EXHIBIT 3

DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Company finds itself has created a climate of great financial uncertainty. The Company has been working over the past several years to address growing competition and to meet its Federal Communications Commission ("FCC") mandated broadband buildout obligations. The Company has taken steps to increase the availability and attributes of advanced services offered by the Company, including broadband. This has resulted in the Company making additional investments in regulated plant of approximately $438,736 during the period January 1, 2011 through December 31, 2017. It should also be noted that the Company had a balance of $87,557 in Account 2003, Telecommunications Plant Under Construction, at December 31, 2017 for construction projects that will continue to expand its voice and broadband network and provide support infrastructure in the Stehekin exchange. Westgate Communications LLC (dba WeavTel) invested in telecommunications plant in earlier years with loan funding from the Rural Utilities Service (RUS). WeavTel had planned to use high cost support revenues to pay off the majority of its RUS debt. Because some of this support is no longer available or been significantly reduced due to FCC related *Rules* changes and imposed budget constraints (e.g., the FCC's Budget Control Mechanism (BCM) and Pro-Rata adjustment factor), WeavTel needs additional revenue sources to meet its substantial debt obligations to cover the investments that have been made.

The overall financial condition of the Company is detailed on other Exhibits to this Petition. What this information demonstrates is that, when adjusted to eliminate the support from the state Universal Communications Services Program that the Company received or accrued in 2017, the Company's total regulated revenue has increased by 26 percent from 2011 through 2017. However, WeavTel had actually projected higher regulated revenues to meets its RUS debt obligations and continue its plant build out to cover the entire Stehekin exchange. In addition, the Company has looked for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as RUS debt-related payments.

WeavTel has increased its access line counts nearly every year since its inception. But again, due to less than projected high cost support, particularly from interstate sources, the planned plant build out has been significantly slowed. Since 2011, the Company has lost no net access lines. In 2017, WeavTel experienced an increase in access lines of 30 percent, which is significant to the Company. However, this increase in total customer counts of 16 did not substantially increase the Company's revenues and was more than offset by operating expense increases, particularly regulatory reporting and compliance costs. Although WeavTel has not been impacted by the nationwide trend of access line loss, its local customer base is small and rate increases mandated by the FCC's requirement that the Company increase its rates to remain eligible for full federal USF support do impact the communities it serves. Since 2012, the Company has increased its local exchange service rates, as necessary, in order to comply with the national urban rate floor prescribed by the FCC. However, those increases have been insufficient to fully replace the revenues that have been lost because of regulatory changes to federal universal support mechanisms that have occurred since 2011.

As another example, some of the financial uncertainty that the Company faces stems from the USF/ICC Transformation *Order* issued by the FCC.[1] The USF/ICC Transformation Order has built in an automatic decline in the Company's intrastate and interstate access revenues. The intercarrier compensation portion of the USF/ICC Transformation *Order* introduced a concept of a base line year for calculating terminating access and reciprocal compensation revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (from which the level of CAF support is derived) are reduced iteratively by five percent each year. The CAF support reduction began in July 2012. Projecting through the year ending June 30, 2019, including reductions that will occur July 1, 2018, the Company has seen a reduction in support from the base line revenue of approximately $105,770.

On top of all this, during the six-year period ended December 31, 2017, the Company has seen its total federal high cost support undergo a significant reduction, declining from $117,516 in 2011 to $82,731 in 2016.

These factors, among others, have led to the strained financial condition of the Company as reflected in the financial reports that are part of the Petition.

The combination of factors noted above creates a situation in which, without support from the state universal communications services program, the Company may be faced with a choice of increasing rates further or reducing service in order to be able to match expenses to revenues. Neither choice presents a viable path for providing continued high-quality service to customers. The dilemma presented by these choices reflects the risk of rate instability or service interruption or cessation to which the Company is subject.

[1] *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fun,* WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*).