an additional \$2,500 in cash, (\$28,000 in 2012).

Note 3 - Property, Plant, and Equipment

Listed below are the major classes of telecommunications plant in service:

	<u>2013</u>	<u>2012</u>
<u>Pioneer Telephone Cooperative:</u>		
Land and support	\$ 7,171,489	\$ 7,258,324
Central office	14,088,797	14,233,687
Cable and wire facilities	<u>50,880,047</u>	<u>49,995,196</u>
Subtotal	72,140,333	71,487,207
 <u>Pioneer Consolidated, Inc.:</u>		
Fiber optic cable and equipment	<u>589,542</u>	<u>569,878</u>
	<u>\$ 72,729,875</u>	<u>\$ 72,057,085</u>

Note 4 - Long-Term Debt

Long-term debt consisted of the following:

	<u>2013</u>	<u>2012</u>
Mortgage notes payable to CoBank, at various rates from 6.75% to 6.94%, payable in quarterly principal installments of \$613,636, collateralized by real and personal property, paid in full in 2013	\$ _____	\$ 1,840,910
Less current portion	_____	<u>1,840,910</u>
	<u>\$ _____</u>	<u>\$ _____</u>

The Cooperative has a \$3,000,000 revolving line of credit from CoBank at a variable rate of interest expiring in July 2014. At December 31, 2013 and 2012, there were no advances on the line of credit.

The line of credit agreement requires maintenance of defined amounts of equity and debt service coverage ratios. Management of the Cooperative believes they have met these covenants at December 31, 2013 and 2012.

Note 5 - Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred income taxes.

Income tax expense consists of the following:

	<u>2013</u>	<u>2012</u>
Federal income tax	\$ 28,391	\$ 29,974
State income tax	8,179	5,484
Deferred income taxes	<u>122,787</u>	<u>49,593</u>
	<u>\$ 159,357</u>	<u>\$ 85,051</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 5 - Income Taxes, continued

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before income taxes due to the effects of state taxes, nondeductible items, differences in depreciation for book and tax purposes, and the tax-exempt status of the Cooperative.

Deferred income taxes in the accompanying consolidated balance sheets included the following components:

	<u>2013</u>	<u>2012</u>
Deferred income tax asset – deferred revenue	\$ 10,463	\$ 8,583
Deferred income tax liability – depreciation and investments basis differences	<u>(182,845)</u>	<u>(58,176)</u>
Deferred income tax liability, net	\$ <u>(172,382)</u>	\$ <u>(49,593)</u>

At December 31, 2013 and 2012 deferred taxes have been recorded to recognize the liability for future tax consequences from the prior use of accelerated depreciation for tax purposes and the net gain on any future sale of an investment recorded on the equity method for financial statement reporting versus the tax basis.

Note 6 - Employee Benefit Plans

Multiemployer Pension Plan

The National Telecommunications Cooperative Association (NTCA) Retirement and Security Program for Employees of the NTCA and its Member Systems (the Plan) is a defined benefit pension plan covering many of the full-time employees of NTCA, its affiliates and its members that have adopted the Plan. Pursuant to IRC Section 413(c)(4), the Plan is considered a Multiple Employer (other) Master Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan's employer identification number is 52-0741336 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative is a participant in the above described plan. The Cooperative's contributions to the Plan in 2013 and 2012 represented less than 5 percent of the total contributions made to the Plan by all participating employers. The Cooperative made contributions to the Plan of \$536,132 in 2013 and \$531,131 in 2012. There have been no significant changes that affect the comparability of 2013 and 2012 contributions.

In the Plan, a "zone status" determination is not required and therefore, not determined under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations of plan assets are not determined or allocated separately by individual employer. In total, the Plan was 95.95% percent funded at January 1, 2013, based on the PPA funding target and PPA actuarial value of assets on that date.

Because the provisions of the PPA do not apply to the Plan, funding improvement plans and surcharges are not applicable and have not been applied. Future contribution requirements are determined each year as part of the actuarial valuation of the Plan and may change as a result of plan experience. There is no collective bargaining agreement that affects future contribution requirements.

The Cooperative also participates in a contributory multi-employer defined contribution savings plan (the Plan) sponsored by the NTCA that covers all full-time eligible employees and contributes 3.5% of each eligible employee's annual salary to the Plan. The Cooperative's contribution to the Plan, including amounts charged to construction at December 31, 2013, was \$152,756 (\$154,331 in 2012).

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Note 7 - Related Party

The Cooperative provides customer account processing for Casco Communications, Inc. relating to their DSL services. Amounts payable to Casco Communications, Inc. were zero and \$207,169 at December 31, 2013 and 2012, respectively.

The Cooperative also provides network access to Casco Communications, Inc. Total revenues billed for these services were \$1,257,765 in 2013 (\$1,130,968 in 2012). Amounts receivable from Casco Communications, Inc. were \$96,916 and \$96,221 at December 31, 2013 and 2012, respectively.

The Cooperative utilizes after-hours telephone answering services and DSL services provided by Casco Communications, Inc. Total amounts paid for these services were \$87,195 in 2013 (\$83,088 in 2012).

**PIONEER TELEPHONE COOPERATIVE
AND SUBSIDIARY**

To the Board of Directors

Year Ended December 31, 2013

EXECUTIVE SUMMARY

To assist you in your responsibilities as a member of the Board of Directors, this section summarizes the most significant conclusions reached and issues addressed during our audit of Pioneer Telephone Cooperative and Subsidiary for the year ended December 31, 2013.

SIGNIFICANT CONCLUSIONS AND ISSUES

We have completed our audit and issued our report dated April 3, 2014. Based on our work performed:

- We rendered an unmodified opinion on the consolidated financial statements as of and for the year ended December 31, 2013.
- We have not identified any conditions which we consider to be material weaknesses in internal control.
- We received the full cooperation of management and staff throughout the organization and were kept informed as to developments and plans affecting our audit scope.
- No restrictions were placed on the scope of our work.

The following report includes our required communications with the Board of Directors.



AKT

CPAs AND BUSINESS CONSULTANTS

April 3, 2014

To the Board of Directors
Pioneer Telephone Cooperative and Subsidiary

Dear Members of the Board of Directors:

We have audited the consolidated financial statements of Pioneer Telephone Cooperative and Subsidiary (the Cooperative) for the year ended December 31, 2013 and have issued our report thereon dated April 3, 2014.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated July 16, 2012. Professional standards also require that we communicate to you the following information related to our audit.

QUALITATIVE ASPECTS OF ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Cooperative are described in Note 1 to the December 31, 2013 consolidated financial statements. No new accounting policies were adopted and the applications of existing policies were not changed during 2013. We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates reflected in the Cooperative's 2013 consolidated financial statements include; the allowance for doubtful accounts receivable, useful lives of property, plant and equipment, and fair value measurements of financial instruments and investments.

During the year ended December 31, 2013, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates. We evaluated the key factors and assumptions used in determining that those estimates are reasonable in relation to the consolidated financial statements taken as a whole.

Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the consolidated financial statements are effects of changes in the regulatory environment and the impact on network access revenues.

The disclosures in the consolidated financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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ANCHORAGE, AK | CARLSBAD, CA | ESCONDIDO, CA | PORTLAND, OR | SALEM, OR | SAN DIEGO, CA
AKT LLP, CPAs AND BUSINESS CONSULTANTS

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated April 3, 2014.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

With respect to the supplemental information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Pioneer Telephone Cooperative and Subsidiary and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

AKT LLP

AKT LLP

AFFIDAVIT CERTIFYING USE OF UNIVERSAL SERVICE FUNDS

I, Michael Whalen, being of lawful age and duly sworn, on my oath, state that I am the Executive Vice-president of Pioneer Telephone Cooperative and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true to the best of my knowledge, information and belief.

Pursuant to the requirements of the Federal Communications Commission, 47 C.F.R. § 54.314, Pioneer Telephone Cooperative hereby certifies to the Public Utility Commission of Oregon that it is eligible to receive federal high-cost support for the program years cited.

I attest that all federal high-cost support provided to Pioneer Telephone Cooperative in Oregon was used in the preceding calendar year (2013) and will be used in the coming calendar year (2015) only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

DATED this 25th day of June, 2014.

By: Michael Whalen (Officer's Name)

Its: Executive VP (Officer's Title)

SUBSCRIBED AND SWORN to before me this 25 day of June, 2014.

Katie A. Follett

Notary public in and for the State of Oregon

My Commission Expires: 8-27-14

