



October 11, 2013



Mr. Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
600 East Boulevard  
Bismarck, ND 58505-0480

RE: ETC Annual Report Filing (Form 481)

Enclosed you will find Dakota Central Telecommunications Cooperative and Dakota Central Telecom I, Inc., ETC Annual Report filing for study area 381610.

Please contact me at 701-652-6120 or cindyh@daktel.net, if you have any questions or need additional information.

Sincerely,

Cindy Hewitt  
CFO  
Dakota Central Telecommunications Cooperative & Dakota Central Telecom I, Inc.

Enclosures  
Original Filings and 7 Copies for each company

5 PU-13-367 Filed 10/11/2013 Pages: 24  
ETC Annual Report - FCC Form 481  
Dakota Central Telecom I, Inc.



**1. Demonstration of Compliance with Applicable Service Quality Standards and Consumer Protection Rules:**

In establishing this certification in its *2005 ETC Order*,<sup>1</sup> the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”<sup>2</sup> The FCC found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.<sup>3</sup> In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement.”<sup>4</sup>

**Dakota Central Telecom I** (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under federal law and, to a limited extent under North Dakota state law as a telecommunications carrier subject to North Dakota Public Service Commission regulation. These obligations include, but are not limited to, the following: (1) adherence to state requirements that the Company complies with consumer protection and service quality standards pursuant to North Dakota Administrative Code Article 69, including customer requests for lowest price service

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<sup>1</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

<sup>2</sup> *Id.* at para. 28.

<sup>3</sup> *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

<sup>4</sup> *Id.* at n. 72.

alternatives (69-09-05-01), discontinuance of telecommunications services (69-09-05-02), deposits and guarantees (69-09-05-03); (2) truth-in-billing requirements, and (3) CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

## 1. Ability to Function in Emergency Situations

**Dakota Central Telecom I**, hereby certifies that it is able to function in emergency situations as set forth in §54.202(a)(2)<sup>1</sup> and North Dakota Administrative Code 69-09-05-12. The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require.

For decades the telephone providers have valued a five 9s (99.999%) of reliability within their overall networks. What does this really mean; the five nines reliability equates into 5 minutes and 15 seconds or less of total down time per year. To do this requires a great deal of redundancy and alternate sources throughout the telephone network. To ensure the five 9s of reliability/availability, Dakota Central Telecommunications has incorporated the following standards and implementations within their network.

- Central Office building(s) or hut(s) that hold the equipment to service the customer has redundant power sources to include a battery system that can maintain the office or hut for at least 8 hours and a generator backup system to

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<sup>1</sup> Section 54.202(a)(2) requires ETCs that are designated by the Commission to “demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.”

provide power for those outages that are longer than 8 hours. It shall be noted that the generators are started immediately once a power outage is determined. This ensures that the generator starts and is functional prior to the depletion of the batteries. If the generator fails to start immediately, a service personnel and a backup generator is deployed prior to the depletion of the batteries to ensure the office does not lose power.

- The Central Office building(s) or hut(s) have alternate paths (consists of buried fiber cables) in and out to assure survivability if one of the paths is damaged or cut. These paths are how each office receives and delivers to the customer the request services which is comprised of voice, video and/or data services. It shall be noted that the path from the Central Office building or hut to the subscriber are not redundant.
- The Central Office equipment that delivers services to and from the customer also has redundancy in all primary facilities such as power and transport (alternate path) sources.
- Throughout the network all customers are served utilizing fiber to the home technology. To ensure reliability at the customer home, each home is equipped with an 8 hour battery backup system.
- All the redundancy in the world inside the network doesn't ensure reliability without full redundancy to the outside network. In other words, like the alternate paths for the Central Offices the overall network needs alternate paths to the outside network. These alternate paths should also be geographically separated to

ensure reliability. Dakota Central Telecommunications has four primary paths to the outside network at four geographically separated areas in their network.

**(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 381610  
 <015> Study Area Name DAKOTA CENTRAL TELECOM I, INC.  
 <020> Program Year 2014  
 <030> Contact Name - Person USAC should contact regarding this data Cindy Hewitt  
 <035> Contact Telephone Number - Number of person identified in data line <030> 701-652-6120  
 <039> Contact Email Address - Email Address of person identified in data line <030> cindyh@daktel.com

<110> Has your company received its ETC certification from the FCC? (yes / no)    
 If your answer to Line <110> is yes, do you have an existing §54.202(a) "5  
 <111> year plan" filed with the FCC? (yes / no)

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

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

Name of Attached Document (.pdf)

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

- <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.

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











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

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

<010>	Study Area Code	381610
<015>	Study Area Name	DAKOTA CENTRAL TELECOM I, INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Cindy Hewitt
<035>	Contact Telephone Number - Number of person identified in data line <030>	701-652-6120
<039>	Contact Email Address - Email Address of person identified in data line <030>	cindy@dakte1.com

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

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

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

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

Select (Yes,No, NA)

**(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	381610
<015>	Study Area Name	DAKOTA CENTRAL TELECOM I, INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Cindy Hewitt
<035>	Contact Telephone Number - Number of person identified in data line <030>	701-652-6120
<039>	Contact Email Address - Email Address of person identified in data line <030>	cindyh@daktel.com

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

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

<b>(1200) Terms and Condition for Lifeline Customers</b> <b>Lifeline</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	381610
<015>	Study Area Name	DAKOTA CENTRAL TELECOM I, INC.
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<030>	Contact Name - Person USAC should contact regarding this data	Cindy Hewitt
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<1210> Terms & Conditions of Voice Telephony Lifeline Plans 381610nd1210

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Name of attached document (.pdf)

<1220> Link to Public Website HTTP \_\_\_\_\_

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

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

# **DAKOTA CENTRAL TELECOMMUNICATIONS (DCT) - LIFELINE PROGRAM**

## **What is Lifeline?**

Lifeline is a government supported benefit for qualifying low-income consumers. The Lifeline Telephone Assistance Program provides discounts on basic monthly service for qualified telephone customers. Lifeline assistance lowers the cost of basic monthly local telephone service. Eligible consumers will receive a \$9.25 per month credit.

## **Who is eligible for Lifeline?**

You or someone in your household participates in one of the following federal assistance programs:

- Federal Public Housing Assistance (FPHA) or Section 8;
- Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps;
- Low Income Home Energy Assistance Program (LIHEAP);
- Medicaid;
- National School Lunch Program (NSLP) and receives lunch through the program;
- Supplemental Security Income (SSI);
- Temporary Assistance for Needy Families (TANF);
- Any additional qualifying program established by your state; or
- Your household income is at or below 135 percent of the federal poverty guidelines

You reside on Tribal lands (any federally recognized Indian tribe's reservation, Pueblo, or Colony including former reservations in Oklahoma, Alaska Native regions, Hawaiian Home Lands, and Indian Allotments) and you participate in any of the above federal assistance programs; or

You, or someone in your household, participates in one of the following assistance programs:

- Bureau of Indian Affairs General Assistance,
- Head Start (only households meeting the income qualifying standard),
- Tribal Temporary Assistance for Needy Families (Tribal TANF), or
- Food Distribution Program on Indian Reservations.

## **What restrictions apply to Lifeline?**

Lifeline benefits are limited to one per household, including landline and cell phones. (Household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.

Lifeline is a non-transferrable benefit. Lifeline service may not be transferred to any other person.

Lifeline customers may be required to recertify their eligibility at any time and will be required to recertify on an annual basis. Failure to recertify will result in de-enrollment from the Lifeline program.

Lifeline customers must notify DCT within 30 days if they move or their household is no longer eligible for the Lifeline program.

## **Number of minutes-of-use provided as part of Lifeline program:**

DCT's Voice Lifeline Program includes unlimited local minutes-of-use within the toll-free calling area.

## **Additional charges for toll calls:**

DCT's Voice Lifeline Program does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending which interexchange carrier the Voice Lifeline customer selects.

## **Rates for Lifeline program:**

Qualified customers may choose a standard landline telephone service or a bundled service that includes a landline telephone service that are normally offered by DCT.

## **Lifeline Program Certification:**

Eligible customers must complete and sign a Lifeline application form, attach documentation of Lifeline eligibility, and send the completed, signed form and documentation to DCT before any Lifeline benefits can be provided. Information required to receive Lifeline benefits include: full name, full residential address, permanent or temporary residence, billing address (if different from residential address, date of birth, last 4 digits of social security number and proof of program eligibility. Applications that are incomplete, not signed, or do not have supporting documentation of eligibility will be denied.

DCT will confirm customer's eligibility based on customer provided documentation. After the NLAD is in production, DCT will also confirm customer is eligible to receive Lifeline program benefits and is not already receiving Lifeline program benefits from another carrier.

DCT will record the following information based on supporting documentation: date or expiration date of documentation, identifying information about documentation provided, date it was reviewed, method the documentation was provided (fax, mail, electronically, or in person), name of the employee who reviewed documentation, name of the documentation demonstrating program participation (if different from name of applicant), certification that the individual named on the documentation who is demonstrating program participation is part of the applicant's household (if different from name of applicant).

DCT retain the application and destroy the documentation provided for eligibility.

## **Lifeline Program Recertification:**

DCT's Lifeline Program recertification will be done on an annual basis by USAC. DCT will provide a list of customers to be recertified based on requirements set by USAC.

## **De-enrolling Lifeline Program Customers:**

DCT Lifeline Program customers has an obligation to inform DCT if they no longer qualify for Lifeline Program benefits. Customers who become ineligible must de-enroll by contacting DCT directly.

In addition, there are several other situations that might result in a subscriber being de-enrolled from discounts including the following:

- If DCT has a reasonable basis to believe a customer is no longer an eligible consumer, DCT will send the customer a notice of impending termination. The customer has 30 days from the date of the impending termination letter to demonstrate continued eligibility by re-certifying his or her continued.
- If USAC, the administrator of universal service, provides notification to a telecommunications carrier that a subscriber has more than one discounted account, or that more than one member of a subscriber's household is receiving service, DCT will de-enroll the subscriber within five business days.
- Customers have an obligation to re-certify annually that only one member of their household receives program-supported service and they continue to be eligible. If the customer fails to provide the requested certification within the 30-day notification period, DCT will de-enroll the subscriber from program-supported service within five business days from the end of the 30-day notification. DCT can de-enroll a customer who fails to re-certify after an initial 30-day notification; DCT does not need to provide 30 days in addition to the initial notification and request for certification.

## **Where can the consumer get more information on the Lifeline Program?**

[www.lifelinesupport.org](http://www.lifelinesupport.org)

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

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

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<039>	Contact Email Address - Email Address of person identified in data line <030>	cindyh@daktel.com

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

**Incremental Connect America Phase I reporting**

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

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

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

<2012> 2013 Frozen Support Certification

<2013> 2014 Frozen Support Certification

<2014> 2015 Frozen Support Certification

<2015> 2016 and future Frozen Support Certification

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

<2016> Certification Support Used to Build Broadband

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

<2017> 3rd year Broadband Service Certification

<2018> 5th year Broadband Service Certification

<2019> Interim Progress Certification

<2020> Please check the box to confirm that the attached PDF , on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information \_\_\_\_\_



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

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER NAME

Dakota Central Telecom I, Inc

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
or detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING  
December, 2012

BORROWER DESIGNATION  
ND0538

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**

(Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

*Kevin A. Larson* 3/21/13  
DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	1,970,314	3,013,210	25. Accounts Payable	538,486	100,631
2. Cash-RUS Construction Fund	61,785	0	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	9,823	10,722
a. Telecom, Accounts Receivable			28. Customer Deposits	15,695	18,668
b. Other Accounts Receivable			29. Current Mat. L/T Debt	483,000	547,000
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	44,695	48,036	32. Income Taxes Accrued		
b. Other Accounts Receivable	1,041,908	260,387	33. Other Taxes Accrued	17,896	17,599
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable	2,966	1,374	35. Total Current Liabilities (25 thru 34)	1,064,900	694,620
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	3,818,291	3,110,322
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets	1,451,706	1,450,022	38. Funded Debt-FFB Notes		
0. Total Current Assets (1 Thru 9)	4,573,374	4,773,029	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
1. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
2. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	80,036	80,036	46. Total Long-Term Debt (36 thru 45)	3,818,291	3,110,322
3. Nonregulated Investments	1,467	571	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
4. Other Noncurrent Assets			47. Other Long-Term Liabilities		
5. Deferred Charges			48. Other Deferred Credits	1,773,910	1,666,826
6. Jurisdictional Differences			49. Other Jurisdictional Differences		
7. Total Noncurrent Assets (11 thru 16)	81,503	80,607	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,773,910	1,666,826
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
8. Telecom, Plant-in-Service	14,529,332	14,383,058	51. Cap. Stock Outstand. & Subscribed	8,090,617	8,090,617
9. Property Held for Future Use			52. Additional Paid-in-Capital		
10. Plant Under Construction	0		53. Treasury Stock		
11. Plant Adj., Nonop. Plant & Goodwill	2,772,602	2,772,602	54. Membership and Cap. Certificates		
12. Less Accumulated Depreciation	8,681,093	9,335,684	55. Other Capital	(9,307,727)	(9,270,344)
13. Net Plant (18 thru 21 less 22)	8,620,841	7,819,976	56. Patronage Capital Credits		
14. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	7,835,727	8,381,571
			58. Total Equity (51 thru 57)	6,618,617	7,201,844
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		
	13,275,718	12,673,612		13,275,718	12,673,612

Total Equity = 56.83% % of Total Assets

USDA-RUS

BORROWER DESIGNATION

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

ND0538

PERIOD ENDING

December, 2012

INSTRUCTIONS- See RUS Bulletin 1744-2

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	716,903	704,776
2. Network Access Services Revenues	3,439,154	3,277,154
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	18,276	11,795
5. Miscellaneous Revenues	268,965	315,107
6. Uncollectible Revenues		
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>	<b>4,443,298</b>	<b>4,308,832</b>
8. Plant Specific Operations Expense	1,137,730	1,062,607
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	252,829	281,976
10. Depreciation Expense	865,814	846,481
11. Amortization Expense	77,016	0
12. Customer Operations Expense	422,502	413,271
13. Corporate Operations Expense	665,365	692,383
<b>14. Total Operating Expenses (8 thru 13)</b>	<b>3,421,256</b>	<b>3,296,718</b>
15. Operating Income or Margins (7 less 14)	1,022,042	1,012,114
16. Other Operating Income and Expenses		
17. State and Local Taxes	71,497	39,006
18. Federal Income Taxes	315,434	286,304
19. Other Taxes	20,055	19,811
<b>20. Total Operating Taxes (17+18+19)</b>	<b>406,986</b>	<b>345,121</b>
21. Net Operating Income or Margins (15+16-20)	615,056	666,993
22. Interest on Funded Debt	317,263	302,442
23. Interest Expense - Capital Leases		
24. Other Interest Expense	553	553
25. Allowance for Funds Used During Construction	7,663	232
<b>26. Total Fixed Charges (22+23+24-25)</b>	<b>310,153</b>	<b>302,763</b>
27. Nonoperating Net Income	146,603	168,776
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	(5,500)	12,838
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>446,006</b>	<b>545,844</b>
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	7,389,721	7,835,727
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>	<b>7,835,727</b>	<b>8,381,571</b>
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44. Annual Debt Service Payments	877,211	784,970
45. Cash Ratio [(14+20-10-11) / 7]	0.6494	0.6488
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9314	0.9155
47. TIER [(31+26) / 26]	2.4380	2.8029
48. DSCR [(31+26+10+11) / 44]	1.9368	2.1594

USDA-RUS

BORROWER DESIGNATION

ND0538

OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS

PERIOD ENDED

December, 2012

INSTRUCTIONS – See help in the online application.

## PART I – STATEMENT OF CASH FLOWS

1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	2,032,099
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
2. Net Income	545,844
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	846,481
4. Add: Amortization	0
5. Other (Explain) interest receivable/other taxes accrued	1,296
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	778,180
7. Decrease/(Increase) in Materials and Inventory	0
8. Decrease/(Increase) in Prepayments and Deferred Charges	0
9. Decrease/(Increase) in Other Current Assets	1,684
10. Increase/(Decrease) in Accounts Payable	(437,855)
11. Increase/(Decrease) in Advance Billings & Payments	899
12. Increase/(Decrease) in Other Current Liabilities	0
13. Net Cash Provided/(Used) by Operations	1,736,529
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
14. Decrease/(Increase) in Notes Receivable	0
15. Increase/(Decrease) in Notes Payable	0
16. Increase/(Decrease) in Customer Deposits	2,973
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(643,969)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	(107,084)
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	37,383
20. Less: Payment of Dividends	0
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	(710,697)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	146,274
25. Other Long-Term Investments	896
26. Other Noncurrent Assets & Jurisdictional Differences	0
27. Other (Explain) Retirements less salvage	(191,891)
28. Net Cash Provided/(Used) by Investing Activities	(44,721)
29. Net Increase/(Decrease) in Cash	981,111
30. Ending Cash	3,013,210

Revision Date 2010

**Certification - Reporting Carrier  
Data Collection Form**

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

<010>	Study Area Code	381610
<015>	Study Area Name	DAKOTA CENTRAL TELECOM I, INC.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Cindy Hewitt
<035>	Contact Telephone Number - Number of person identified in data line <030>	701-652-6120
<039>	Contact Email Address - Email Address of person identified in data line <030>	cindyh@daktel.com

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

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	DAKOTA CENTRAL TELECOM I, INC.
Signature of Authorized Officer:	CERTIFIED ONLINE <span style="float: right;">Date</span>
Printed name of Authorized Officer:	KEITH LARSON
Title or position of Authorized Officer:	GENERAL MANAGER/CEO
Telephone number of Authorized Officer:	701-652-6105
Study Area Code of Reporting Carrier:	381610 <span style="float: right;">Filing Due Date for this form: 10/15/2013</span>
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.	