



July 26, 2007

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COMMISSION

**BY HAND**

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
P. O. Box 47250  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

Dear Ms. Washburn:

Re: Docket No. UT-073015 -  
Request for Certification Pursuant to  
WAC 480-123-060 and 47 C.F.R. § 54.314

Pursuant to WAC 480-123-060, Kalama Telephone Company ("Company") hereby requests that the Washington Utilities and Transportation Commission certify to the Federal Communications Commission and the Universal Service Administrative Company 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,

Steven D. Hanson  
Vice President

Enclosures

**CERTIFICATIONS PURSUANT TO  
WAC 480-123-060 AND WAC 480-123-070**

I, Steven D. Hanson, being of lawful age, state that I am Vice President of Kalama 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 Company will use federal high-cost universal service fund support only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2006 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);

(3) That during the 2006 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 2006 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.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 26<sup>th</sup> day of July, 2007 at Tenino, Washington.

Company: Kalama Telephone Company

By:  \_\_\_\_\_

Its: Vice President

**REPORTS AS REFERENCED IN WAC 480-123-070  
AND WAC 480-123-080**

Kalama 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 2006,<sup>2</sup> that, as of the date of the report, the Company has reported as the basis for support from the federal high-cost fund. That report also includes certain data for the calendar year 2005.

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 high quality telecommunications services to customers in the service area for which the Company is designated as an ETC.<sup>3</sup> The Company has made substantial expenditures and 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<sup>4</sup> from the Company within its designated service area. In addition, during 2006, the Company was engaged in a number of major investment projects within its designated ETC service area, including the following:

- (1) The Company installed an expansion to existing exchange line circuit equipment at a cost of approximately \$57,000. This project provided growth capacity in the areas served by the exchange line circuit equipment and will improve service for up to approximately 110 customers.
- (2) The Company installed several major central office upgrades. The total cost of these projects was approximately \$74,000. These projects improved service for all customers, plus providing capacity for growth.
- (3) The Company installed several major cable and wire facilities projects. The total cost of these projects was approximately \$152,600. These

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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 attached report replicates National Exchange Carrier Association, Inc. Universal Service Data Collection Form 2007-1.

<sup>3</sup> The term "ETC" is used herein with the same meaning as the term is used in Chapter 480-123 WAC.

<sup>4</sup> References herein to the services supported by the federal high-cost fund refer to the services designated for support as set forth in 47 C.F.R. § 54.101(a).

projects improved service for approximately 800 customers, plus providing capacity for growth in the areas.

- (4) The Company installed fiber optical terminal equipment at a cost of approximately \$228,000. A portion of this equipment is used to provide service to exchange line circuit equipment. This equipment improved service quality for all customers.

Report 3: WAC 480-123-070(4): The Company reports that during the calendar year 2006, the Company did not receive from either the Federal Communications Commission or the Consumer Protection Division of the Office of the Attorney General of the State of Washington any complaints against the Company made to them by the Company's customers.

Report 4: WAC 480-123-080(1)(b) and (2): 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 January 1, 2007, through December 31, 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 for calendar year 2006 filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2006, 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 expects that during calendar year 2007 it will have relatively the same level of expenditure and investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2006. The Company's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area also include the following major construction projects for 2007:

- (1) The Company plans to install an expansion to existing exchange line circuit equipment at a cost of approximately \$137,000. These projects will provide growth capacity in the areas served by the exchange line circuit equipment and will improve service for up to approximately 145 customers.
- (2) The Company plans to install a major central office upgrade. The total cost of this project will be approximately \$91,000. This project will provide capacity for growth and will improve service for up to approximately 380 customers..
- (3) The Company plans to install several major cable and wire facilities projects. The total cost of these projects is approximately \$140,000.

These projects will improve service for approximately 1,175 customers, plus providing capacity for growth in the areas.

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, 2008, through December 31, 2008, 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 for calendar year 2006 filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2006, 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 for calendar year 2008 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 2006. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2008.

In addition to the specific benefits noted for the above-identified projects, the expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service. The Company further expects that the continued receipt of federal high-cost support will allow the Company to continue to provide the supported services at rates that are reasonably comparable to the rates for such service in urban areas. All customers in the Company's designated ETC service area will benefit from the expected level of support by continuing to have available to them services that are reasonably comparable to the telecommunications services offered in urban areas at rates that are reasonably comparable to the rates for such services in urban areas.

Dated: July 26, 2007

STUDY AREA: 522426  
NAME: Kalama Telephone Company  
CONTACT: Rick Vitzthum  
PHONE: 360-264-2915

Description	Pending View 2007-1 Amount	Prior Year 2006-1
<b>II. WORKING LOOPS</b>		
60 Total Loops (Cat 1.1, 1.2 and 1.3)	3,325	3,398
70 Category 1.3 loops (excluding Cat 1.3 TWX Loops)	3,214	3,298
<b>III. INVESTMENT, EXPENSE AND TAXES</b>		
<b>NET PLANT INVESTMENT</b>		
160 Acct 2001 – Telephone Plant in Service	14,035,079	12,998,041
170 Acct 1220 – Material and Supplies	38,662	45,849
190 Acct 3100 – Accumulated Depreciation	10,672,487	9,827,038
195 Acct 3400 – Accumulated Amortization - Tangible	0	0
210 Acct 4340 – Net Noncurrent Deferred Operating Income Taxes	(64,344)	0
220 Net Plant Investment	3,465,598	3,216,852
<b>SELECTED PLANT ACCOUNTS</b>		
230 Acct 2210 – Central Office Switching Equipment	2,383,828	2,350,795
235 Acct 2220 – Operator System Equipment	0	0
240 Acct 2230 – Central Office Transmission Equipment	2,720,945	2,299,880
245 Total Central Office Equipment	5,104,773	4,650,675
250 Circuit Equipment - Category 4.13	1,730,743	1,606,436

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Description	Pending View 2007-1 Amount	Prior Year 2006-1
255 Acct 2410 – Cable and Wire Facilities - Total	6,343,584	5,926,659
260 Acct 3100 (2210) – Accumulated Depreciation - Central Office Switching Equipment	2,405,169	2,270,092
265 Acct 3100 (2220) – Accumulated Depreciation - Operator System Equipment	0	0
270 Acct 3100 (2230) – Accumulated Depreciation - Central Office Transmission Equipment	2,179,320	1,885,456
275 Acct 3100 (2210 thru 2230) – Total Accumulated Depreciation - Central Office Equipment	4,584,489	4,155,548
280 Acct 3100 (2410) – Accumulated Depreciation - Cable and Wire Facilities	3,874,811	3,532,956
310 Acct 4340 (2210) – Net Noncurrent Deferred Operating Income Taxes – Central Office Switching Equipment	(10,973)	0
315 Acct 4340 (2220) – Net Noncurrent Deferred Operating Income taxes – Operator System Equipment	0	0
320 Acct 4340 (2230) – Net Noncurrent Deferred Operating Income Taxes – Central Office Transmission Equipment	(12,528)	0
325 Acct 4340 (2210 thru 2230) – Net Noncurrent Deferred Operating Income Taxes – Central Office Equipment (Sum of 4340 (2210) through (2230))	(23,501)	0
330 Acct 4340 (2410) – Net Noncurrent Deferred Operating Income Taxes – Cable and Wire Facilities	(29,192)	0

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Description	Pending View 2007-1 Amount	Prior Year 2006-1
<b>PLANT SPECIFIC OPERATION EXPENSE</b>		
335 Acct 6110 – Network Support Expense Total	49,396	38,279
340 Acct 6110 – Benefits Portion of Network Support Expense	3,042	2,025
345 Acct 6110 – Rents Portion of Network Support Expense	0	0
350 Acct 6120 – General Support Expense Total	257,144	251,891
355 Acct 6120 – Benefits Portion of General support Expense	22,045	23,496
360 Acct 6120 – Rents Portion of General support Expense	0	0
365 Acct 6210 – Central Office Switching Expense –Total	355,937	316,390
370 Acct 6210 – Benefits Portion of Central Office Switching Expense	26,932	23,154
375 Acct 6210 – Rents Portion of Central Office Switching Expense	0	0
380 Acct 6220 – Operator System Expense – Total	0	0
385 Acct 6220 – Benefits Portion of Operator System Expense	0	0
390 Acct 6220 – Rents Portion of Operator System Expense	0	0
395 Acct 6230 – Central Office Transmission Expense – Total	122,153	93,641
400 Acct 6230 – Benefits Portion of Central Office Transmission Expense	11,815	10,087
405 Acct 6230 – Rents Portion of Central Office Transmission Expense	0	0



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Description	Pending View 2007-1 Amount	Prior Year 2006-1
410 Acct 6210 – 6230 – Central Office Expense - Total	478,090	410,031
430 Acct 6410 – Cable and Wire Facilities Expense – Total	199,765	171,402
435 Acct 6410 – Benefits Portion of Cable and Wire Facilities Expense	25,510	25,819
440 Acct 6410 – Rents Portion of Cable and Wire Facilities Expense	3,055	3,055
445 Total Plant Specific Expense	984,395	871,603
<b>PLANT NON-SPECIFIC EXPENSE</b>		
450 Acct 6530 – Network Operations Expense – Total	469,847	478,463
455 Acct 6530 – Benefits Portion of Network Operations Exp	53,191	57,314
<b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b>		
510 Acct 6560 (2210) – Depreciation and Amortization Expense – Central Office Switching Equipment	157,326	210,817
515 Acct 6560 (2220) – Depreciation and Amortization Expense – Operator System Equipment	0	0
520 Acct 6560 (2230) – Depreciation and Amortization Expense – Central Office Transmission Equipment	271,618	229,708
525 Acct 6560 (2210 thru 2230) – Depreciation and Amortization Central Office Equipment	428,944	440,525
530 Acct 6560 (2410) – Depreciation and Amortization Expense – Cable and Wire Facilities	341,853	321,648

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Description	Pending View 2007-1 Amount	Prior Year 2006-1
<b>CORPORATE OPERATIONS EXPENSE</b>		
535 Acct 6710 – Executive and Planning Expense – Total	117,853	109,440
540 Acct 6710 – Benefits Portion of Executive & Planning Exp	10,877	10,680
550 Acct 6720 – General Administrative Expense – Total	476,630	450,653
555 Acct 6720 – Benefits Portion of General Administrative Exp	47,174	46,330
565 Total Corporate Operations Expense	594,483	560,093
<b>OTHER EXPENSE</b>		
600 Benefits Portion of All Operating Expenses – Total	233,954	233,341
610 Rents Portion of Plant Specific Operating Expenses - Total	3,055	3,055
<b>TAXES</b>		
650 Acct 7200 – Operating taxes	205,965	126,997
<b>IV. PART 36 – COST STUDY DATA</b>		
700 Cost Study Average Cable And Wire Facilities - Acct 2410	6,135,121	5,710,818
710 Cost Study Average Cable and Wire Facilities Cat 1 – Total Exchange Line C&WF Excluding Wideband	6,043,172	5,642,247
<b>V. AMORTIZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)</b>		
800 Acct 2680 –Amortizable Tangible Assets	0	0

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**NAME: Kalama Telephone Company**  
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Description	Pending View 2007-1 Amount	Prior Year 2006-1
805 2680 (2230) – Amortizable Tangible Assets – Central Office Transmission Equipment	0	0
810 Acct 2680 (2230) – Amortizable Tangible Assets – Central Office Transmission Equipment Assigned To Category 4.13	0	0
815 Acct 2680 (2410) – Amortizable Tangible Assets – Cable and Wire Facilities	0	0
820 Acct 2680 (2410) – Amortizable Tangible Assets – Cable and Wire Facilities Assigned to Category 1	0	0
830 Acct 6560 (2680) – Depreciation and Amortization Expense – Amortizable Tangible Assets	0	0