

# PEND OREILLE



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WWW.POTC.NET

July 28, 2006

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

Re: Request for Certification Pursuant to WAC 480-123-060 and  
47 C.F.R. §54.314

Dear Ms. Washburn:

Pursuant to WAC 480-123-060, Pend Oreille Telephone Company ("Company") hereby requests that the Washington Utilities and Transportation Commission certify that the Company has met the requirements of 47 C.F.R. §54.314 for eligibility for continued receipt of federal high-cost funds.

The certifications and reports that are specified in WAC 480-123-060, WAC 480-123-070 and WAC 480-123-080 are enclosed.

Sincerely,



Mark R. Martell  
Administrative Manager

Enclosures

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RECEIVED  
REGISTRATION

**REPORTS AS REQUIRED BY WAC 480-123-070  
AND WAC 480-123-080**

Pend Oreille Telephone Company (the "Company")  
hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.<sup>1</sup>

Report 1: WAC 480-123-070(1)(a): Attached is a copy of the Company's NECA-1 Report for the calendar year 2005, that, as of the date of the report, the Company has reported as the basis for support from the federal high-cost fund.

Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses reported under Report 1, above, benefited 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.<sup>2</sup> 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.

Report 3: WAC 480-123-070(4): The Company reports that the Company is not aware of any complaints during calendar year 2005 to the Federal Communications Commission or the Consumer Protection Division of the Office of the Attorney General of the State of Washington concerning the services provided to its customers by the Company that are either subject to the regulatory jurisdiction of the Washington Utilities and Transportation Commission or among the services supported by the federal high-cost fund.<sup>3</sup>

Report 4: WAC 480-123-080(1)(b): The Company reports as follows:

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 October 1, 2006, through September 30, 2007, that the Company expects to use as a basis to request federal high-cost support are expected to be relatively similar to those investments and expenses the Company has set forth in its information filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of

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<sup>1</sup> It is the Company's understanding that it is not required to submit the reports described in WAC 480-123-070(2) and (3).

<sup>2</sup> The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

<sup>3</sup> The references to the services supported by the federal high-cost fund is to the services designated for support as set forth in 47 C.F.R. §54.101(a).

expenses will remain relatively the same as those it experienced in calendar year 2005, subject to the effects of inflation and other commonly experienced changes in cost of labor and materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area do not include a major construction project at the present time. The Company expects that it will have relatively the same level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2005. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2007.

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service.

Universal Service Fund  
2005 Data Collection Form

SAC: 522418

SA Name: Pend Oreille Telephone Company Region: Western

## CHANGE CARRIER/DATA IDENTIFICATION

(010)	Study Area Code	(010)	522418
(020)	Contact Name	(020)	RJ Del Mese
(030)	Contact Telephone Number	(030)	800.888.4065
(040)	USF Data Collection Period	(040)	2006-1

Data Line	Description	Latest View 2005-1 Amount	Data Line	Pending View 2006-1 Amount	Data Source
<b>II. WORKING LOOPS</b>					
(060)	Total Loops (Cat. 1.1, 1.2 and 1.3)	2,157	(060)	2,100	
(070)	Category 1.3 Loops (Excluding Cat. 1.3 TWX Loops)	2,144	(070)	2,087	
(080)	Reserved				
<b>III. INVESTMENT, EXPENSE AND TAXES</b>					
Net Plant Investment					
(160)	Acct. 2001 - Telephone Plant in Service	13,496,083	(160)	13,765,336	
(170)	Acct. 1220 - Materials and Supplies	166,775	(170)	184,275	
	Acct. 3100 - Accumulated Depreciation	11,234,584	(190)	11,751,495	
(195)	Acct. 3400 - Accumulated Amortization Tangible	0	(195)	0	
(200)	Reserved	N O	E N T R Y	R E Q U I R E D	
(205)	Reserved	N O	E N T R Y	R E Q U I R E D	
(210)	Acct. 4340 - Net Noncurrent Deferred Operating Income Taxes	0	(210)	43,089	
(220)	Net Plant Investment (Sum of Lines 160 + 170 Minus Lines 190 Through 210)	2,428,274	(220)	2,155,027	Calculation

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Line	Description	Latest View 2005-1 Amount	Data Line	Pending View 2006-1 Amount	Data Source
Selected Plant Accounts					
(230)	Acct. 2210 - Central Office Switching Equipment	1,887,123	(230)	1,888,082	
(235)	Acct. 2220 - Operator System Equipment	0	(235)	0	
(240)	Acct. 2230 - Central Office Transmission Equipment	3,462,975	(240)	3,618,375	
(245)	Total Central Office Equipment (Sum of Lines 230 Through 240)	5,350,098	(245)	5,506,457	Calculation
(250)	Circuit Equipment Category 4.13	1,827,899	(250)	1,910,352	
(255)	Acct. 2410 - Cable and Wire Facilities Total	7,099,680	(255)	7,144,246	
(260)	Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	1,762,850	(260)	1,744,871	
(265)	Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	(265)	0	
	Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	3,234,898	(270)	3,343,922	
(275)	Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 Through 270)	4,997,748	(275)	5,088,793	Calculation
(280)	Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	5,555,686	(280)	5,947,355	

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<u>Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
(285)	Reserved	N O	E N T R Y	R E Q U I R E D	
(290)	Reserved	N O	E N T R Y	R E Q U I R E D	
(295)	Reserved	N O	E N T R Y	R E Q U I R E D	
(300)	Reserved	N O	E N T R Y	R E Q U I R E D	
(305)	Reserved	N O	E N T R Y	R E Q U I R E D	
(310)	Acct. 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	<u>0</u>	(310)	<u>5,910</u>	
(315)	Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	<u>0</u>	(315)	<u>0</u>	
(320)	Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	<u>0</u>	(320)	<u>11,326</u>	
(325)	Acct. 4340 (2210-2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of Lines 310 Through 320)	<u>0</u>	(325)	<u>17,236</u>	Calculation
(330)	Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	<u>0</u>	(330)	<u>22,363</u>	

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<u>Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
Plant-Specific Operation Expense					
(335)	Acct. 6110 - Network Support Expense Total	<u>1,680</u>	(335)	<u>0</u>	
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	<u>0</u>	(340)	<u>0</u>	
(345)	Acct. 6110 - Rents Portion of Network Support Expense	<u>0</u>	(345)	<u>0</u>	
(350)	Acct. 6120 - General Support Expense Total	<u>75,633</u>	(350)	<u>93,932</u>	
(355)	Acct. 6120 - Benefits Portion of General Support Expense	<u>46</u>	(355)	<u>1,685</u>	
(360)	Acct. 6120 - Rents Portion of General Support Expense	<u>1,532</u>	(360)	<u>1,532</u>	
(365)	Acct. 6210 - Central Office Switching Expense - Total	<u>86,833</u>	(365)	<u>106,679</u>	
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	<u>5,364</u>	(370)	<u>11,050</u>	
	Acct. 6210 - Rents Portion of Central Office Switching Expense	<u>0</u>	(375)	<u>0</u>	
(380)	Acct. 6220 - Operator System Expense - Total	<u>0</u>	(380)	<u>0</u>	
(385)	Acct. 6220 - Benefits Portion of Operator System Expense	<u>0</u>	(385)	<u>0</u>	
(390)	Acct. 6220 - Rents Portion of Operator System Expense	<u>0</u>	(390)	<u>0</u>	
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	<u>93,597</u>	(395)	<u>106,221</u>	

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Line	Description	Latest View 2005-1 Amount	Data Line	Pending View 2006-1 Amount	Data Source
(400)	Acct. 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	3,736	(400)	7,281	
(405)	Acct. 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	(405)	0	
(410)	Accts. 6210-6230 - Central Office Expense Total (Sum of Lines 365 + 380 + 395)	180,430	(410)	212,900	Calculation
(415)	Reserved	N O	E N T R Y	R E Q U I R E D	
(420)	Reserved	N O	E N T R Y	R E Q U I R E D	
(425)	Reserved	N O	E N T R Y	R E Q U I R E D	
(430)	Acct. 6410 - Cable and Wire Facilities Expense - Total	332,153	(430)	335,299	
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	19,103	(435)	35,458	
(440)	Acct. 6410 - Rents Portion Cable and Wire Facilities Expense	0	(440)	0	
(445)	Total Plant-Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	589,896	(445)	642,131	Calculation
Plant-Nonspecific Expense					
(450)	Acct. 6530 - Network Operations Expense - Total	164,628	(450)	144,716	
(455)	Acct. 6530 - Benefits Portion Network Operations Expense	7,108	(455)	16,006	



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Line	Description	Latest View 2005-1 Amount	Data Line	Pending View 2006-1 Amount	Data Source
(465)	Reserved	N O	E N T R Y	R E Q U I R E D	
(470)	Reserved	N O	E N T R Y	R E Q U I R E D	
(480)	Reserved	N O	E N T R Y	R E Q U I R E D	
(485)	Reserved	N O	E N T R Y	R E Q U I R E D	
(500)	Reserved	N O	E N T R Y	R E Q U I R E D	
(505)	Reserved	N O	E N T R Y	R E Q U I R E D	

## Depreciation and Amortization Expenses

(510)	Acct. 6560 (2210) - Depreciation and Amortization Expense - Central Office Switching Equipment	<u>183,744</u>	(510)	<u>37,710</u>	
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	<u>0</u>	(515)	<u>0</u>	
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	<u>76,359</u>	(520)	<u>53,334</u>	
(525)	Acct. 6560 (2210-2230) Depreciation and Amortization Central Office Equipment (Sum of Lines 510 Through 520)	<u>260,103</u>	(525)	<u>91,044</u>	Calculation
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense - Cable and Wire Facilities	<u>387,911</u>	(530)	<u>391,671</u>	

## Corporate Operating Expenses

(535)	Acct. 6710 - Executive and Planning Expense - Total	<u>325,925</u>	(535)	<u>260,279</u>	
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	<u>23,692</u>	(540)	<u>35,776</u>	

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Line	Description	Latest View 2005-1 Amount	Data Line	Pending View 2006-1 Amount	Data Source
(550)	Acct. 6720 - General Administrative Expense - Total	481,045	(550)	450,721	
(555)	Acct. 6720 - Benefits Portion - General Administrative Expense	9,236	(555)	22,112	
(565)	Total Corporate Operations Expense (Sum of Lines 535 + 550)	806,970	(565)	711,000	Calculation
Other Expenses and Revenues					
(600)	Benefits Portion of All Operating Expenses - Total	71,540	(600)	132,979	
(610)	Rents Portion of All Operating Expenses - Total	1,532	(610)	1,532	
(620)	Reserved	N O	E N T R Y	R E Q U I R E D	
(630)	Reserved	N O	E N T R Y	R E Q U I R E D	
Taxes					
(650)	Acct. 7200 - Operating Taxes	268,542	(650)	238,679	
(655)	Reserved	N O	E N T R Y	R E Q U I R E D	
ART 36 - COST STUDY DATA					
(700)	Acct. 2410 - Cost Study Average Cable and Wire Facilities	6,777,544	(700)	7,121,963	
(710)	Cost Study Average Cable and Wire Facilities Cat. 1 - Total Exchange Line C&WF Excluding Wide Band	6,181,190	(710)	6,541,551	

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Line	Description	Latest View 2005-1 Amount	Data Line	Pending View 2006-1 Amount	Data Source
<b>V. AMORTIZABLE TANGIBLE ASSETS</b> (Refer to instructions prior to completing this section)					
(800)	Acct. 2680 - Amortizable Tangible Assets	0	(800)	0	
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	(805)	0	
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	0	(810)	0	
(815)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	(815)	0	
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	(820)	0	
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expense - Amortizable Tangible Assets	0	(830)	0	

**VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATION**

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**VI. RENT REVENUE: OFFSET TO EXPENSE**

(1)	Account 6120 - General Sport Expense	0	Correct Year Input form
(2)	Account 6210 - Central Office Switching Expense	0	Correct Year Input form
(3)	Account 6220 - Central Office Operator Expense	0	Correct Year Input form
(4)	Account 6230 - Central Office Transmission Expense	0	Correct Year Input form
(5)	Account 6310 - Information Orig/Term Expense	0	Correct Year Input form
(6)	Account 6410 - Cable & Wire Facilities Expense	0	Correct Year Input form
	<b>TOTAL</b>	<b>0</b>	<b>Ln 1-6</b>

**AFFIDAVIT CONTAINING CERTIFICATIONS  
AS REQUIRED BY WAC 480-123-060 AND WAC 480-123-070**

I, Mark R. Martell, being of lawful age and duly sworn, on my oath state that I am Administrative Manager of Pend Oreille Telephone Company ("Company"), that I am authorized to execute this Affidavit on behalf of the Company, and that the facts set forth in this Affidavit are true to the best of my knowledge, information and belief. On this basis, I hereby certify to the Washington Utilities and Transportation Commission ("Commission") for use by the Commission in providing the certification to the Federal Communications Commission and Universal Service Administrative Company required by 47 C.F.R. §54.314, as follows:

- (1) That the funds from the sources described in 47 C.F.R. §54.314 received by the Company will be used only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;
- (2) That during the 2005 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);
- (3) That during the 2005 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and
- (4) That during the 2005 calendar year, the Company publicized the availability of its applicable telephone assistance programs in a manner reasonably designed to reach those likely to qualify for service and in a manner which, in the Company's judgment, included advertisements likely to reach those who are not current customers of the Company within the Company's designated service area.

Dated this 28 day of July, 2006.

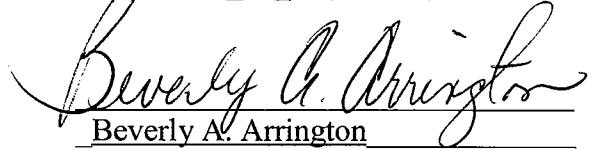
Company: Pend Oreille Telephone Company

By:   
Mark R. Martell

Its: Administrative Manager

STATE OF Idaho )  
: ss.  
County of Elmore )

SUBSCRIBED AND SWORN to before me this 28 day of July, 2006.

  
Beverly A. Arrington  
[Printed Name]  
Notary Public in and for the State of  
Idaho, residing at King Hill, Idaho .  
My commission expires 3/28/2012 .

