

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080
Contains Certifications Required by WAC 480-123-060 and 070
July 1, 2016

Pend Oreille Telephone Company (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.

1. Report 1: Report on use of funds: WAC 480-123-070(1)(a):

Per the direction of Commission Staff, the NECA-1 report will be provided as soon as it is available and no later than August 1, 2016.

2. Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses report under Report 1, above, benefited the customers as follows:

Through the expenditure of these funds, the Company was able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C § 254 of providing quality telecommunications services to customers in the service area for which the Company is designated as an ETC.¹ The Company has made substantial investments over the past several years which allow it to provide quality telecommunications services to its customers in its designated ETC service area. Those expenditures and investments, including those reflected in Report 1 above, generally benefit all customers receiving the federal high-cost fund supported services from the Company within its designated ETC service area. Company offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

3. Report 3: Local Services Outage Report: WAC 480-123-070(2):

Outages are listed on the report labeled (200) Service Outage Reporting (Voice) of FCC Form 481

4. Report 4: Report on Failure to Provide Service: WAC 480-123-070(3):

The Company had no unfulfilled service request and no unfulfilled broadband requests as identified on lines 300 and 320 of the FCC Form 481

5. Report 5: Report on Complaints per 1000 Connections: WAC 480-123-070(4):

The company had 1 voice complaint and no broadband complaints as identified on line(s) 410 and 440 of the FCC Form 481.

¹ The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

6. Report 6: Annual Plan: WAC 480-123-080(1):

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2016, through December 31, 2016, are projected to be [REDACTED] for operating expenses. Major projects are disclosed on the five year plan included with FCC Form 481 filed with the Commission last year.

The Company expects that levels of expenses will remain relatively the same as those it experience in calendar year 2015, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period.

7. Report 7: Plan of Investments and Expenditures: WAC 480-123-080(2):

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2016, through December 31, 2016, will remain relatively the same as those it experienced in calendar year 2015, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service, with the exception of the FTTP project outlined below.