

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

PROGRESS REPORTING – §54.313 (a)(1)

A progress report on five-year service quality improvement plan pursuant to §54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. The information shall be submitted at the wire center level or census block as appropriate;

Our main focus is to continue our infrastructure build out in licensed areas. Our goal is to have service throughout the entire state of license area. In addition to our new site build out, Union is also upgrading the equipment as new technology or services become available, which includes upgrading and installing the next generation of equipment to provide higher bandwidth data services. We have just finished our initial deployment of 55 HSPA (3G) base stations in our network of 360+ sites. For 2012, Union is concentrating on starting our 4G deployment and bringing in a second network vendor to better meet the needs of our consumers. Union will continue to expand 3G and 4G services to everyone in our existing coverage area.

For quality of service Union has upgraded the equipment to maintain the best available quality of service with the latest technological devices and services. Union continually works on upgrading our capacity and network elements to prevent blockages and dropped handoffs. Union is adding new sites to ever expand our service footprint and to prevent dropped calls and other QOS related customer impacts. Union is continuing our capacity improvements in the back haul portion of our network to ensure that the company can provide our customer base with expanding data demands.

Union is in the process of upgrading our ability to monitor the overall network performance. We are continually looking at ways to improve the network performance and in turn the customer experience. In order to do so, Union finds that we have to upgrade the network monitoring system about every 3 to 4 years to keep ourselves current and up to date with the latest technologies and services.

We also have plans to continue building redundancy into our network. In order to have a reliable network it is necessary to invest in plant and incur higher expenses. These investments are also necessary to provide access and capacity to telecommunications and information services including interexchange services and advanced telecommunication and information services. We are working diligently to build a fully geographical redundant network to enhance the overall reliability of the

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

network. This redundant network is also using a 2nd vendor to better ensure network diversity and better economical scale by removing a major single source network component. It is our goal that these services are reasonably comparable to those provided in urban areas and are available at rates reasonably comparable to rates charged for similar services in urban areas. Without the benefit of high cost support, Union would not be able to make these investments and provide the quality of service it currently does.

Please see Attachment 1 reviewing the amount of Federal High-Cost Support received in 2011 and similarly the expenditures supported by the Federal funding. Also attached, Attachment 2 details planned capital expenditures for both Union Telephone and Union Cellular. The exhibits outline the company's plan to improve coverage, voice and data quality, network capacity, and redundancy throughout the network. The company is investing over \$10,000,000 in 2012 on an IP switch. A new billing system will begin to be installed in 2012 with full implementation in 2013. Completion of Phase III E911 and new software is anticipated for 2013/2014. Computers, vehicles, and test gear expenditures are also planned. Over the next three years Union Cellular intends to invest over \$56,600,000 in capital investments.

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

OUTAGE REPORTING – §54.313 (a)(2)

Detailed information on any outage in the prior calendar year, as that term is defined in 47 C.F.R. 4.5, of at least 30 minutes in duration for each service area in which an eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect (i) At least ten percent of the end users served in a designated service area; or (ii) A 911 special facility, as defined in 47 C.F.R. 4.5(e). 47 C.F.R. §54.313(a)(2).

Detailed Outage Information for 2011						
Date of Outage	Time of Outage	Description of Outage and Resolution	Particular Services Affected	Geographic Areas Affected	Steps Taken to Prevent Future Recurrences	Number of Customers Affected

There were no outages to report for Union Telephone Company in 2011.

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

UNFULFILLED SERVICE REQUESTS – §54.313(a)(3)

The number of requests for service from potential customers within the recipient's service areas that were unfulfilled during the prior calendar year. The carrier shall also detail how it attempted to provide service to those customers.

There were no unfilled requests for service during calendar year 2011.

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

NUMBER OF COMPLAINTS PER 1,000 CONNECTIONS – §54.313(a)(4)

The number of complaints per 1,000 connections (fixed or mobile) in the prior calendar year.

During calendar year 2011, Union Telephone Company received 0.12 complaints per 1,000 working access lines. This totaled 5 Better Business Bureau complaints: 4 regarding early termination fees or final bills and 1 was a phone issue. However, there were no PSC complaints in 2011.

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

**§54.313(a)(5) – COMPLIANCE WITH SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION
RULES**

Service Quality Standards and Consumer Protection Rules Annual Certification

Christopher Reno	Director of Accounting	Union Telephone Company
Printed Name of Officer	Title of Officer	Company Name

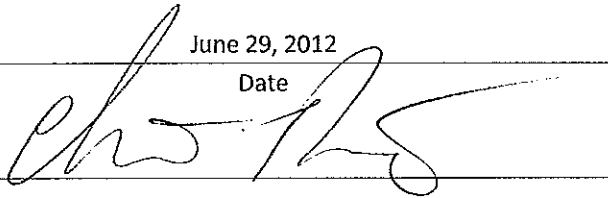
I am authorized to provide this certification on behalf of the Company. I hereby certify that the Company is in compliance with applicable service quality standards and consumer protection rules.

Executed on

June 29, 2012

Date

Signature



Christopher Reno

Printed/Typed Name

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

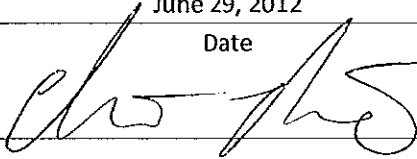
§54.313(a)(6) – ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Ability to Function in Emergency Situations Annual Certification

Christopher Reno	Director of Accounting	Union Telephone Company
Printed Name of Officer	Title of Officer	Company Name

I am authorized to provide this certification on behalf of the Company. I hereby certify that the Company is capable of functioning in emergency situations. The Company 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.

Executed on _____ June 29, 2012 _____
Date

Signature _____


Printed/Typed Name _____
Christopher Reno

**Annual Reporting for High-Cost Recipients
47 C.F.R. §54.313(a)(1) through (a)(6) and (h)
Union Telephone Company**

ADDITIONAL VOICE RATE DATA – §54.313(h)

All incumbent local exchange carrier recipients of high-cost support must report all rates for residential local service, as well as state fees as defined pursuant to §54.318(e) of this subpart, that are below the local urban rate floor as defined in §54.318 of this subpart, and the number of lines for each rate specified. Carriers shall report lines and rates in effect as of June 1.

As of June 1, 2012, Union Telephone Company did not have any rates for residential local service, as well as state fees as defined pursuant to §54.318(e), that are below the local urban rate floor as defined in §54.318.