

ETC ANNUAL REPORTS PER WAC 480-123-070 AND WAC 480-123-080

July 1, 2015
Whidbey Telephone Company

Whidbey 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):

The Company used support from the federal high-cost fund in the calendar year 2014 as follows: To support investments made by the company in telecommunications plant used to provide voice services, broadband services and other telecommunications services, and to defray operating expenses incurred by the Company in its provision of those services.

For the calendar year 2014, the Company's telecommunications related gross capital expenditures and operating expenses paid, in whole or in part, with support from the federal high-cost fund were [REDACTED] and [REDACTED] respectively. Major projects undertaken or completed in the calendar year 2014 include the following as filed with FCC Form 481 filed with the Commission on August 1, 2014 in Docket No. UT-143041:

Network Improvements/Upgrades – Voice Services – For Calendar Year 2014				
Project Description (Specific proposed improvements and/or upgrades)	Estimated Start Date	Estimated Completion Date	Service Area Name	Estimated Population
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	3,076
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	17,252
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	17,252
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	15,938
[REDACTED]	01/01/2014	06/30/2014	[REDACTED]	15,938

[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	17,252
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Network Improvements/Upgrades – Broadband Services – For Calendar Year 2014				
Project Description (Specific proposed improvements and/or upgrades)	Estimated Start Date	Estimated Completion Date	Service Area Name	Estimated Population
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	3,076
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	17,252
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	15,938
[REDACTED]	01/01/2014	06/30/2014	[REDACTED]	15,938
[REDACTED]	01/01/2014	12/31/2014	[REDACTED]	17,252

All of the capital projects listed were completed in 2014 with the exception of the Mutiny Bay BLC which was put into service in early 2015.

Attached is a copy of the Company's NECA-1 Report for the calendar year 2013. Per direction of Commission Staff, a copy of the Company's NECA-1 report for the calendar year 2014 that, as of the date of that report, the Company will have reported as the basis for support from the federal high-cost fund, will be provided to the Commission when it becomes available and no later than August 1, 2015.

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

Consumers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services. These expenditures are critical to maintain and increase the quality, coverage and capacity of voice services

within the Company service area. These expenditures include material and labor expenses, and can be for a variety of purposes including, but not limited to, equipment repair and maintenance; service order fulfillment; customer service requests; capital expenditures; equipment replacement and projects not otherwise capitalized; company equipment monitoring; equipment/service testing; technical support both at premise and remotely; and service calls.

The continued deployment of Broadband Loop Carriers equipment (BLCs) provide customers with significant benefits. These BLCs extend fiber deeper into our network which in turn shortens copper loop lengths for all services. This in turn allows the Company to expand our service offerings to both existing and potentially new customers with greater reliability, higher quality and increased broadband capacity.

The conversion from ADSL to VDSL serves a number of purposes: increase download and upload capacity for broadband customers; for all services it: improves quality of signals; eliminates pair bonding which reduces maintenance costs, reduces potential failures, and enhances the life of existing plant and facilities; increases capacity and coverage for additional subscribers; and finally, improves quality of services with noise interference deterrent.

The Company extended fiber deployment in its network to include key population densities in both the Freeland and Langley districts of our service area. This deeper penetration of fiber gives the Company the ability to manage diverse telecommunications routes that are requested and/or required by customers in our service area.

Through the expenditure of federal high-cost support 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.² 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. The Company has expanded its network over the past several years so that it is capable of providing access to broadband services throughout the Company's designated ETC service area. The 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):

None

² The term "ETC" is used herein with the same meaning as the term is used in Chapter 480-123 WAC.

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

None

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

During the calendar year 2014, the Company received from the Federal Communications Commission ("FCC") notice of one (1) informal complaint made to them by a consumer with respect to the consumer's broadband service. This informal complaint received by the FCC equates to approximately 0.12 complaints per thousand lines over which services that are supported by the federal high-cost fund are provisioned.

The informal complaint to the FCC of which the Company received notice during the calendar year 2014 was related to a consumer's allegations of (1) the consumer's inability to obtain advertised broadband speeds, (2) the equipment used to support internet service being sub-standard and (3) the Company purporting to offer island-wide broadband service and its failure to do so.

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

As they are known to the Company at the date of this Report, the Company's planned gross capital expenditures and operating expenses related to Washington state to be made, in whole or in part, with federal high-cost support to be received by the Company, during the calendar year 2016 are projected to be [REDACTED] and [REDACTED], respectively.

Major projects planned to be undertaken or completed in the calendar year 2016 include the following that were filed on FCC Form 481 filed with the Commission on August 1, 2014 in Docket No. UT-143041:

Network Improvements/Upgrades – Voice Services – For Calendar Year 2016				
Project Description (Specific proposed improvements and/or upgrades)	Estimated Start Date	Estimated Completion Date	Service Area Name	Estimated Population
[REDACTED]	01/01/2016	06/30/2016	[REDACTED]	658
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252

[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	15,938
[REDACTED]	01/01/2016	06/30/2016	[REDACTED]	15,938
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252

Network Improvements/Upgrades – Broadband Services – For Calendar Year 2016				
Project Description (Specific proposed improvements and/or upgrades)	Estimated Start Date	Estimated Completion Date	Service Area Name	Estimated Population
[REDACTED]	01/01/2016	06/30/2016	[REDACTED]	658
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	15,938
[REDACTED]	01/01/2016	06/30/2016	[REDACTED]	15,938
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252
[REDACTED]	01/01/2016	12/31/2016	[REDACTED]	17,252

The Company expects that levels of expenses in 2016 will remain relatively the same as those it experienced in calendar year 2014, 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, apart from major projects, the planned investment and expenses to be made with federal high-cost support related to Washington state for the calendar year 2016 are planned to remain relatively the same as those it experienced in calendar year 2014, 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. Planned major projects for the calendar year 2016 are described in Report 6, above, and disclosed on FCC Form 481 as referenced in Report 6, above. The Company has not completed its budgeting process for 2016, so the investment and expense figures presented in Report 6, above, for the calendar year 2016 are not yet final. The Company 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 comparable to the rates for such services 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 comparable to the telecommunications services offered in urban areas at rates that are comparable to the rates for such services in urban areas.

Universal Service Fund - High Cost Loop Support
Data Collection Form

SAC: 522452
SA Name: Whidbey Telephone
Region: Western

I. EXCHANGE CARRIER/DATA IDENTIFICATION

(010) Study Area Code: 522452
(020) Contact Name: Trish Mason
(030) Contact Telephone Number: 360-321-0013
(040) USF Data Collection Period: 2015-1

Data Line	Description	Latest View 2014-1 Amount	Pending View 2015-1 Amount
II. WORKING LOOPS			
(060)	Total Loops (Cat. 1.1, 1.2 and 1.3)		Pending
(070)	Category 1.3 Loops (Excluding Cat. 1.3 TWX Loops)		Pending
III. INVESTMENT, EXPENSE AND TAXES			
Net Plant Investment			
(160)	Acct. 2001 - Telephone Plant in Service		Pending
(170)	Acct. 1220 - Materials and Supplies		Pending
(190)	Acct. 3100 - Accumulated Depreciation		Pending
(195)	Acct. 3400 - Accumulated Amortization Tangible		Pending
(210)	Acct. 4340 - Net Noncurrent Deferred Operating Income Taxes		Pending
(220)	Net Plant Investment (Sum of Lines 160 + 170 Minus Lines 190 Through 210)		Pending
Selected Plant Accounts			
(230)	Acct. 2210 - Central Office Switching Equipment		Pending
(235)	Acct. 2220 - Operator System Equipment		Pending
(240)	Acct. 2230 - Central Office Transmission Equipment		Pending
(245)	Total Central Office Equipment (Sum of Lines 230 Through 240)		Pending
(250)	Circuit Equipment Category 4.13		Pending
(255)	Acct. 2410 - Cable and Wire Facilities Total		Pending
(260)	Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment		Pending
(265)	Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment		Pending
(270)	Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment		Pending
(275)	Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 Through 270)		Pending
(280)	Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities		Pending
(310)	Acct. 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment		Pending
(315)	Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment		Pending
(320)	Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment		Pending
(325)	Acct. 4340 (2210-2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of Lines 310 Through 320)		Pending
(330)	Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities		Pending

Universal Service Fund - High Cost Loop Support
Data Collection Form

SAC: 522452
SA Name: Whidbey Telephone
Region: Western

Data Line	Description	Pending View 2015-1 Amount
Plant-Specific Operation Expense		
(335)	Acct. 6110 - Network Support Expense Total	Pending
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	Pending
(345)	Acct. 6110 - Rents Portion of Network Support Expense	Pending
(350)	Acct. 6120 - General Support Expense Total	Pending
(355)	Acct. 6120 - Benefits Portion of General Support Expense	Pending
(360)	Acct. 6120 - Rents Portion of General Support Expense	Pending
(365)	Acct. 6210 - Central Office Switching Expense - Total	Pending
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	Pending
(375)	Acct. 6210 - Rents Portion of Central Office Switching Expense	Pending
(380)	Acct. 6220 - Operator System Expense - Total	Pending
(385)	Acct. 6220 - Benefits Portion of Operator System Expense	Pending
(390)	Acct. 6220 - Rents Portion of Operator System Expense	Pending
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	Pending
(400)	Acct. 6230 - Benefits Portion of Central Office Expense -Transmission Equipment	Pending
(405)	Acct. 6230 - Rents Portion of Central Office Expense -Transmission Equipment	Pending
(410)	Accts. 6210-6230 - Central Office Expense Total (Sum of Lines 365 + 380 + 395)	Pending
(430)	Acct. 6410 - Cable and Wire Facilities Expense - Total	Pending
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	Pending
(440)	Acct. 6410 - Rents Portion Cable and Wire Facilities Expense	Pending
(445)	Total Plant-Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	Pending
Plant-Nonspecific Expense		
(450)	Acct. 6530 - Network Operations Expense - Total	Pending
(455)	Acct. 6530 - Benefits Portion Network Operations Expense	Pending
Depreciation and Amortization Expenses		
(510)	Acct. 6560 (2210) - Depreciation and Amortization Expense -Central Office Switching Equipment	Pending
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense -Operator System Equipment	Pending
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense -Central Office Transmission Equipment	Pending
(525)	Acct. 6560 (2210-2230) - Depreciation and Amortization Central Office Equipment (Sum of Lines 510 Through 520)	Pending
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense -Cable and Wire Facilities	Pending

Universal Service Fund - High Cost Loop Support
Data Collection Form

SAC: 522452
SA Name: Whidbey Telephone
Region: Western

Data Line	Description	Pending View 2015-1 Amount
Corporate Operating Expenses		
(535)	Acct. 6710 - Executive and Planning Expense - Total	Pending
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	Pending
(550)	Acct. 6720 - General Administrative Expense - Total	Pending
(555)	Acct. 6720 - Benefits Portion -General Administrative Expense	Pending
(565)	Total Corporate Operations Expense (Sum of Lines 535 + 550)	Pending
Other Expenses and Revenues		
(600)	Benefits Portion of All Operating Expenses - Total	Pending
(610)	Rents Portion of All Operating Expenses - Total	Pending
Taxes		
(650)	Acct. 7200 - Operating Taxes	Pending
IV. PART 36 - COST STUDY DATA		
(700)	Acct. 2410 - Cost Study Average Cable and Wire Facilities	Pending
(710)	Cost Study Average Cable and Wire Facilities Cat. 1 - Total Exchange Line C&WF Excluding Wide Band	Pending
V. AMORTIZABLE TANGIBLE ASSETS (Refer to instructions prior to completing this section)		
(800)	Acct. 2680 - Amortizable Tangible Assets	Pending
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	Pending
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	Pending
(815)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	Pending
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	Pending
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expense -Amortizable Tangible Assets	Pending
	Sum of Data Collection Inputs	Pending
VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATION		
VII. RENT REVENUE: OFFSET TO EXPENSE		
(1)	Account 6120 - General Support Expense	Pending
(2)	Account 6210 - Central Office Switching Expense	Pending
(3)	Account 6220 - Central Office Operator Expense	Pending
(4)	Account 6230 - Central Office Transmission Expense	Pending
(5)	Account 6310 - Information Orig/Term Expense	Pending
(6)	Account 6410 - Cable & Wire Facilities Expense	Pending
TOTAL		Pending

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

**July 1, 2015
Whidbey Telephone Company**

I, Bruce Russell, being of lawful age, state that I am Chief Operating Officer of Whidbey 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 in 2014 used and in the coming calendar year will use federal high-cost universal service fund support provided to the Company in the State of Washington only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2014 calendar year, the Company met substantially the applicable service quality standard and consumer protection rules found in WAC 480-123-030(1)(h);

(3) That during the 2014 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 2014 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 1st day of July, 2015, at Langley, Washington

Company: Whidbey Telephone Company

By:  _____

Name: Bruce Russell

Its: Chief Operating Officer