



ITS TELECOMMUNICATIONS SYSTEMS, INC.

15925 SW Warfield Blvd. • P.O. Box 397 • Indiantown, Florida 34956
772-597-3161 • www.itstelecom.net

REDACTED

June 30, 2016

CONFIDENTIAL DOCUMENTS ENCLOSED

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED-FPSC
2016 JUL -1 AM 9:25
COMMISSION
CLERK

RE: FPSC Docket No. 160119-TP
2017 State Certification §54.313 and §54.314 – Annual Reporting Requirements for
High-cost Recipients and Certification of Support for Eligible Telecommunication Carriers

Dear Ms. Stauffer:

Enclosed is a copy of the FCC Form 481 for ITS Telecommunications Systems, Inc. as filed with the required information pursuant to sections §54.313 and §54.422 of the FCC's rules. Also enclosed for filing in the above referenced docket is the signed Affidavit of Bruce Russell on behalf of ITS Telecommunications certifying that all federal high cost support received by ITS Telecommunications in 2017 will only be used for the provisioning, maintenance, and upgrading of facilities and services for which such support is intended.

ITS Telecommunications Systems, Inc. has filed the financial information with the FCC under a claim of confidentiality and pursuant to the Section 364.183(1) of the Florida Statutes, and Rule 25-22-006(5)(a) of the Florida Administrative Code, we are filing this with the FPSC under the same claim of confidentiality. One highlighted copy is sealed in an envelope marked "CONFIDENTIAL" with the confidential information highlighted in yellow and one redacted copy that is available for public inspection are enclosed.

Please contact Donna Marreel at 772-597-3161 if you have any questions regarding this filing.

Sincerely,

Bruce Russell
Chief Financial Officer

Enclosure

Serving our community for over 50 years.

AFFIDAVIT

STATE OF FLORIDA
COUNTY OF MARTIN

BEFORE ME, the undersigned authority, personally appeared Bruce Russell, known to me to be a credible person and of lawful age, who deposed and said:

My name is Bruce Russell. I am employed by ITS Telecommunications Systems, Inc. ("ITS" or the "Company") as Chief Financial Officer. I possess substantial knowledge of the Company's operations and am an officer authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the certification of the Florida Public Service Commission ("Commission") as contemplated in 47 C.F.R. §54.313 and §54.314.

ITS hereby certifies that all federal high-cost support was used in the preceding calendar year, and will utilize it during 2017, only for the provision, maintenance and upgrading of facilities and services for which the support is intended, consistent with 47 U.S.C. §254(e) of the Telecommunications Act of 1996.

1. In lieu of providing progress reports on a five-year service quality improvement plan, ITS submits that certain requirements, procedures and processes to which the Company adheres, and which are further explained in the following paragraphs, constitute the Company's progress report with respect to the receipt and utilization of federal universal service support. Under the existing rules and processes discussed the federal support funds received by the Company and other rural incumbent local exchange carriers ("ILECs") are, in fact, an integral part of the rural ILEC's recovery of expenditures incurred in the provision, maintenance and upgrading of its provision of universal service. Essentially, the Company receives federal universal service support ("USF") through various programs which are administered through the Universal Service Administrative Company ("USAC"). USAC has contracted with the National Exchange Carrier Association, Inc. ("NECA") to assist in data collection necessary for the remittance of USF. The company submits, not less frequently than annually, detailed information requested by NECA in the USF data collection process. USF data used in the USF calculations by NECA must also be filed with the FCC by November 1st of each year.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC's cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. In addition, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information. This process ensures that the Company will not be deprived of the USF funding upon which the Company depends to provide rural telephone customers with affordable and quality telecommunications services.

The Federal USF received by the Company and other rural ILECs is divided into four categories: High Cost Loop Support ("HCLS"); Interstate Common Line Support ("ICLS"), hereby known as Connect America Fund – Broadband Loop Support ("CAF-BLS") per the FCC Reform Order of 2016; Safety Net Additive Support ("SNAS") and CAF/ICC Support ("CAF/ICC"). Each of these mechanisms has been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

HCLS for rural ILECs is based upon each company's embedded, unseparated loop cost. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

ICLS is a universal service mechanism, which is based upon each company's embedded, interstate loop cost and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers. ICLS is reimbursing ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural incumbent local exchange carrier ("ILEC") based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the Company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS. With the change of the ICLS mechanism to CAF-BLS, support now includes broadband only loops and establishes build-out obligations in areas that do not currently have broadband deployment of 10 Mbps downstream/1 Mbps upstream.

SNAS is support above the HCLS cap for carriers that make significant investment in rural infrastructure in years in which HCLS is capped. To receive this support, a rural ILEC must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Carriers seeking to qualify for SNAS must provide written notice to USAC that a study area meets the 14

percent TRIS trigger. SNAS is received for a five (5) year period and any company that has been receiving SNAS will no longer receive this support after 2017.

CAF/ICC includes a recovery mechanism designed to partially offset revenues reduced as a result of the intercarrier compensation ("ICC") rate transition. The recovery mechanism begins with the calculation of Base Period Revenue ("BPR"). BPR is the sum of certain ICC intrastate switched access revenues and net reciprocal compensation revenues received by March 31, 2012 for services provided during the Funding Year 2011 and the projected revenue requirement for interstate switched access services provided during the 2011 – 2012 period. BPR is then reduced by 5% initially and by an additional 5% each preceding year. BPR has been reduced by a total of 24% as of December, 2015.

2. ITS hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2015 and March 1, 2016, ITS did not have any Federal FCC or Florida Public Service Commission reportable outages.
3. ITS hereby certifies that it did fulfill all requests for service from potential customers.
4. ITS hereby certifies that it received one (1) FCC complaint during the period of March 1, 2015 through March 1, 2016. ITS received zero (0) complaints filed with the FPSC during the period March 1, 2015 to March 1, 2016.
5. ITS hereby certifies that it complies with the applicable state PSC quality of service standards and state consumer protection rules in accordance with Florida Statutes and the Florida Administrative Code.
6. ITS hereby certifies that it is able to function in emergency situations.

FURTHER AFFIANT SAYETH NOT.



Bruce Russell
Chief Financial Officer
ITS Telecommunications Systems, Inc.

STATE OF FLORIDA
COUNTY OF MARTIN

Acknowledged before me this 30 day of June, 2016 by Bruce Russell, as Chief
Financial Officer of ITS Telecommunications Systems, Inc., who is personally known to me and
did not take an oath.



Donna J. Marreel
Notary Public

Personally known _____
Produced Identification _____
Type of Identification Produced _____

FCC Form 481 - Carrier Annual 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	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name: Person USAC should contact with questions about this data	Donna Marreel
<035> Contact Telephone Number: Number of the person identified in data line <030>	7725973161 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	donna@itstelecom.net
Form Type	54.313 and 54.422

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.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 checked="" type="radio"/> <input type="radio"/> (yes / no) <input checked="" type="radio"/> <input type="radio"/>
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If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

210331-fl-112a-2017.pdf

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

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The 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 much (USF) was used to improve service quality and how support was used to improve service quality
- <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage
- <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
No

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

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

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

<300> Unfulfilled service request (voice)

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers
Data Collection Form

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

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. STS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marteel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.45
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

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

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYB.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Harzee1
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itetelecom.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	210331-f1-510.pdf Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	

(600) Functionality in Emergency Situations
Data Collection Form

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

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SVS
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	DONNA MARTEL
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@itatelecom.net
<600> Certify compliance regarding ability to function in emergency situations	Yes
<610> Descriptive document for Functionality in Emergency Situations	210331- PL - Line 610 - 2017.pdf

(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	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net

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

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

<920> Tribal Government Engagement Obligation

Name of 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 or No or Not Applicable

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

FCC Form 481

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

July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 210331-fl-1010-2017-Benchmark.pdf

Name of Attached Document

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

<1030> Attach detailed description for broadband comparability compliance 210331-fl-1030 Broadband.pdf

Name of Attached Document

(1100) No Terrestrial Backhaul 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	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

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

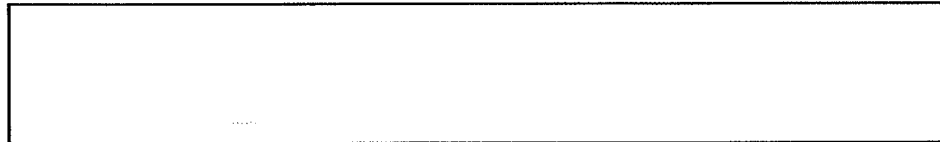
Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream 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	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans



Name of Attached Document

<1220> Link to Public Website

HTTP www.itstelecom.net/telephone.shtml

"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	210331
<015> Study Area Name	ITS TELCOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net

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

Incremental Connect America Phase I reporting

- | | | |
|--|--|--|
| <2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support | <input style="width: 100px; height: 20px;" type="text"/> | |
| <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support | <input style="width: 100px; height: 20px;" type="text"/> | |
| <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only. | <input style="width: 100px; height: 20px;" type="text"/> | |
| <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only. | <input style="width: 100px; height: 20px;" type="text"/> | |
| <2024A> Round 2 Recipient of Incremental Support? | <input style="width: 100px; height: 20px;" type="text"/> | <input style="width: 200px; height: 60px;" type="text"/> |
| <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only. | Name of Attached Document Listing Required Information | <input style="width: 200px; height: 60px;" type="text"/> |
| <2025A> Round 1 or Round 2 Recipient of Incremental Support? | <input style="width: 100px; height: 20px;" type="text"/> | |
| <2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13- | Name of Attached Document Listing Required Information | <input style="width: 200px; height: 60px;" type="text"/> |
| <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4) | <input style="width: 100px; height: 20px;" type="text"/> | |

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<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net

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

(3009) Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(i)} Yes - Attach Certification

(3010B) Please Provide Attachment Name of Attached Document Listing Required Information

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)} No - No New Community Anchors

(3012B) Please Provide Attachment Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} (Yes/No)

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

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

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

(3016) Document(s) with 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 Borrowers

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter and/or audit opinion 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 Name of Attached Document Listing Required Information

(3005) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

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<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

Financial Data Summary

(3027) Revenue	[REDACTED]
(3028) Operating Expenses	[REDACTED]
(3029) Net Income	[REDACTED]
(3030) Telephone Plant In Service(TPIS)	[REDACTED]
(3031) Total Assets	[REDACTED]
(3032) Total Debt	[REDACTED]
(3033) Total Equity	[REDACTED]
(3034) Dividends	[REDACTED]

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	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.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:	ITS TELECOMM. SYS.
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/30/2016
Printed name of Authorized Officer:	Bruce Russell
Title or position of Authorized Officer:	CFO
Telephone number of Authorized Officer:	7725972106 ext.
Study Area Code of Reporting Carrier:	210331 Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

REDACTED

Five-Year Service Quality Improvement Plan's Annual Progress Report

One of ITS Telecommunications Systems, Inc.'s ("ITS Telecom's") goals is to raise the level of services for both telephony and Internet for our outlying customers. Our plans are to place fiber optic lines and associated electronics which will allow internet service levels as high as 1 Gb down and 1 Gb up as well as reduce trouble reports for telephony. We have planned several projects to help accomplish this goal. The primary objective of this report is to provide an updated status of the first project, which has an expected completion date of December 2016.

The first project, labeled Indiantown Proper, Minute Maid Road, and Dunklin Camp, has been divided into three phases; Phase 1 – Dunklin Camp, Phase 2 – Minute Maid Road, Phase 3 – Indiantown Proper. Phase 1, Dunklin Camp, has been completed since January, 2015. Customers are already taking higher levels of symmetrical Internet services with choices of speeds up to 1Gb up and down. Customers are also experiencing a better quality of voice services. Phase 2, Minute Maid Road, has begun. Serving central office electronics and serving fiber optic trunk lines are in place. The installation of fiber optic drops to the premise is targeted for completion by July 2016. Increased service capacity, up to 1 Gigabit up and down, is already experienced by customers where construction is completed. Completion of Phase 2 is expected by July 2019. Phase 3, Indiantown Proper, has also begun. Serving central office electronics and serving fiber optic trunk lines are in place. Ninety-six percent (96%) of the fiber optic drops to the premise are completed. Migration of remaining customers off legacy serving transport medium and electronics is scheduled for completion by December 2016. Increased service capacity to 1 Gigabit symmetrically is already available to subscribers in defined areas.

The Company has received [REDACTED] in Universal Service Fund ("USF) support from January, 2015 through December, 2015. Of the [REDACTED] ITS Telecom has spent [REDACTED] in capital expense and the remaining [REDACTED] in operating expense. With this support, ITS has been installing fiber optic lines and the associated electronics to increase the internet levels of speed as well as the fiber helping with the reduction of telephone service troubles. Our goal as previously stated is not only to give all of our subscribers a minimum of 10Mb down/1Mb up in speed but that the majority of our subscribers will have the option of receiving 1Gb down/1Gb up.

Attached are two tables in Appendix B with the first table specifying the projected Capital Expenditures in Appendix A, by Part 32 account, along with the respective year in which the operating expenses are expected to occur. The second table of Appendix B has the projected operating expenses

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that includes the depreciation expense for both embedded plant investment and for Capital Expenditures, which begins when the expenditures are projected to be placed into service.

In summary, ITS Telecom is striving to complete the first of four projects in a timely manner that will allow us to provide a higher level of broadband and voice services to our subscribers.

REDACTED

APPENDIX A

IMPROVEMENT PROJECTS FOR YEAR 2016 THROUGH 2020

PROJECT/PHASE/LOCATION	SERVING AREA	POPULATION	START DATE	ESTIMATED COMPLETION DATE	ACTUAL COMPLETION DATE	MAXIMUM BROADBAND SPEED AVAILABLE	CAPITAL COSTS
1 - Indiantown Proper, Minute Maid Rd, & Dunklin Camp	12 Square Miles for all 3 Phases	215 Residents for all 3 Phases	June, 2014	May, 2016	-	-	\$323,691.00 Total for all 3 Phases
Phase 1 - Dunklin Camp	*	*	June, 2014	May, 2016	January, 2015	1GB/1GB	
Phase 2 - Minute Maid Rd	*	*	January, 2015	July, 2016		Projected 1Gb/1Gb	
Phase 3 - Indiantown Proper	*	*	June, 2014	December, 2016		Projected 1Gb/1Gb	
2 - Clementsville, Springhaven & J&S	15 Square Miles	200	July, 2015	July, 2019	-	Projected 1Gb/1Gb	
3 - Fox Brown	13 Square Miles	50	June, 2019	May, 2024	-	Projected 1Gb/1Gb	
4 - Indiantown Airport & Indiantown Marina	2 Square Miles	70	July, 2019	December, 2024	-	-	

APPENDIX B
 TABLE 1 - PART 32
 IMPROVEMENT PROJECTS FOR YEAR 2015 THROUGH 2019

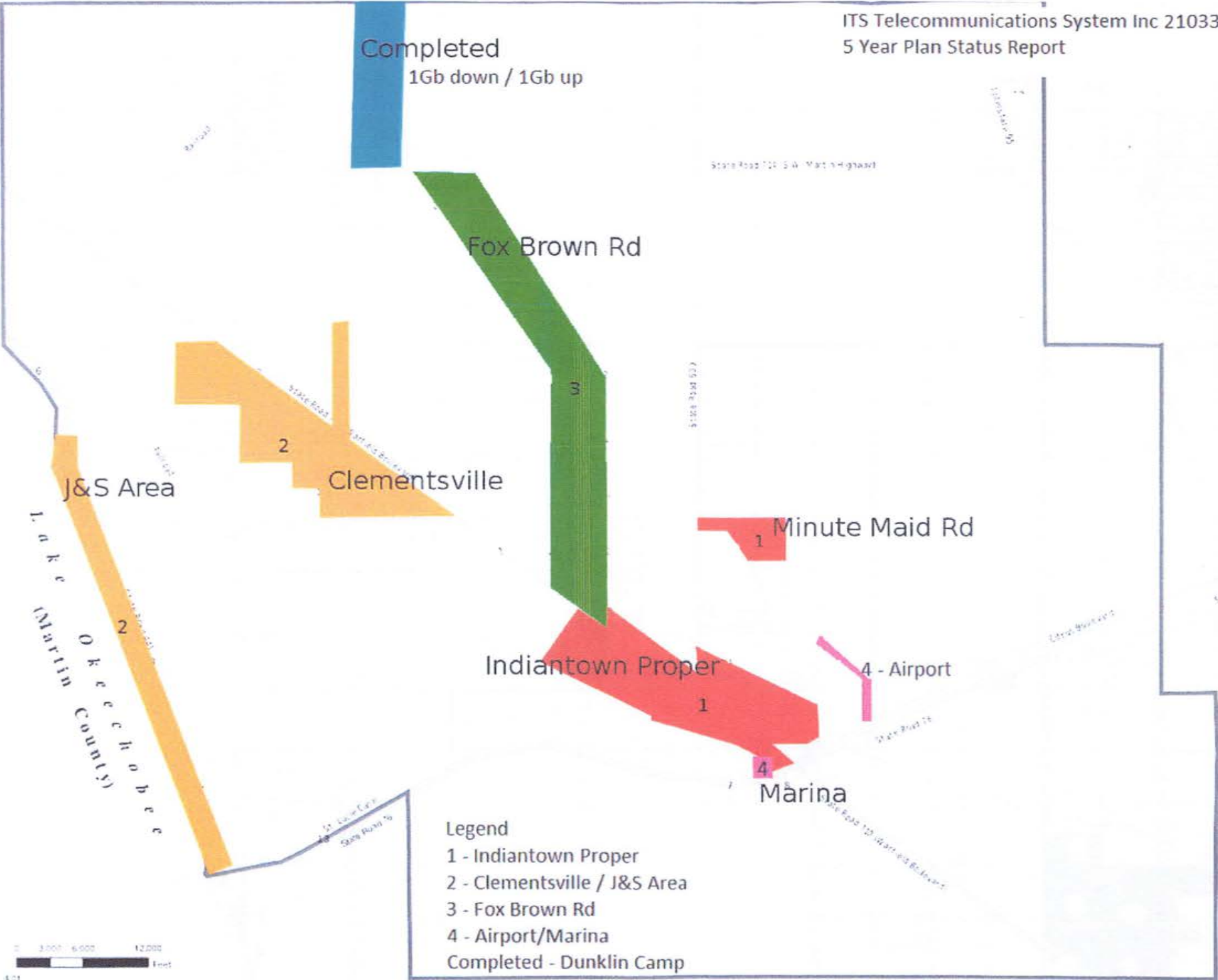
PROJECT/LOCATION	2014	2015	2016	2017	2018	2019	TOTAL CAPITAL COSTS
1 - Indiantown Proper, Minute Maid Road & Dunklin Camp							
Phase 1 - Dunklin Camp							
Account 2232							
Account 2423							
Phase 2 - Minute Maid Rd							
Account 2232							
Account 2423							
Phase 3 - Indiantown Proper							
Account 2232							
Account 2423							
2 - Clementsville, Springhaven & J&S							
Account 2232							
Account 2423							
3 - Fox Brown							
Account 2232							
Account 2423							
4 - Indiantown Airport & Indiantown Marina							
Account 2232							
Account 2423							
Total Capital Expenditures							

REDACTED

ITS Telecommunications Systems, Inc. - 210331

APPENDIX B
TABLE 2 - DEPRECIATION EXPENSE
OPERATIONS EXPENSES FOR YEAR 2015 THROUGH 2019

PROJECT/LOCATION	2015	2016	2017	2018	2019
Plant Specific Operations					
Plant Non-Specific Operations					
Depreciation and Amortization					
Customer Operations					
Corporate Operations					
Property Taxes					
Total Capital Expenditures					



Service Quality Standards and Consumer Protection Rules Compliance

ITS Telecommunications Systems, Inc., DBA, ITS Telecom certifies that our company complies with the applicable state and FCC Service Quality Standards and the Consumer Protection Rules.

With regards to the FCC 47 C.F.R. §64.2001-64.2011 rules for CPNI (Customer Proprietary Network Information), ITS Telecom has a policy manual that details and enforces the requirements of the federal rules. Our managers review the policies of CPNI on a yearly basis with their employees or as needed when a new hire is involved with our customer information. The company certifies its compliance annually with the FCC.

ITS Telecom trains their employees on the Red Flag regulations to help identify theft and through our NOC, the company has procedures to mitigate the potential damage of identity theft. Our NOC has established numerous measures in which to insure the integrity of our network and customer data.

ITS Telecom discloses their rates to our customers on our website, provides protection to our customers with Anti-Slamming Procedures as adopted with the Florida Administrative Code and the Florida Statutes, and follows all other applicable federal and state requirements governing the protection of our customers' privacy.

Functionality in Emergency Situations

ITS Telecommunications Systems, Inc., DBA, ITS Telecom, certifies that our company is compliant in emergency situations as set forth in the Code of Federal Regulations. We have a Disaster and Hurricane Preparedness Plan in place and update it periodically as needed. ITS Telecom has employees that attend yearly emergency scenario training sessions with both the Florida State Emergency Operations Department and the County Emergency Operations Department. There are ongoing communications with these Emergency Operations Departments when potential emergencies are identified. We have an IT Steering Committee that meets several times a year to review our Emergency Preparedness Policies.

ITS Telecom's central office is designed to withstand power failures through the use of batteries and backup generators. We also have backup generators for our remotes which will keep running until commercial power is restored as long as fuel is available. The NOC and OSP perform scheduled routine maintenance of our batteries and generators. Our NOC monitors our network 24/7/365 which ensures timely responses when a problem arises. Our serving area has network redundancy that provides an alternate route when needed.

Voice Services Rate Comparability Certification

ITS Telecommunications Systems, Inc. hereby certifies that the price of our fixed voice service of \$16.00 is below the two standard deviations of the national average urban rate of \$41.07 as required in 47 C.F.R. § 54.313(a)(10).

Broadband Comparability Certification

ITS Telecommunications Systems, Inc. hereby certifies that the rates of our fixed broadband for the download speeds of 10 Mbps and 25 Mbps with the upload speeds of 1 Mbps and 5 Mbps do not exceed the benchmark rates as required in 47 C.F.R. § 54.313(g).

Milestone Certification

ITS Telecommunications Systems, Inc. hereby certifies that throughout 2015 we have been able to provide speeds of at least 4Mbps down/1Mbps up for every reasonable request for broadband service. We are making progress with our 5 year plan and ITS Telecommunications Systems, Inc. currently provides broadband speeds of 10Mbps down/1Mbps up for all reasonable requests within our serving area.

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 xxx. The time required to complete this information collection is estimated to average x 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.

REDACTED

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS	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.	
	BORROWER NAME ITS Telecommunications Systems, Inc.	
	ADDRESS Indiantown, Florida	
INSTRUCTIONS-Submit report to RUS within 15 days after close of the period.	PERIOD ENDING December, 2015	BORROWER DESIGNATION FL1103

CERTIFICATION

We hereby certify that:

1. 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; and
2. we have fulfilled our obligations under the Loan Documents throughout the year in all material respects

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.

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 notes section of this report.

Jeffrey Leslie 04/13/2016
DATE

PART A. BALANCE SHEET			
ASSETS	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE END OF PERIOD
CURRENT ASSETS		CURRENT LIABILITIES	
1. Cash and Equivalents	██████████	16. Accounts Payable	██████████
2. Cash-RUS Construction Fund		17. Notes Payable	
3. Accounts Receivable	██████████	18. Current Mat. L/T Debt - RLIS	██████████
4. Notes Receivable		19. Current Mat. UT Debt-Other	
5. Materials and Inventory	██████████	20. Current Mat.-Capital Leases	
6. Other Current Assets	██████████	21. Other Current Liabilities	
Total Current		Total Current	
7. Assets (1 thru 6)	██████████	22. Liabilities (16 thru 21)	██████████
NONCURRENT ASSETS		LONG-TERM DEBT	
8. Investment in Affiliated Companies	██████████	23. Funded Debt-RUS Notes	██████████
9. Other Noncurrent Assets		24. Funded Debt-RTB Notes	
PLANT, PROPERTY, AND EQUIPMENT		25. Funded Debt-FFB Notes	
10. Telecom. Plant-in-Service	██████████	26. Funded Debt-Other	██████████
		Total Long-Term	
11. Plant Under Construction	██████████	27. Debt (23 thru 26)	██████████
12. Plant Adj., Nonop. Plant, & Goodwill	██████████	OTHER LIAB. & DEF. CREDITS	
13. Less Accumulated Depreciation	██████████	28. Other Long-Term Liabilities	██████████
Net Plant		EQUITY	
14. (10 thru 12 less 13)	██████████	29. Cap. Stock Outstand. & Subscribed	██████████
		30. Additional Paid-in-Capital	
TOTAL ASSETS		31. Membership and Cap. Certificates	
15. (7+8+9+14)	██████████	32. Patronage Capital Credits	
		33. Retained Earnings or Margins	██████████
		34. Total Equity (29 thru 34)	██████████
		TOTAL LIABILITIES AND EQUITY (22+27+28+34)	██████████

Total Equity = % of Total Assets

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BORROWER DESIGNATION

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**FINANCIAL AND STATISTICAL REPORT
FOR BROADBAND BORROWERS**

FL1103

PERIOD ENDING

December, 2015

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	YEAR-TO-DATE
1. Local Network Services Revenues	
a. Voice	
b. Video	
c. Internet	
i. Broadband	
ii. Other	
2. Network Access Services and Long Distance Revenues	
3. Miscellaneous Revenues	
4. Other Operating Income	
5. Uncollectible Revenues	
6. Net Operating Revenues (11 thru 4 less 5)	
7. Plant Specific Operations Expense	
8. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	
9. Customer Operations Expense	
10. Corporate Operations Expense	
11. Other Operating Expenses	
12. Total Operating Expenses (7 thru 11)	
13. Operating Income or Margins (6 less 12)	
14. Nonoperating/Nonregulated Net Income	
15. EBIDTA (13 + 14)	
16. Depreciation Expense	
17. Amortization Expense	
18. EBIT (15 - 16 - 17)	
19. Interest on Funded Debt	
20. Other Interest Expense	
21. Taxes	
a. Property	
b. Income	
22. Total Net Income or Margins (18-19-20-21)	
23 Dividends Declared (Common)	
24 Dividends Paid	
25 Transfers to Patronage Capital	
26 Principal Payments on Long Term Debt and Capital Leases	
27 TIER (19 + 20 + 22) / (19 + 20)	

REDACTED

**FINANCIAL AND STATISTICAL REPORT
FOR BROADBAND BORROWERS**

PERIOD ENDING

December, 2015

PART C. SERVICES

No.	SERVICE OFFERINGS	1. RATES		2. SUBSCRIBERS		Total (c)
		Residential	Business	Residential	Business	
		(a)	(b)	(a)	(b)	
	Broadband Data Packages					
1	SYMMETRIC 10/10			36		36
2	1M			4		4
3	12M			2	19	21
4	10M			20		20
5	SYMMETRIC 25/25				2	2
6	SYMMETRIC GIGABIT			3		3
7	30M			6		6
8	60M				2	2
9	SYMMETRIC 500/500			38		38
10	50M			3		3
11	6.1M			156	22	178
12	256K			19		19
13	16M			1	1	2
14	3M			198	18	216
15	100M			1		1
16	6M			8	20	28
17	SYMMETRIC 50/50			345	6	351
18	25M			2	10	12
19	SYMMETRIC 200/200			135		135
20	768K			4		4
21	15M			37		37

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**FINANCIAL AND STATISTICAL REPORT
FOR BROADBAND BORROWERS**

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PART C. COMMUNITIES

No.	Community	County	State	No. Broadband Data Customers	Broadband Application
1	Indiantown CDP	Martin	FL	[REDACTED]	X

**FINANCIAL AND STATISTICAL REPORT
FOR BROADBAND BORROWERS**

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BORROWER DESIGNATION

FY 2015
PERIOD ENDING

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PART D. STATEMENT OF CASH FLOWS

1.	Beginning Cash	
CASH FLOWS FROM OPERATING ACTIVITIES:		
2.	Net Income	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3.	Add: Depreciation	
4.	Add: Amortization	
5.	Other (Explain) Cash salvage and tax provisioning	
<i>Changes in Operating Assets and Liabilities:</i>		
6.	Decrease/(Increase) in Accounts Receivable	
7.	Decrease/(Increase) in Materials and Inventory	
8.	Decrease/(Increase) in Other Current Assets	
9.	Increase/(Decrease) in Accounts Payable	
10.	Increase/(Decrease) in Other Current Liabilities	0
11.	Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES:		
12.	Decrease/(Increase) in Notes Receivable	0
13.	Increase/(Decrease) in Notes Payable	0
14.	Plus/(Less) Net Increase/(Decrease) in Long Term Debt (including current maturities)	
15.	Plus: Increase/(Less: Decrease) in Capital Stock, Paid-in Capital or Membership and Capital Certificates	0
16.	Less: Payment of Dividends	
17.	Other (Explain) Intercompany cash transactions	
18.	Net Cash Provided/ (Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES:		
19.	Net Capital Expenditures	
20.	Long-Term Investments	
21.	Other (Explain) Sale of property and other financing activities represents Net change in other long tem asset and liability accounts not included or reported above.	
22.	Net Cash Provided (Used) by Investing Activities	
23.	Net Increase/ (Decrease) in Cash	
24.	Ending Cash	

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**FINANCIAL AND STATISTICAL REPORT
FOR BROADBAND BORROWERS**

BORROWER DESIGNATION

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PERIOD ENDING

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Notes to Operating Report - Broadband

The company continues to experience slight revenue declines attributable to line loss and regulatory mandates. however, at the same time, the company continues to make strides in cost controls. We feel that with continued cost control efforts and expansion of the non-POTS services, (Data), the company will show improvements in TIER over time. We continue to generate sufficient cash flows to meet all current and long term obligations.