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May 3, 2006

VIA HAND DELIVERY

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Docket No. UT-053041 – Petition of Intelligent Community Services
for Designation as Eligible Telecommunications Carrier

Dear Ms. Washburn:

This letter is written on behalf of Inland Telephone Company (“Inland”). Inland has recently become aware that the above-referenced Petition for ETC designation filed by Intelligent Community Services (“ICS”) has been activated. The Petition has been in a dormant status since shortly after its filing last June.

Inland wishes to call to the Commission’s attention that this application is very different from other applications the Commission has received in the past relating to ETC designation. There are several issues raised by this Petition.

Perhaps a little background will be helpful. ICS is asking to be designated as a competitive ETC in Inland’s Roslyn wire center. The Roslyn wire center serves rural areas of the State of Washington west of Cle Elum, including the town of Roslyn itself. Part of that service area consists of the Suncadia Resort. The Suncadia Resort is a master planned community which will have 2,800 homes, three golf courses, a hotel and several businesses. When completed, there will be approximately 4,000 access lines within the resort. By comparison, the rest of the Roslyn area currently consists of approximately 1,507 access lines spread out over a larger area.

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Inland currently provides a limited set of services to the business office of Suncadia Resort. The only access that Inland has to the Suncadia Resort is a limited right of entry to operate and maintain a 100 pair cable serving the business office of the Suncadia Resort. That right of entry can be terminated at any time by Suncadia Resort on thirty days notice. Further, Inland cannot access the residential customers or other businesses in the Suncadia Resort through that right of entry agreement. Inland has no physical access to any other customers within the Suncadia Resort at the present time.

The issues raised by the petition filed by ICS include the following:

1. ICS and Suncadia Resort have entered into an agreement that makes ICS the preferred provider for the Suncadia Resort area under terms and conditions which make ICS, for all practical purposes, a de facto monopoly for telecommunications services in the Suncadia Resort -- are these appropriate circumstances for an entity to be designated as a competitive ETC?
2. The owners of the Suncadia Resort, Suncadia LLC, have made it clear in public filings that they own all of the conduit, fiber optic cable and related distribution facilities for telecommunications services in the Suncadia Resort. Inland is also aware that Suncadia LLC owns a sophisticated PBX, which is capable of functioning as a switch. Other public documents clearly state that the homeowners within the Suncadia Resort are going to be responsible for payment for the electronics to provide service to their homes. This raises the question of what facilities will ICS own and operate?
3. ICS has requested designation for the Roslyn wire center. However, it does not appear that ICS intends to provide service throughout that wire center. Inland has not received a bona fide request from ICS¹ and it does not appear to Inland that ICS intends to provide service outside of the Suncadia Resort.
4. ICS wants to receive high-cost support based upon Inland's per-line support. However, ICS will be serving a higher-density area of the Roslyn exchange, an area that Inland does not have access to today, not the less dense portions of the Roslyn exchange. Does this amount to creamskimming?

¹ ICS sent a letter to Inland last June which Inland rejected as not qualifying as a bona fide request. In Inland's response to ICS, Inland invited ICS to enter into communications with Inland. However, ICS has not responded to that offer since it was made last June.

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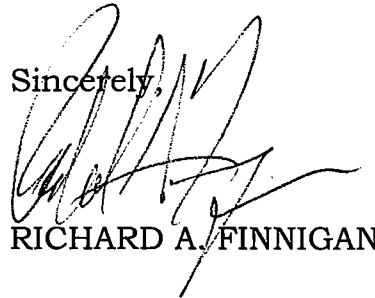
5. There are already three wireless ETCs that have received designation for the Roslyn exchange. When is enough enough and concerns about the effect on the federal USF come into play?

6. The Suncadia Resort area will be an area whose residents have incomes well above the average income. The lots themselves are in the range of three hundred thousand dollars to in excess of one million dollars. Should an entity that is serving only a high-end resort where it has a de facto monopoly receive high-cost fund support for its operations in that area?

In addition to the foregoing, Inland believes that the contractual arrangement between ICS and Suncadia LLC needs careful review. The contract is designated as a confidential item and therefore cannot be discussed in this letter.

Inland requests that the Commission give very close review to the petition filed by ICS.

Sincerely,



RICHARD A. FINNIGAN

RAF/km

cc: Mark Sidran, Chairman (via hand delivery)
Philip Jones, Commissioner (via hand delivery)
Patrick Oshie, Commissioner (via hand delivery)
Will Saunders (via hand delivery)
Bob Shirley (via hand delivery)
Greg Kopta (via U.S. mail)