

1  
2  
3  
4  
5  
6 **BEFORE THE WASHINGTON**  
7 **UTILITIES AND TRANSPORTATION COMMISSION**

8 IN RE

9  
10 PETITION OF WESTERN WAHIAKUM  
11 COUNTY TELEPHONE COMPANY, TO  
12 RECEIVE SUPPORT FROM THE STATE  
13 UNIVERSAL COMMUNICATIONS  
14 SERVICES PROGRAM

DOCKET NO.

PETITION FOR SUPPORT

15 COMES NOW Western Wahkiakum County Telephone Company, d/b/a Wahkiakum West  
16 Telephone and d/b/a WWEST Communications (the "Company"), and, pursuant to Chapter 480-  
17 123 of the Washington Administrative Code ("WAC") including, but not limited to, WAC 480-123-  
18 110, hereby petitions the Washington Utilities and Transportation Commission (the "Commission")  
19 to receive support from the State Universal Communications Services Program established in RCW  
20 80.36.650 (the "Program") for the fiscal year ending June 30, 2020.

21 **I. Demonstration of Eligibility under WAC 480-123-100**

- 22  
23 1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC  
24 480-120-021 that serves less than forty thousand access lines within the state.

25 PETITION OF WESTERN WAHIAKUM  
26 COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES  
PROGRAM - 1

- 1 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined  
2 in 47 U.S.C. Sec. 251(h).
- 3 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange  
4 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 5 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus  
6 mandatory extended area service charges, are no lower than the local urban rate floor  
7 established by the Commission as the benchmark rate based on the Federal Communications  
8 Commission's national local urban rate floor pursuant to 47 C.F.R. Sec. 54.318 in effect on  
9 the date of this Petition.<sup>1</sup>
- 10  
11 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an  
12 eligible telecommunications carrier for purposes of receiving federal universal services  
13 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost  
14 Areas with respect to the service area for which the Company is seeking Program support.

15  
16 [continued on page 3]  
17  
18  
19  
20

---

21 <sup>1</sup> On April 15, 2019, the Federal Communications Commission ("FCC") released a Report and Order (FCC  
22 19-32) in its WC Docket No. 10-90, repealing 47 C.F.R. Sec. 54.318 and eliminating the national local urban  
23 rate floor, effective June 6, 2019. The Program was designed with a minimum rate floor component. In light  
24 of the FCC's Order (FCC 19-32), Commission Staff has provided guidance that, for purposes of the  
Program, the local urban rate floor benchmark be considered to have been set at each petitioning company's  
rates for local exchange service, plus mandatory extended area service charges, in effect as of December 31,  
2018.

**II. Demonstration of Eligibility under WAC 480-123-110**

1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications services and is seeking Program support is as follows: Western Wahkiakum County Telephone Company.
2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1. A detailed description of any transactions between the Company and the affiliates named in Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.
3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet Nos. 21 and 21.1 of the Company's Tariff WN U-4.
4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate instability or service interruption or cessation in the absence of support from the Program is attached as Exhibit 3.
5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4, are copies of the Company's balance sheet as of December 31, 2018, and December 31, 2017, and copies of the Company's statements of income and retained earnings or margin for the years ended December 31, 2018 and December 31, 2017.
6. WAC 480-123-110(1)(e)(ii): A copy of the Company's consolidated annual financial statements for the years ended December 31, 2018 and December 31, 2017, are attached as Exhibit 5.

- 1 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of  
2 return on a total Washington unseparated regulated operations basis for each of the two prior  
3 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.
- 4 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on  
5 equity on a total company (regulated and non-regulated) Washington basis for each of the  
6 two prior years, calculated in the manner prescribed by the Commission, is provided in  
7 Exhibit 5.
- 8 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the  
9 statements of income and retained earnings or margin in the same format and detail as is  
10 required to complete RUS Form 479 for the prior two years is presented on Exhibit 6.
- 11 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company officer  
12 with personal knowledge and responsibility certifying that no corporate operations  
13 adjustment to existing high-cost loop and interstate common line support mechanisms  
14 required by the Federal Communications Commission applied to the Company for the two  
15 prior years is attached hereto as Exhibit 7.
- 16 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information  
17 requested by the Commission.
- 18 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company  
19 officer with personal knowledge and responsibility certifying that the Company complies  
20 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to  
21 incumbent local exchange companies is attached as Exhibit 8.
- 22
- 23
- 24

1 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or  
2 on its behalf with the Federal Communications Commission for the calendar year preceding  
3 the current year has already been filed with the Commission. See the Company's filing in  
4 Docket No. UT-190005 filed on or about June 25, 2019.

5  
6 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by  
7 the Company as of December 31, 2018, was 866 all of which were within the geographic  
8 area for which the Company is seeking support. The number of residential local exchange  
9 access lines served by the Company as of December 31, 2017, was 863, all of which were  
10 within the geographic area for which the Company is seeking support.

11 The number of business local exchange access lines served by the Company as of December  
12 31, 2018, was 192, all of which were within the geographic area for which the Company is  
13 seeking support. The number of business local exchange access lines served by the  
14 Company as of December 31, 2017, was 191, all of which were within the geographic area  
15 for which the Company is seeking support.

16  
17 The monthly recurring rate charged by the Company for residential local exchange access  
18 service on December 31, 2018, was \$18.00. The monthly recurring rate charged by the  
19 Company for residential local exchange access service on December 31, 2017, was \$18.00.  
20 The monthly recurring rate charged by the Company for single line business local exchange  
21 access service on December 31, 2018, was \$18.80. The monthly recurring rate charged by  
22 the Company for single line business local exchange access service on December 31, 2017,  
23 was \$18.80. (The Company has other business local exchange service rates, but the  
24

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Company understands that WAC 480-123-110(1)(g) is requesting the single line business local exchange access service rate.)

- 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.
- 16. The amount on Line 4, labeled 2011 ROR Carrier Base Period Revenue, of the CAF ICC Data collection Report for the period 7/1/2019 - 6/30/2020 is \$672,355 and has not changed from the last filing.
- 17. All exhibits attached hereto are incorporated in this Petition as though fully set forth.

Respectfully submitted this 26<sup>th</sup> day of July, 2019.

Western Wahkiakum County Telephone Company  
d/b/a Wahkiakum West Telephone  
d/b/a WWEST COMMUNICATIONS

CERTIFICATION

I, Steven M. Appelo, an officer of the Company that is responsible for the Company's business and financial operations, hereby certify under penalty of perjury that the information and representations set forth in the Petition, above, are accurate and the Company has not knowingly withheld any information required to be provided to the Commission pursuant to the rules governing the Program.

  
By: Steven M. Appelo  
Title: President

PETITION OF WESTERN WAHAKIUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHAKIUM WEST TELEPHONE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES  
PROGRAM - 6

**EXHIBIT 1**

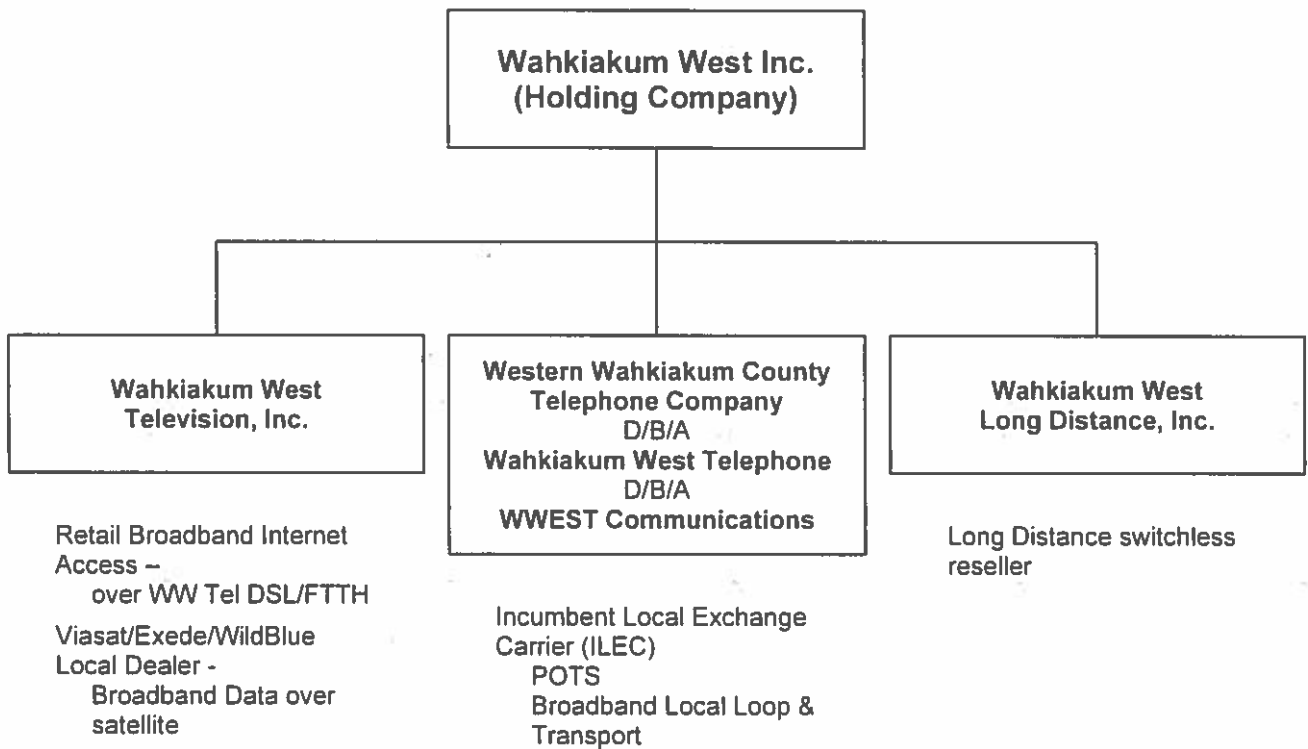
**CORPORATE ORGANIZATONAL CHART**

**PETITION OF WESTERN WAHKIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHKIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 1**

EXHIBIT 1

CORPORATE ORGANIZATION CHART

**Western Wahkiakum County Telephone Company  
Corporate Structure**



PETITION OF WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY, D/B/A WAHIAKUM WEST TELEPHONE AND D/B/A WWEST COMMUNICATIONS, TO RECEIVE SUPPORT FROM THE STATE UNIVERSAL COMMUNICATIONS SERVICES PROGRAM - EXHIBIT 1



**EXHIBIT 2**

**AFFILIATED TRANSACTIONS**

**PETITION OF WESTERN WAHKIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHKIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 2**

## EXHIBIT 2

### AFFILIATED TRANSACTIONS

Western Wahkiakum County Telephone Company ("Wahkiakum West Telephone"), doing business as Wahkiakum West Telephone and as WWEST Communications, is affiliated with Wahkiakum West Long Distance, Inc. ("WWLDI") and Wahkiakum West Television, Inc. ("WWTVI"). All three companies are wholly-owned subsidiaries of Wahkiakum West, Inc. Wahkiakum West Telephone has transactions with each of WWLDI, WWTVI and Wahkiakum West, Inc. that are recorded on Wahkiakum West Telephone's books of account.<sup>1</sup>

#### Wahkiakum West Long Distance, Inc. (WWLDI)

WWLDI is a switchless toll reseller, which purchases toll from various interexchange carriers and resells it to Wahkiakum West Telephone and its end user customers. The toll appears on the monthly telephone statements of end user customers who have chosen WWLDI as their toll provider. Wahkiakum West Telephone provides billing and collection services for WWLDI, for which Wahkiakum West Telephone charges WWLDI the same tariffed (intrastate service) or contracted (Interstate service) rates that Wahkiakum West Telephone charges any other carrier who uses Wahkiakum West Telephone to do their toll billing and collection. Wahkiakum West Telephone purchases the toll billing receivables from WWLDI. The billing and collection charges are collected each month by being netted against the purchase of accounts receivable. Wahkiakum West Telephone also charges Wahkiakum West Long Distance a fully loaded labor rate for any employee time spent on WWLDI's behalf above and beyond what is included in the billing and collection function, such as providing customer service or marketing. The employee time, if any, is tracked via daily time sheets and reimbursed quarterly so that all applicable benefits and payroll taxes are included in the reimbursement. The billing and collection charges are booked by Wahkiakum West Telephone as interstate or intrastate regulated access revenue, as applicable. The reimbursement for loaded labor charges is booked by Wahkiakum West Telephone as a reduction to regulated customer operations expense.

---

<sup>1</sup> Wahkiakum West Telephone also pays per-meeting director's fees to the members of its board of directors for their attendance at board meetings.

As noted above, WWLDI also provides toll service to Wahkiakum West Telephone. Wahkiakum West Telephone pays WWLDI WWLDI's price listed rates for such toll service, and books the amounts so incurred to the applicable expense account.

**Wahkiakum West Television, Inc. (WWTVI)**

WWTVI no longer provides television services, but is a retail Internet service provider with the DBAs of Wahkiakum West Internet, Wahkiakum West, and wwest.net. WWTVI is also a Viasat/Exede/WildBlue Satellite internet service retailer. Wired broadband services are purchased by WWTVI from Wahkiakum West Telephone at the NECA tariffed wholesale rates and sold by WWTVI to end users under the above Wahkiakum West Television, Inc. DBAs. Wahkiakum West Television purchases its satellite services and equipment directly from an independent third-party vendor. WWTVI pays Wahkiakum West Telephone a monthly billing and collection fee based on the number of customers billed each month. WWTVI also pays Wahkiakum West Telephone a fully loaded hourly rate for all other employee time spent on behalf of Wahkiakum West Television and any of its services. Employee time, if any, is tracked via daily time sheets and reimbursed quarterly so that all related employee benefits and taxes are included in the reimbursement. The reimbursement for loaded labor charges is booked by Wahkiakum West Telephone as a reduction to regulated customer operations expense.

WWTVI also provides a small retail computer repair service. Employee time of Wahkiakum West Telephone devoted to this activity, if any, is tracked via daily time sheets and reimbursed quarterly so that all related employee benefits and taxes are included in the reimbursement. The reimbursement for loaded labor charges is booked by Wahkiakum West Telephone as a reduction to regulated customer operations expense. WWTVI also directly purchases all of its own additional supplies and equipment.

**Wahkiakum West, Inc.**

Wahkiakum West, Inc. files a consolidated Federal income tax return that includes Wahkiakum West Telephone. Quarterly income tax payments are made by Wahkiakum West Telephone. Wahkiakum West Inc. and each affiliate reimburse Wahkiakum West Telephone for their respective allocated share of any Federal income tax liability.

From time to time, Wahkiakum West Telephone pays dividends with respect to its issued and outstanding common stock, with such payments being made to Wahkiakum West, Inc.

- Additionally, Wahkiakum West, Inc. has lent funds for construction to Wahkiakum West Telephone. These loans are interest-bearing and are reflected on the books of Wahkiakum West Telephone.

**EXHIBIT 3**

**DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE  
INTERRUPTION OR CESSATION**

**PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 3**

### 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. 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 \$8.9 million during the period January 1, 2011 through December 31, 2018. As a result, the Company has a substantial debt obligation to cover the investment that has 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 (“Program”) that the Company received or accrued in 2018, the Company's total regulated revenue increased by less than two percent (2%) from 2011 through 2018 while during the period January 1, 2011 through December 31, 2018, the Company's net regulated plant increased by \$2,303,758 (from \$5,002,347 to \$7,306,105, or approximately 46%). The Company has looked for ways to lower expenses – for example, by replacing more maintenance-intensive plant with plant requiring less maintenance, but those conversions themselves require a capital investment, with concomitantly increased capital carrying costs. Moreover, much of the Company's operating expenditures are fixed obligations, such as debt-related payments on its construction debt, which payments are expected to total approximately \$270,000 in 2019.

As an example of why state Program support is needed, the Company's receipt of revenue from the traditional Washington intrastate universal service access rate element and related pooling fund were terminated effective July 1, 2014. Since then, the loss of revenues derived from the traditional universal service access rate element has been off-set by revenues received by the Company as a result of its participation in the Program. Using 2012 as a base line, the Company is facing a loss of formerly traditional universal service fund revenues (and more recently Program revenue that was replacing those traditional universal service fund revenues) of approximately \$143,007 per year if its participation in the Program is not renewed.

As another example, some of the financial uncertainty that the Company faces stems from the USF/ICC Transformation Order issued by the Federal Communications Commission.<sup>1</sup> The

---

<sup>1</sup> *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-  
PETITION OF WESTERN WAHAKIUM COUNTY  
TELEPHONE COMPANY, D/B/A/ WAHAKIUM WEST  
TELEPHONE AND D/B/A/ WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE UNIVERSAL  
COMMUNICATIONS SERVICES PROGRAM –  
EXHIBIT 3, PAGE – 1

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 Transformation Order introduces 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, 2020, including reductions that became effective July 1, 2019, the Company has seen a reduction in annual support from the base line revenue of approximately \$226,301.

On top of all this, during the eight-year period ended December 31, 2018, the Company has seen its total federal high cost support decline from \$2,189,682 in 2011 to \$2,094,598 in 2018. Uncompensated reductions in federal high cost support are expected to continue. Among the factors reducing federal high cost support are budget constraints imposed by the Federal Communications Commission ("FCC"), including its pro rata adjustment factor, which applies to federal high cost loop support, its budget control mechanism, which applies to federal high cost loop support and federal broadband loop support, and a transition to a lower rate of return. The first two of these mechanisms are expected to reduce the Company's federal high cost support from what it would have been in the absence of such mechanisms by approximately \$357,000 for 2019, which is an increase of approximately \$40,000 over the amount of such reduction for 2018. It appears likely that these mechanisms, when coupled with the FCC's ongoing transition to a lower rate of return, will continue to erode the Company's federal high cost support.

These factors, among others, have led to the strained financial condition of the Company as reflected in the financial reports that are part of this Petition. To illustrate just one aspect of the strain, as a result of the Company's borrowing from the Federal Finance Bank to finance regulated telecommunications plant additions, the Company is subject to financial covenants that prescribe certain financial ratios that must be satisfied in order for the Company not to be in default under the applicable loan documents. For 2018, and expected for 2019, without support from the state universal communications services program in the amounts received or projected to be received, the Company would have failed, or would fail, to satisfy the prescribed ratios and would thus be in default under its loan documents.

The combination of factors noted above creates a situation in which, without continued 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 have revenues more adequately cover revenue requirement. 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.

---

208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*).

PETITION OF WESTERN WAHAKIUM COUNTY  
TELEPHONE COMPANY, D/B/A/ WAHAKIUM WEST  
TELEPHONE AND D/B/A/ WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE UNIVERSAL  
COMMUNICATIONS SERVICES PROGRAM –  
EXHIBIT 3, PAGE – 2

**EXHIBIT 4**

**STATE USF FILING**

**FINANCIAL TEMPLATE**

**NON-"S CORP" COMPANIES**

**PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM -  
EXHIBIT 4**



**STATE USF FILING  
FINANCIAL TEMPLATE  
NON-"S CORP" COMPANIES**

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)  
Prior Year Balance Sheet

Company Name: (Below)  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

ASSETS	Balance End of Year 2017 (A)	Part 64 Adj to NonReg 2017 (B)	Adj. Balance End of Year 2017 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2017 (A)	Part 64 Adj to NonReg 2017 (B)	Adj. Balance End of Year 2017 (C)
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1 Cash and Equivalents	1,364,992		1,364,992	25. Accounts Payable	149,615		149,615
2 Cash-RUS Construction Fund	285		285	26. Notes Payable	0		0
3 Affiliates				27. Advance Billings and Payments	21,023		21,023
a. Telecom, Accounts Receivable	255,048		255,048	28. Customer Deposits	0		0
b. Other Accounts Receivable	0		0	29. Current Mat. L/T Debt	181,200		181,200
c. Notes Receivable	0		0	30. Current Mat. L/T Debt Rur. Dev.	0		0
4. Non-Affiliates:				31. Current Mat. - Capital Leases	0		0
a. Telecom, Accounts Receivable	0		0	32. Income Taxes Accrued	26,321		26,321
b. Other Accounts Receivable	0		0	33. Other Taxes Accrued	71,060		71,060
c. Notes Receivable	0		0	34. Other Current Liabilities	362,223		362,223
5. Interest and Dividends Receivable	0		0	35. Total Current Liabilities (25 thru 34)	811,442	0	811,442
6. Material-Regulated	265,933		265,933	<b>LONG-TERM DEBT</b>			
7. Material Nonregulated	0		0	36. Funded Debt-RUS Notes	0		0
8. Prepayments	23,766		23,766	37. Funded Debt-RTB Notes	0		0
9. Other Current Assets	0		0	38. Funded Debt-FFB Notes	2,452,033		2,452,033
10. Total Current Assets (1 Thru 9)	1,910,024	0	1,910,024	39. Funded Debt-Other	0		0
				40. Funded Debt-Rural Develop. Loan	0		0
<b>NONCURRENT ASSETS</b>				41. Premium (Discount) on L/T Debt	0		0
11. Investment in Affiliated Companies				42. Recquired Debt	0		0
a. Rural Development	0		0	43. Obligations Under Capital Lease	0		0
b. Nonrural Development	0		0	44. Adv. From Affiliated Companies	0		0
12. Other Investments	0		0	45. Other Long-Term Debt	1,000,000		1,000,000
a. Rural Development	0		0	46. Total Long-Term Debt (36 thru 45)	3,452,033	0	3,452,033
b. Nonrural Development	0		0	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
13. Nonregulated Investments (B1)	260,219	260,219	260,219	47. Other Long-Term Liabilities	0		0
14. Other Noncurrent Assets	493,650		493,650	48. Deferred Income Taxes	1,085,870	669,191	1,755,061
15. Deferred Charges	0		0	49. Other Deferred Credits (D)	0		0
16. Jurisdictional Differences	0		0	50. Other Jurisdictional Differences	0		0
17. Total noncurrent Assets (11 thru 16)	753,869	260,219	753,869	51. Total Other Lab. & Def. Credits (47 thru 50)	669,191	669,191	1,755,061
<b>PLANT, PROPERTY AND EQUIPMENT</b>				<b>EQUITY</b>			
18. Telecom Plant-In-Service	21,441,959	(441,703)	21,000,256	52. Cap. Stock Outstanding & Subscribed	54,171		54,171
19. Property Held for Future Use	61,932		61,932	53. Additional Paid-in-Capital	279,251		279,251
20. Plant Under Construction	0		0	54. Treasury Stock	0		0
21. Plant Adj., Monop Plant & Goodwill	181,484	181,484	181,484	55. Membership and Capital Certificates	0		0
22. Accumulated Depreciation (CR.)	(13,606,760)		(13,425,276)	56. Other Capital	0		0
23. Net Plant (18 thru 21 less 22)	7,897,131	(260,219)	7,636,912	57. Patronage Capital Credits	4,618,038	(669,191)	3,948,847
				58. Retained Earnings or Margins (B2)	(4,951,460)	(669,191)	4,282,269
24. TOTAL ASSETS (10+17+23)	10,300,805	0	10,300,805	59. Total Equity (52 thru 58)	1,085,870	669,191	1,755,061
				60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	10,300,805	0	10,300,805

Footnotes:  
(A) - As reported on RUS Form 479  
(B) - Part 64 adjustments from regulated to nonregulated  
(C) - Adjusted Balance after Part 64

State USF Petition Filing Requirement -WAC 480-123-110(1)(e)  
Current Year Balance Sheet

Company Name (Below)  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

ASSETS	Balance End of Year 2018 (A)	Part 64 Adj to NonReg 2018 (B)	Adj. Balance End of Year 2018 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2018 (A)	Part 64 Adj to NonReg 2018 (B)	Adj. Balance End of Year 2018 (C)
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. Cash and Equivalents	886,804		886,804	25. Accounts Payable	34,718		34,718
2. Cash-RUS Construction Fund	285		285	26. Notes Payable	0		0
3. Affiliates				27. Advance Billings and Payments	21,105		21,105
a. Telecom, Accounts Receivable				28. Customer Deposits	0		0
b. Other Accounts Receivable				29. Current Mat. L/T Debt	0		0
c. Notes Receivable				30. Current Mat. L/T Debt Rural Dev	0		0
4. Non-Affiliates				31. Current Mat. Capital Leases	185,100		185,100
a. Telecom, Accounts Receivable	520,745		520,745	32. Income Taxes Accrued	0		0
b. Other Accounts Receivable				33. Other Taxes Accrued	88,521		88,521
c. Notes Receivable				34. Other Current Liabilities	76,433		76,433
5. Interest and Dividends Receivable				35. Total Current Liabilities (25 thru 34)	182,064		182,064
6. Material-Regulated				<b>LONG-TERM DEBT</b>	587,941	0	587,941
7. Material-Nonregulated	223,445		223,445	36. Funded Debt-RUS Notes	0		0
8. Prepayments	23,873		23,873	37. Funded Debt-RTB Notes	0		0
9. Other Current Assets				38. Funded Debt-FFB Notes	2,245,325		2,245,325
10. Total Current Assets (1 Thru 9)	1,655,152	0	1,655,152	39. Funded Debt-Other	0		0
<b>NONCURRENT ASSETS</b>				40. Funded Debt-Rural Develop. Loan	0		0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt	0		0
a. Rural Development				42. Recquired Debt	0		0
b. Nonrural Development				43. Obligations Under Capital Lease	0		0
12. Other Investments				44. Adv. From Affiliated Companies	0		0
a. Rural Development				45. Other Long-Term Debt	375,000		375,000
b. Nonrural Development				46. Total Long-Term Debt (36 thru 45)	2,620,325	0	2,620,325
13. Nonregulated Investments (B1)				<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
14. Other Noncurrent Assets	338,762	241,416	241,416	47. Other Long-Term Liabilities	1,051,939	616,011	1,667,950
15. Deferred Charges				48. Deferred Income Taxes	0		0
16. Jurisdictional Differences				49. Other Deferred Credits (D)	0		0
17. Total noncurrent Assets (11 thru 16)	338,762	241,416	580,178	50. Other Jurisdictional Differences	0		0
<b>PLANT, PROPERTY AND EQUIPMENT</b>				51. Total Other Liab. & Def. Credits (47 thru 50)	1,051,939	616,011	1,667,950
18. Telecom Plant-in-Service	21,836,730	(452,679)	21,384,051	<b>EQUITY</b>			
19. Property Held for Future Use				52. Cap. Stock Outstanding & Subscribed	54,171		54,171
20. Plant Under Construction	4,356		4,356	53. Additional Paid-in-Capital	279,251		279,251
21. Plant Adj., Nonop Plant & Goodwill				54. Treasury Stock	0		0
22. Accumulated Depreciation (CR.)	(14,534,981)	211,263	(14,323,718)	55. Membership and Capital Certificates	0		0
23. Net Plant (18 thru 21 less 22)	7,306,105	(241,416)	7,064,689	56. Other Capital	0		0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>9,300,019</b>	<b>0</b>	<b>9,300,019</b>	57. Patronage Capital Credits	0		0
				58. Retained Earnings or Margins (B2)	4,706,392	(616,011)	4,090,381
				59. Total Equity (52 thru 58)	5,039,814	(616,011)	4,423,803
				<b>60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)</b>	<b>9,300,019</b>	<b>0</b>	<b>9,300,019</b>

Footnotes:  
(A) - As reported on RUS Form 479  
(B) - Part 64 adjustments from regulated to nonregulated.  
(C) - Adjusted Balance after Part 64  
(B1) - Part 64 offset to nonreg investment  
(B2) - Part 64 offset to retained earnings  
(D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
Prior and Current Year Balance Sheet

Company Name (Below)  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

ASSETS	Adjusted Prior Year Balance 2017	Adjusted Current Year Balance 2018	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2017	Adjusted Current Year Balance 2018
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	1,364,992	886,804	25. Accounts Payable	149,615	34,718
2. Cash-RUS Construction Fund	285	285	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	21,023	21,105
a. Telecom, Accounts Receivable	255,048	0	28. Customer Deposits	0	0
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	181,200	185,100
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	0	0
a. Telecom, Accounts Receivable	0	520,745	32. Income Taxes Accrued	26,321	88,521
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	71,060	76,433
c. Notes Receivable	0	0	34. Other Current Liabilities	362,223	182,064
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	811,442	587,941
6. Material-Regulated	265,933	223,445	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	0	0
8. Prepayments	23,766	23,873	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	2,452,033	2,245,325
10. Total Current Assets (1 Thru 9)	3,930,024	1,655,152	39. Funded Debt-Other	0	0
			40. Funded Debt-Rural Develop. Loan	0	0
<b>NONCURRENT ASSETS</b>			41. Premium (Discount) on L/T Debt	0	0
11. Investment in Affiliated Companies			42. Recquired Debt	0	0
a. Rural Development	0	0	43. Obligations Under Capital Lease	0	0
b. Nonrural Development	0	0	44. Adv. From Affiliated Companies	0	0
12. Other Investments			45. Other Long-Term Debt	1,000,000	375,000
a. Rural Development	0	0	46. Total Long-Term Debt (36-45)	3,452,033	2,620,325
b. Nonrural Development	0	0	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
13. Nonregulated Investments	260,219	241,416	47. Other Long-Term Liabilities	0	0
14. Other Noncurrent Assets	493,650	338,762	48. Deferred Income Taxes	1,755,061	1,667,950
15. Deferred Charges	0	0	49. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	50. Other Jurisdictional Differences	0	0
17. Total noncurrent Assets (11 thru 16)	753,869	580,178	51. Total Other Liab. & Def. Credits (47 thru 50)	1,755,061	1,667,950
			<b>EQUITY</b>		
<b>PLANT, PROPERTY AND EQUIPMENT</b>			52. Cap Stock Outstanding & Subscribed	54,171	54,171
18. Telecom Plant-in-Service	21,000,256	21,384,051	53. Additional Paid-in-Capital	279,251	279,251
19. Property Held for Future Use	0	0	54. Treasury Stock	0	0
20. Plant Under Construction	61,932	4,356	55. Membership and Capital Certificates	0	0
21. Plant Adj., Nonop Plant & Goodwill	0	0	56. Other Capital	0	0
22. Accumulated Depreciation (CR )	(13,425,276)	(14,323,718)	57. Patronage Capital Credits	0	0
23. Net Plant (18 thru 21 less 22)	7,636,912	7,064,689	58. Retained Earnings or Margins	3,948,847	4,090,381
			59. Total Equity (52 thru 58)	4,287,269	4,423,803
24. TOTAL ASSETS (10+17+23)	10,300,805	9,300,019	59. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	10,300,805	9,300,019

Footnote  
Adjusted Balances represents balances after Part 64 adjustments.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior and Current Year Rate Base

Company Name: (Below)  
 WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	B/S Line #	Adj. Balance End of Year 2017	Adj. Balance End of Year 2018	Average Adj End of Year Balance
<b>Average Rate Base:</b>					
1	Total Regulated Adjusted Telecom Plant-In-Service	18	21,000,256	21,384,051	21,192,154
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(13,425,276)	(14,323,718)	(13,874,497)
4	Total Regulated Materials & Supplies	6	265,933	223,445	244,689
5	Deferred Income Taxes (CR) * - Manually input		(1,755,061)	(1,667,950)	(1,711,506)
6	Total Regulated Rate Base		6,085,852	5,615,828	5,850,840

Footnotes:

1. Normal balance of deferred operating income taxes and accumulated depreciation is a credit.
2. Deferred Income Taxes (Line 5) may not equal the Balance Sheet Deferred Income Taxes (Line 48) if the later includes non-operating
3. Adjusted balance includes Part 64 adjustments

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)  
 Prior and Current Year Access Lines

Company Name (Below)  
 WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	Prior Year End of Yr. Balance - 2017	Current Year End of Yr. Balance - 2018	Difference	% Change
Access Lines:					
1	Residential	863	866	3	0.3%
2	Business	191	192	1	0.5%
3	Total	1,054	1,058	4	0.4%

Note If 2017 does not equal last year's petition and template, explain

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
Prior Year Income Statement

Company Name (Below)  
WESTERN WAHAKIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	Prior Year 2017 (A)	Part 64 Adj to NonReg (B)	Prior Year Adjusted 2017 (C)
1	Local Network Services Revenues	254,218		254,218
2	Network Access Services Revenues	3,028,031		3,028,031
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues	22,655		22,655
5	Miscellaneous Revenues	2,258		2,258
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(807)		(807)
7	Net Operating Revenues (1 thru 6)	3,306,355	0	3,306,355
8	Plant Specific Operations Expense	537,486	(4,183)	533,303
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort )	483,810	(1,646)	482,164
10	Depreciation Expense	857,092	(19,867)	837,225
11	Amortization Expense			0
12	Customer Operations Expense	166,837		166,837
13	Corporate Operations	881,060	(7,100)	873,960
14	Total Operations Expenses (8 thru 13)	2,926,285	(32,796)	2,893,489
15	Operating Income or Margins (7 less 14)	380,070	32,796	412,866
16	Other Operating Income and Expenses ( )			0
17	State and Local Taxes	92,933		92,933
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(553,999)	673,118	119,119
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	(461,066)	673,118	212,052
21	Net Operating Income or Margins (15+16-20)	841,136	(640,322)	200,814
22	Interest on Funded Debt	64,468		64,468
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	50,436		50,436
25	Allowance for Funds Used During Construction (Record as a Credit)			0
26	Total Fixed Charges (22+23+24+25)	114,904	0	114,904
27	Nonoperating Net Income	(9,574)		(9,574)
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(14,092)	640,322	626,230
31	Total Net Income or Margins (21+27+28+29+30-26)	702,566	0	702,566
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning of-Year	4,110,472		4,110,472
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)	195,000		195,000
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38))(A2)	4,618,038	0	4,618,038
40	Patronage Capital Beginning of Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	1,303,622		1,303,622
45	Cash Ratio ((14+20-10-11)/7)	0.4864	#DIV/0!	0.6860
46	Operating Accrual Ratio ((14+20+26)/7)	0.7804	#DIV/0!	0.9740
47	TIER ((31+26)/26)	7.1144	#DIV/0!	7.1144
48	DSCR ((31+26+10+11)/44)	1.2845	#DIV/0!	1.2693

Footnotes

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 9, Income Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 58 of Page 2, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Column B, automatic offset to Nonregulated Net Income (No impact to Retained Earnings)
- (C) Adjusted balance after Part 64 adjustments  
Line 18 FIT large Part 64 adjustment is due to adding back in the Excess Deferred FIT per NECA instructions to normalize taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
Current Year Income Statement

Company Name (Below)  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	Current Year 2018 (A)	Part 64 Adj to NonReg (B)	Current Year Adjusted 2018 (C)
1	Local Network Services Revenues	254,289		254,289
2	Network Access Services Revenues	3,416,164		3,416,164
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues	21,001		21,001
5	Miscellaneous Revenues	2,359		2,359
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	70		70
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>3,693,883</b>	<b>0</b>	<b>3,693,883</b>
8	Plant Specific Operations Expense	663,016	(4,656)	658,360
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort )	512,388	(2,715)	509,673
10	Depreciation Expense	957,684	(20,367)	937,317
11	Amortization Expense			0
12	Customer Operations Expense	187,452		187,452
13	Corporate Operations	879,315	(9,849)	869,466
14	<b>Total Operations Expenses (8 thru 13)</b>	<b>3,199,855</b>	<b>(37,587)</b>	<b>3,162,268</b>
15	Operating Income or Margins (7 less 14)	494,028	37,587	531,615
16	Other Operating Income and Expenses ( )			0
17	State and Local Taxes	119,273	426	119,699
18	Federal Income Taxes (A1) - (LINE 15 ZERO IF COMPANY IS S CORP)	56,228	33,931	90,159
19	Other Taxes		(85,709)	(85,709)
20	<b>Total Operating Taxes (17+18+19)</b>	<b>175,501</b>	<b>(51,352)</b>	<b>124,149</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>318,527</b>	<b>88,939</b>	<b>407,466</b>
22	Interest on Funded Debt	75,012		75,012
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	39,000		39,000
25	Allowance for Funds Used During Construction (Record as a Credit)			0
26	<b>Total Fixed Charges (22+23+24+25)</b>	<b>114,012</b>	<b>0</b>	<b>114,012</b>
27	Nonoperating Net Income	14,664		14,664
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(20,825)	(88,939)	(109,764)
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>198,354</b>	<b>0</b>	<b>198,354</b>
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	4,618,038		4,618,038
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)	110,000		110,000
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	<b>Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38))(A2)</b>	<b>4,706,392</b>	<b>0</b>	<b>4,706,392</b>
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	941,820		941,820
45	Cash Ratio ((14+20-10-11)/7)	0.6545	#DIV/0!	0.6359
46	Operating Accrual Ratio ((14+20+26)/7)	0.9446	#DIV/0!	0.9206
47	TIER ((31+26)/26)	2.7398	#DIV/0!	2.7398
48	DSCR ((31+26+10+11)/44)	1.3485	#DIV/0!	1.3269

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 9. Income Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 58 of Page 3. Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Column B, automatic offset to Nonregulated Net Income (No Impact to Retained Earnings)
- (C) Adjusted balance after Part 64 adjustments  
Ln 18, column C total is Operating FIT  
Ln 19, column B includes amortized Excess Deferred FIT expense  
Ln 19, column C is Operating Deferred FIT



State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
Prior and Current Year Income Statement

Company Name  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	Adjusted Prior Year 2017	Adjusted Current Year 2018
1	Local Network Services Revenues	254,218	254,289
2	Network Access Services Revenues	3,028,031	3,416,164
3	Long Distance Network Services Revenues	0	0
4	Carrier Billing and Collection Revenues	22,655	21,001
5	Miscellaneous Revenues	2,258	2,359
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(807)	70
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>3,306,355</b>	<b>3,693,883</b>
8	Plant Specific Operations Expense	533,303	658,360
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort )	482,164	509,673
10	Depreciation Expense	837,225	937,317
11	Amortization Expense	0	0
12	Customer Operations Expense	166,837	187,452
13	Corporate Operations	873,960	869,466
14	<b>Total Operations Expenses (8 thru 13)</b>	<b>2,893,489</b>	<b>3,162,268</b>
15	Operating Income or Margins (7 less 14)	412,866	531,615
16	Other Operating Income and Expenses ( )	0	0
17	State and Local Taxes	92,933	119,699
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	119,119	90,159
19	Other Taxes	0	(85,709)
20	<b>Total Operating Taxes (17+18+19)</b>	<b>212,052</b>	<b>124,149</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>200,814</b>	<b>407,466</b>
22	Interest on Funded Debt	64,468	75,012
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	50,436	39,000
25	Allowance for Funds Used During Construction (Record as a Credit)	0	0
26	<b>Total Fixed Charges (22+23+24+25)</b>	<b>114,904</b>	<b>114,012</b>
27	Nonoperating Net Income	(9,574)	14,664
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	626,230	(109,764)
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>702,566</b>	<b>198,354</b>
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	4,110,472	4,618,038
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	195,000	110,000
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	<b>Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))</b>	<b>4,618,038</b>	<b>4,706,392</b>
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	1,303,622	941,820
45	Cash Ratio ((14+20-10-11)/7)	0.6860	0.6359
46	Operating Accrual Ratio ((14+20+26)/7)	0.9740	0.9206
47	TIER ((31+26)/26)	7.1144	2.7398
48	DSCR ((31+26+10+11)/44)	1.27	1.3269

Footnote  
(A1) S Corporation Effective Tax Rate (2 decimal places)  
Note  
Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated)

2017 2018

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior and Current Year Access Revenue Detail

Company Name: (Below)  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	Part 32 Account	Prior Year 2017	Current Year 2018
1	End User Revenue (SLC, ARC, etc.)	5081	163,345	162,006
2	Switched Access (excluding USF):	5082	49,646	43,716
2a	Intrastate		295,835	517,270
2b	Interstate (includes CAF)			
3	Special Access:	5083		
3a	Intrastate		23,746	23,798
3b	Interstate		199,265	241,301
4	Federal USF (except CAF and ACAM/BLS)	Varies	1,085,400	1,211,602
5	Federal USF (ACAM or BLS)	Varies	891,861	882,996
6	State USF	Varies	318,933	333,475
7	Other*			
8	Total (must equal line 2 of Income Stmt )		3,028,031	3,416,164
9	line 2 of Income Stmt		3,028,031	3,416,164
10	Difference		0	0

Footnote:

\* - if > than 5% of Access revenue total, provide description below.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Out-of-Period and Pro Forma Adjustments

Company Name: (Below)  
 WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Pro Forma (PF) Adjustment for Current Year Petition or Reversing from Prior Year	Year	OOP or PF?	Part 32 Account		
			Debit	Credit	
Adjustment #1 BCM Refund July-Dec 2018 received in 2019 - Add to Network Access Revenues Tax of 21% on BCM Refund Accrued estimated BCM Refund of \$124,795 on 2018 Books, Actual was \$126,072	2018 PF 2018 PF		\$ 268	\$ 1,277	\$ 1,009 Net Adj
Adjustment #2 BCM Refund July-Dec 2017 received in 2018 - Remove from Network Access Rev Tax of 21% on BCM Refund	2017 PF 2017 PF		\$ 109,768	\$ 23,051	\$ (86,717) Net Adj
Adjustment #3					
Adjustment #4					
Adjustment #5					
			\$ 110,036	\$ 24,328	\$ (85,708)

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Rate of Return and Consolidated Return on Equity

Company Name: (Below)  
WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Line #	Description	Company 2018 (A)	Staff 2018 (B)
1	Rate Base (Jan 1)	6,085,852	6,085,852
2	Rate Base (Dec 31)	5,615,828	5,615,828
3	Average Rate Base	5,850,840	5,850,840
4	Net Operating Income	407,466	407,466
5	Out-of-Period Adjustments Net of FIT	(85,708)	
6	Adjusted Net Operating Income	321,758	407,466
7	Earned Regulated Rate of Return	5.50%	6.96%

Footnotes

- (A) Column A to be completed by Company.
- (B) Column B should equal Column A, but may include any Staff Adjustments



**CONFIDENTIAL PER WAC 480-07-160**

**EXHIBIT 5**

**FINANCIAL STATEMENTS**

**PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 5**

**CONFIDENTIAL PER WAC 480-07-160**

**EXHIBIT 5**

**FINANCIAL STATEMENTS**

PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 4.1

**REDACTED**

State USF Petition Filing Requirement - WAC 480-123-110(e)  
 Prior and Current Year Broadband and Gross Capital Expenditures

CONFIDENTIAL PER 480-07-160

Exhibit 4.1 - Statistics

Company Name: (Below)

WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY

Description	Prior Year	Current Year	Difference	% Change
	End of Yr. Balance - 2017	End of Yr. Balance - 2018		
<b>Broadband Connections:</b>				
Residential				
Business				
<b>Total</b>				
<b>Gross Regulated Capital Expenditures**:</b>	2017	2018	Difference	% Change
<b>Total Annual Amount</b>				

REDACTED

PETITION OF WESTERN WAHIAKUM  
 COUNTY TELEPHONE COMPANY, D/B/A  
 WAHIAKUM WEST TELEPHONE AND  
 D/B/A WWEST COMMUNICATIONS,  
 TO RECEIVE SUPPORT FROM THE STATE  
 UNIVERSAL COMMUNICATIONS SERVICES  
 PROGRAM -  
 EXHIBIT 4.1



**CONFIDENTIAL PER WAC 480-07-160**

**EXHIBIT 5**

**FINANCIAL STATEMENTS**

**REDACTED**

**PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 5**

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of  
Wahkiakum West, Inc.)

Audited Financial Statements

December 31, 2018 and 2017

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

Audited Financial Statements

December 31, 2018 and 2017

**INDEPENDENT AUDITOR'S REPORT** ..... 1-2

**AUDITED FINANCIAL STATEMENTS**

Balance Sheets ..... 3-4

Statements of Income ..... 5

Statements of Stockholder's Equity ..... 6

Statements of Cash Flows ..... 7-8

Notes to Financial Statements ..... 9-20



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

## Independent Auditor's Report

Board of Directors  
Western Wahkiakum County Telephone Company  
Rosburg, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Western Wahkiakum County Telephone Company (a wholly-owned subsidiary of Wahkiakum West, Inc.) (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of income, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

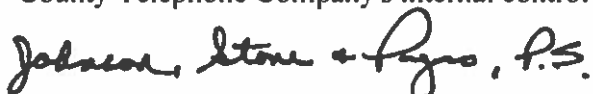
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2019 on our consideration of Western Wahkiakum County Telephone Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Western Wahkiakum County Telephone Company's internal control over financial reporting and compliance.



JOHNSON, STONE & PAGANO, P.S.

March 12, 2019

**AUDITED FINANCIAL STATEMENTS**

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**BALANCE SHEETS**

December 31, 2018 and 2017

	2018	2017
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash		
Cash - construction fund		
Telecommunications accounts receivable		
Materials and supplies - at average cost		
Prepaid expenses		
<b>Total Current Assets</b>		
<b>DUE FROM AFFILIATED COMPANIES</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Telecommunications plant in service		
Less allowances for depreciation		
Telecommunications plant under construction		
<b>Total Telecommunications Plant</b>		
<b>TOTAL ASSETS</b>		

PETITION OF WESTERN WAHIAKUM COUNTY TELEPHONE  
COMPANY TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES PROGRAM -  
EXHIBIT 5, PAGE - 6

**REDACTED**

The accompanying notes are an integral part of these financial statements.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

BALANCE SHEETS (Continued)

December 31, 2018 and 2017

	2018	2017
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable		
Advanced billings and payments		
Taxes, other than income taxes		
Other current liabilities		
Deferred revenue		
Dividend payable		
Federal income taxes payable		
Installments on long-term debt due within one year		
<b>Total Current Liabilities</b>		
<b>LONG-TERM DEBT</b> , less portion classified as current liability		
<b>DEFERRED FEDERAL INCOME TAXES</b>		
<b>Total Liabilities</b>		
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, par value \$1 per share		
Authorized - [REDACTED] shares		
Issued and outstanding - [REDACTED] shares		
Additional paid-in capital		
Retained earnings		
<b>Total Stockholder's Equity</b>		
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>		

PETITION OF WESTERN WAHIAKUM COUNTY TELEPHONE  
COMPANY TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES PROGRAM -  
EXHIBIT 5, PAGE - 7

**REDACTED**

The accompanying notes are an integral part of these financial statements.



Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHAKIYAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**STATEMENTS OF INCOME**

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Local network service revenues		
Network access service revenues		
Miscellaneous revenues		
Uncollectible revenues (deduction)		
<b>Total Operating Revenues</b>		
<b>OPERATING EXPENSES</b>		
Plant specific operations		
Plant nonspecific operations		
Depreciation		
Customer operations		
Corporate operations		
<b>Total Operating Expenses</b>		
<b>OPERATING TAXES (BENEFITS)</b>		
Taxes, other than income		
Federal income tax (benefit)		
<b>Total Operating Taxes (Benefits)</b>		
<b>Net Operating Income</b>		
<b>FIXED CHARGES</b>		
Interest on FFB notes		
Interest on related party notes		
<b>Total Fixed Charges</b>		
<b>OTHER INCOME (EXPENSE)</b>		
Interest income		
Miscellaneous expense		
Nonregulated expense - net		
Nonoperating federal income tax benefits		
<b>Total Other Expense</b>		
<b>NET INCOME</b>		

PETITION OF WESTERN WAHAKIYAKUM COUNTY TELEPHONE  
COMPANY TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES PROGRAM -  
EXHIBIT 5, PAGE - 8



**REDACTED**

The accompanying notes are an integral part of these financial statements.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHAKIUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**STATEMENTS OF STOCKHOLDER'S EQUITY**

Years Ended December 31, 2018 and 2017

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>BALANCE AT DECEMBER 31, 2016</b>				
Dividends declared				
Net income				
<b>BALANCE AT DECEMBER 31, 2017</b>				
Dividends paid				
Net income				
<b>BALANCE AT DECEMBER 31, 2018</b>				

PETITION OF WESTERN WAHAKIUM COUNTY TELEPHONE  
COMPANY TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES PROGRAM -  
EXHIBIT 5, PAGE - 9

**REDACTED**

The accompanying notes are an integral part of these financial statements.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of telecommunications plant		
Deferred federal income taxes		
Net change in operating assets and liabilities		
<b>Net Cash Provided by Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Extension and replacement of telecommunications plant		
Net increase in due from affiliated companies		
<b>Net Cash Used by Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt		
Dividends paid		
<b>Net Cash Used by Financing Activities</b>		
<b>NET DECREASE IN CASH</b>		
<b>Cash at Beginning of Year</b>		
<b>CASH AT END OF YEAR</b>		
<b>COMPONENTS OF CASH AT END OF YEAR</b>		
Cash		
Cash - construction fund		



**REDACTED**

PETITION OF WESTERN WAHIAKUM COUNTY TELEPHONE  
COMPANY TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES PROGRAM -  
EXHIBIT 5, PAGE - 10

The accompanying notes are an integral part of these financial statements.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**STATEMENTS OF CASH FLOWS (Continued)**

Years Ended December 31, 2018 and 2017

	2018	2017
<b>COMPONENTS OF NET CHANGE IN OPERATING ASSETS AND LIABILITIES</b>		
(Increase) decrease in assets		
Telecommunications accounts receivable		
Materials and supplies		
Prepaid expenses		
Increase (decrease) in liabilities		
Accounts payable		
Advanced billings and payments		
Taxes, other than income taxes		
Other current liabilities		
Deferred revenue		
Federal income taxes payable		
<b>Net Change in Operating Assets and Liabilities</b>		

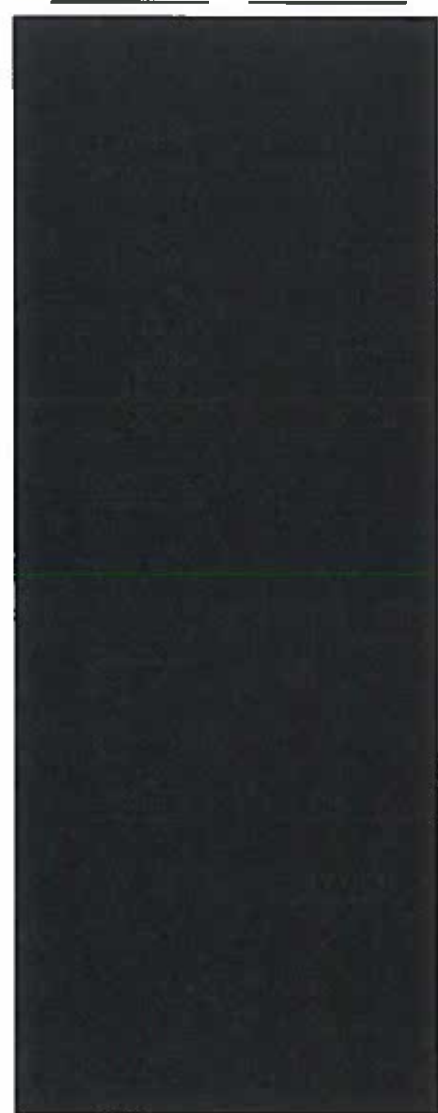
**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid for interest

**SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING TRANSACTIONS**

Noncash transfer of federal income taxes, due from affiliated companies

Dividend declared



PETITION OF WESTERN WAHIAKUM COUNTY TELEPHONE COMPANY TO RECEIVE SUPPORT FROM THE STATE UNIVERSAL COMMUNICATIONS SERVICES PROGRAM - EXHIBIT 5, PAGE - 11

**REDACTED**

The accompanying notes are an integral part of these financial statements.

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

***Organization***

Western Wahkiakum County Telephone Company (the "Company") is a wholly-owned subsidiary of Wahkiakum West, Inc.

***Telephone Industry***

The Company is a local exchange telecommunications company providing local exchange, network access, broadband access and other telecommunications services to customers in Pacific and Wahkiakum Counties in southwestern Washington.

The Company is a small rate-of-return carrier operating in the state of Washington. The Federal Communications Commission ("FCC") Report and Order and Further Notice of Proposed Rulemaking ("FCC 11-161"), and Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking ("FCC 16-33"), have reformed the universal service and intercarrier compensation systems. These reforms have modified the manner in which the Company recovers its telecommunications revenue requirements.

***Regulation***

The Company is subject to the accounting rules and rate regulation policies of the Washington Utilities and Transportation Commission ("WUTC") and adheres to the FCC Uniform System of Accounts for a Class B telephone company as prescribed by the FCC under Part 32.

***Cash***

For purposes of the statements of cash flows, the Company considers cash to be cash on hand, in checking accounts, in money market accounts of a broker-dealer and cash restricted for plant construction purposes.

***Accounting for Long-lived Assets***

The Company periodically reviews its long-lived assets, such as property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. At December 31, 2018 and 2017, management has determined that there were no material impairment charges to be recorded as of those dates.

PETITION OF WESTERN WAHKIAKUM COUNTY TELEPHONE  
COMPANY TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES PROGRAM -  
EXHIBIT 5, PAGE - 12

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Telecommunications Plant***

Telecommunications plant is stated at cost and is depreciated on a straight-line basis for accounting purposes. Lives used for calculating depreciation are in accordance with the rules of the WUTC and are based on the estimated economic useful lives of the assets.

***Telecommunications Plant Retirements***

When an asset is retired or otherwise disposed of, the cost of the asset is removed from the asset account and charged to the related allowance for depreciation. Similarly, the cost of removal and salvage proceeds are charged or credited to the allowance for depreciation. Consequently, no gain or loss upon disposition is recognized.

***Revenue Recognition, Major Customers and Services***

Services provided by the Company include local network, network access services and broadband access services. In the normal course of the Company's business, certain long distance network and network access service revenues are subject to out-of-period adjustments. Such adjustments are normal occurrences and are recorded by the Company during the year in which they become determinable.

Network access service revenues, which represent a major portion of the Company's operating revenues, are derived from the provision of exchange access services to interexchange carriers or to an end user of telecommunication services.

Revenues for certain interstate access services are currently received through tariffed access charges filed by the National Exchange Carrier Association ("NECA") with the FCC on behalf of the NECA member companies. These access charges are currently billed by the Company to interstate interexchange carriers and pooled with like-revenues from all NECA member companies. The pooled access charge revenues received by the Company are currently based upon the actual cost of providing interstate access services, plus a return on the investment dedicated to providing these services. Pooled access charge revenues are estimated at December 31 each year and are subject to adjustment. Such adjustments are normal occurrences and are recorded by the Company during the year in which they occur.

The FCC 11-161 modified and replaced the existing universal system and intercarrier compensation systems with universal service reform and intercarrier compensation reform. A Connect America Fund ("CAF") has been established to replace all existing high-cost support mechanisms and set broadband service requirements. Alongside the broadband service rules, reforms to establish a framework to limit reimbursements for excessive capital and operating expenses were implemented as of July 1, 2012, and phase-outs of certain support payments occurred. Intercarrier compensation reform adopts a uniform bill-and-keep framework as the

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Revenue Recognition, Major Customers and Services (Continued)***

ultimate end-state for all telecommunications traffic exchanged with the Company. Inter-carrier compensation rates are capped and the disparity between intrastate and interstate terminating end office rates are being brought to parity in two steps as outlined in FCC 11-161. The state's public utilities commissions will be overseeing the modifications to rates in intrastate tariffs. Limits on carriers' total eligible recovery will reflect existing downward trends on inter-carrier compensation revenues with declining switching costs and minutes of use.

In July 2015, the FCC froze the National Average Cost per Loop ("NACPL") that serves as the threshold for support calculations of the High Cost Loop Support ("HCLS") revenues in order to satisfy the annual funding cap established in 2015. The actual NACPL compared to the frozen NACPL is just one factor that impacts the Company's HCLS revenues negatively. In 2016, due to continued efforts to meet the overall HCLS funding cap, a pro rata adjustment factor was established. This pro rata adjustment factor is multiplied by the Company's initial HCLS funding amount, causing a significant reduction in revenues of approximately \$317,000 and \$265,000 for 2018 and 2017, respectively.

In September 2016, the FCC implemented a budget control mechanism ("BCM") for rate-of-return telecommunication carriers designed to ensure that federal support disbursements remain within the specified budget of \$2 billion. This BCM further reduces HCLS and Connect American Fund Broadband Loop Support ("CAFBS") funding for the Company by approximately \$170,000 in 2017, of which approximately \$110,000 was refunded in 2018.

Per the FCC Order 18-29, the BCM was refunded for the period of July 2017 to June 2018 and later per FCC Order 18-176 additional BCM amounts are to be refunded for the period of July to December 2018 and the BCM is to be eliminated for the period of January to June 2019. The BCM has been restructured and simplified by the FCC and will be reinstated in July 2019.

Other methods to limit the budget are the new operating expense limitation and capital expenditure allowance calculations, none of which impacted the Company.

As part of FCC 16-33 Universal Service Reform ("USF") order, rate-of-return telecommunication carriers were given an option of remaining on a legacy support mechanism that includes broadband data only service funding or electing a model-based support funding mechanism with an emphasis on broadband obligation deployment to begin implementation February 1, 2017. The Company remains with the legacy support option.

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

*Revenue Recognition, Major Customers and Services (Continued)*

The established rate of return of 11.25% used for interstate pooled settlements and other interstate revenue requirements are to be transitioned over six years to 9.75% by July 2021 by a rate of return reduction of .25% each July per FCC order. As of July 2018 and 2017, the rate-of-return was reduced to 10.5% and 10.75%, respectively.

The Company continues to review the reforms and modifications to the support that the Company receives, and understands that those reforms and modifications could have an adverse effect on the Company's revenues and cash flow. Revenue impacts are subject to change based upon future data collections and further clarification from the FCC.

Revenues for intrastate access services are received through tariffed access charges filed by the Company at the WUTC. Once filed, the tariffed access charges become effective if specifically approved by the WUTC or allowed to become effective by operation of law. The intrastate switched access charges are billed by the Company to intrastate interexchange carriers. Intrastate special access charges are also billed to intrastate interexchange carriers that order such services and, in some cases, to retail customers that order special access services.

The WUTC implemented a state universal communications service program ("State USF Program") and also replaced the cumulative reduction in support the Company received from the federal CAF. The State USF Program began January 2015 and subsequent annual disbursements comprised of the terminated universal service support pool ("Traditional USF") and the disbursement of the cumulative CAF deficit support are scheduled to occur in January of the following State USF Program years, assuming the Company continues to be eligible under the program. The State USF Program year runs from July 1 to June 30. In 2018, the Company received \$345,831 from the State USF Program for the period July 1, 2018 to June 30, 2019, and recorded deferred revenue of \$172,915 for the unearned portion. In 2017, the Company received \$321,119 from the State USF Program for the period July 1, 2017 to June 30, 2018, and recorded deferred revenue of \$160,560 for the unearned portion. The State USF Program is scheduled to last for five program years and will expire June 30, 2019 unless extended by the state.

For certain services that the Company provides to its customers, the Company relies upon services and facilities supplied to it by other companies. Any material disruption of the services or facilities supplied to the Company by other companies could potentially have an adverse effect upon the Company's operating results.



Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHAKIYAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

***Federal Income Taxes***

The Company provides federal income taxes for the effects of transactions reported in the financial statements and consists of taxes currently due and deferred income taxes. The Company files a consolidated federal income tax return with Wahkiakum West, Inc. and affiliated subsidiaries. The consolidated tax liability of the affiliated group is allocated based upon each company's contributions to consolidated taxable income.

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance, if any, is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

***Advertising Costs***

Costs incurred for advertising are expensed as incurred. Advertising expense for the years ended December 31, 2018 and 2017 was [REDACTED] and [REDACTED], respectively.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements.

***Subsequent Events***

The management of the Company evaluated for subsequent events and transactions for potential recognition and disclosure through March 12, 2019, the date the financial statements were available to be issued.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

The Company maintains cash balances at two financial institutions in southwestern Washington State, insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company periodically maintains cash balances in excess of the federally insured limits. At December 31, 2018, the Company's cash balances exceeded the insured amount by [REDACTED].

The Company's accounts receivable are subject to potential credit risk as they are concentrated in and around Naselle and Grays River, Washington and are unsecured.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

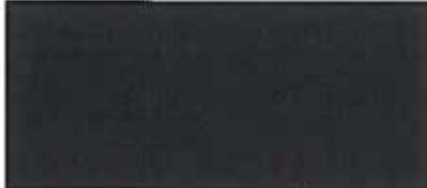
**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 3 - TELECOMMUNICATIONS ACCOUNTS RECEIVABLE**

The telecommunications accounts receivable balance at December 31, 2018 and 2017 consists of:

	<u>2018</u>	<u>2017</u>
Due from customers and agents		
Due from exchange carriers and exchange carrier associations		
Total		

The Company extends credit to its business and residential customers based upon a written credit policy. Service interruption is the primary vehicle for controlling losses. Telecommunications accounts receivable are recorded when subscriber bills, carrier access bills and exchange carrier associations settlement statements are rendered. Certain exchange carrier associations' settlements are subject to out-of-period adjustments and are recorded during the year in which they become determinable. Telecommunications accounts receivable are written off when they are determined to be uncollectible. The Company believes no allowance for doubtful accounts is necessary at December 31, 2018 and 2017.

As of December 31, 2018, none of the accounts receivable were outstanding ninety days or more after the date of invoice on which they were first billed.

**NOTE 4 - TELECOMMUNICATIONS PLANT IN SERVICE AND DEPRECIATION**

Telecommunications plant in service is stated at cost. Listed below are the major classes of the telecommunications plant as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
General support facilities		
Central office equipment		
Cable and wire facilities		
Intangibles		
Total		

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 4 - TELECOMMUNICATIONS PLANT IN SERVICE AND DEPRECIATION**  
(Continued)

Provision has been made for depreciation of the major classes of the telecommunications plant at straight-line rates as follows:

General support facilities	
Buildings	
Furniture and office equipment	
Vehicles and other work equipment	
Central office equipment	
Cable and wire facilities	
Intangible assets	








**Depreciation Expense**

The provision for depreciation on telecommunications plant in service is as follows:

	<u>2018</u>	<u>2017</u>
Telecommunications plant		

**NOTE 5 - LONG-TERM DEBT**

Long-term debt consists of the following:

	Current Annual Installments of Principal	<u>Principal Amount</u> <u>2018</u>	<u>2017</u>
Federal Financing Bank ("FFB") - Supplemental Mortgage Notes			
 - due January 2033			
 - due January 2033			
 - due January 2033			
 - due January 2033			
 - due January 2033			
 - due January 2033			
 - due January 2033			

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 5 - LONG-TERM DEBT (Continued)**

	Current Annual Installments of Principal	<u>Principal Amount</u>	
		<u>2018</u>	<u>2017</u>
██████████ - due January 2033			
██████████ - due January 2033			
██████████ - due January 2033			
Advance payments unapplied, net			
Wahkiakum West, Inc.			
Notes payable at ██████; interest only payments required; due September 2021			
Less principal installments of long-term debt due within one year			

At December 31, 2018, maturities on long-term debt for the next five years and thereafter are as follows:

2019	
2020	
2021	
2022	
2023	
Thereafter	

Substantially all of the Company's telecommunications plant now owned and hereafter acquired is subject to first and supplemental mortgage agreements executed to the FFB. The terms of the mortgage agreements restrict distributions to the stockholder, redemptions of capital stock and investments in affiliated companies. Allowable distributions are based on minimum net worth requirements defined in the agreements.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 5 - LONG-TERM DEBT (Continued)**

Pursuant to the FFB Loan Agreement dated June 10, 2011, Section 5.12, TIER Requirement, the Company "will endeavor, but not be required, to maintain a TIER of at least 1.5." At December 31, 2018, the Company exceeded the TIER required.

The advance payments unapplied - net, represents voluntary unscheduled payments by the Company in excess of amounts due and payable under the Cushion of Credits Payments Program noted in the Rural Electrification Act. The cushion of credit is intended to enable the Company to deposit funds and have those funds available to make scheduled debt payments or installments. If the Company made less than or no payment when their debt payment was due, the cushion of credit would automatically add to or make the Company's debt payment systematically for the Company. By law, cushion of credit accounts earn [REDACTED] interest annually, accrued daily and recorded quarterly. In 2018, the Company added [REDACTED] to its cushion of credit, which is attributed to interest earned. In 2017, the Company added [REDACTED] to its cushion of credit, of which [REDACTED] is attributed to interest earned.

During 2014, the Company borrowed [REDACTED] from the parent company, Wahkiakum West, Inc., which consisted of two [REDACTED] notes. The notes are due in full in September 2021 and require quarterly interest-only payments. The Company paid [REDACTED] of principal in 2018 and [REDACTED] of principal to retire one of the notes in 2017. In 2018 and 2017, the Company paid [REDACTED] and [REDACTED] in interest on these notes, respectively.

**NOTE 6 - FEDERAL INCOME TAXES**

The Company recognizes deferred federal income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent future federal income tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate to the depreciable assets' lives and methods of calculating depreciation and the deduction for the accrual of compensated time off for financial reporting and income tax reporting.

The tax effects of temporary differences that give rise to significant portions of deferred tax liabilities (assets) consist of the following:

	<u>2018</u>	<u>2017</u>
Telecommunications plant		
Accrued compensated time off		



Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHKIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 6 - FEDERAL INCOME TAXES (Continued)**

The provision for federal income tax expense (benefit) is allocated between operating and nonoperating income as follows:

	<u>2018</u>	<u>2017</u>
Operating federal income taxes		
Current		
Deferred tax benefit		
Nonoperating federal income taxes		
Current benefits		

Components of provision for federal income tax expense (benefit) are as follows:

	<u>2018</u>	<u>2017</u>
Current		
Deferred tax benefit		

On December 19, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted, which includes many significant changes to the then existing tax code. Among the changes included in the Act, corporate tax rates will be set at 21% for periods beginning January 1, 2018, which represents a significant decrease from the 34% current effective tax rate for the year ended December 31, 2017. Under accounting principles generally accepted in the United States of America, the Company is required to recognize changes in tax laws and rates on deferred tax assets and liabilities in the period in which the new legislation is enacted through current deferred tax expense from operations. As such, deferred tax assets and liabilities were remeasured at December 31, 2017 using the newly effective tax rate, which is the rate expected to be in effect when the deferred assets and liabilities are expected to reverse. Had deferred tax liabilities been measured using the effective tax rate of 34%, deferred tax liabilities would have increased [REDACTED] for 2017. As such, deferred income tax benefit of [REDACTED] had been reported in the accompanying statements of income for the year ended December 31, 2017. Due to the remeasurement of deferred tax liabilities using the enacted rate of 21%, deferred tax liabilities decreased [REDACTED] in 2017.

**NOTE 7 - LEASES**

Future lease commitments are not material; total rental and lease expense for the years ended December 31, 2018 and 2017 is less than 1% of revenues.

Shaded Information is Designated as  
Confidential per WAC 480-07-160

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHAKIYAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 8 - PENSION PLAN**

The Company has adopted a 401(k) profit sharing plan. Employees become eligible to participate in the plan upon reaching age 21 and having one year of service. Each plan year, employees are allowed to defer [REDACTED] of their compensation or the maximum as established by Internal Revenue Service regulations. Employees may also make voluntary after-tax contributions to the profit sharing plan each year. The Company has a matching provision as defined in the plan for the deferred employee compensation amounts. The plan also allows the Company to make discretionary profit sharing contributions to the plan each year, subject to limitations provided by the plan and Internal Revenue Service rules and regulations. For the years ended December 31, 2018 and 2017, the Company's discretionary profit sharing contributions amounted to [REDACTED] and [REDACTED], respectively.

**NOTE 9 - RELATED PARTY TRANSACTIONS**

The Company is affiliated with Wahkiakum West Television, Inc. and Wahkiakum West Long Distance, Inc. through common ownership by Wahkiakum West, Inc.

	<u>Wahkiakum West, Inc.</u>	<u>Wahkiakum West Television, Inc.</u>	<u>Wahkiakum West Long Distance, Inc.</u>	<u>Total Due From Affiliated Companies</u>
Balance at December 31, 2016	[REDACTED]			
Advances to affiliates				
Transfer of federal income taxes				
Revenues billed on behalf of the affiliated company				
Telecommunications services provided				
Repayment of advances				
Balance at December 31, 2017				
Advances to affiliates				
Transfer of federal income taxes				
Revenues billed on behalf of the affiliated company				
Telecommunications services provided				
Repayment of advances				
Balance at December 31, 2018	[REDACTED]			

See Note 5, long-term debt for a description of the long-term notes payable due to Wahkiakum West, Inc.

**WASHINGTON 535 DEEP RIVER  
WESTERN WAHIAKUM COUNTY  
TELEPHONE COMPANY**  
(A Wholly-Owned Subsidiary of Wahkiakum West, Inc.)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

**NOTE 10 - CONTINGENCIES**

As noted in Note 1, the FCC established a pro rata expense adjustment factor that is calculated against the actual HCLS distribution to all of the independent telephone companies that receive HCLS funding in order to meet the overall HCLS funding cap. The 2019 estimated pro rata expense adjustment factor is currently approximately 78% and this will cause a significant reduction of approximately \$349,000 to the Company's 2019 HCLS revenues.



12:02 PM  
07/18/19  
Accrual Basis

**WAHKIAKUM WEST, INC.**  
**Summary Balance Sheet**  
As of December 31, 2018

	<u>Dec 31, 18</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]



11:58 AM  
07/18/19  
Cash Basis

**WAHKIAKUM WEST LONG DISTANCE, INC**  
**Summary Balance Sheet**  
As of December 31, 2018

	<u>Dec 31, 18</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]

11:59 AM  
07/18/19  
Cash Basis

WAHKIAKUM WEST LONG DISTANCE, INC  
Profit & Loss  
January through December 2018

	<u>Jan - Dec 18</u>
<b>Income</b>	
[REDACTED]	[REDACTED]
<b>Total Income</b>	[REDACTED]
<b>Expense</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>Total Expense</b>	[REDACTED]
<b>Net Income</b>	[REDACTED]

11:02 AM  
07/18/19  
Accrual Basis

**WAHIAKUM WEST TELEVISION, INC**  
**Summary Balance Sheet**  
As of December 31, 2018

	<u>Dec 31, 18</u>
<b>ASSETS</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL ASSETS</b>	[REDACTED]
<b>LIABILITIES &amp; EQUITY</b>	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>TOTAL LIABILITIES &amp; EQUITY</b>	[REDACTED]





**EXHIBIT 6**

**STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS  
OF RUS FORM 479**

**PETITION OF WESTERN WAHKIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHKIAKUM WEST TELEPHONE,  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM –  
EXHIBIT 6**



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<b>USDA-RUS</b>	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER NAME Western Wahkiakum County Telephone Company	

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2018	BORROWER DESIGNATION WA0535
---	---------------------------------	--------------------------------

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
(Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

DATE \_\_\_\_\_

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	1,364,992	886,804	25. Accounts Payable	149,615	34,718
2. Cash-RUS Construction Fund	285	285	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	21,023	21,105
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt	181,200	185,100
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	255,048	520,745	32. Income Taxes Accrued	26,321	88,521
b. Other Accounts Receivable			33. Other Taxes Accrued	71,060	76,433
c. Notes Receivable			34. Other Current Liabilities	362,223	182,064
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	811,442	587,941
6. Material-Regulated	265,933	223,445	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments	23,766	23,873	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes	2,452,033	2,245,325
10. Total Current Assets (1 Thru 9)	1,910,024	1,655,152	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt	1,000,000	375,000
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)	3,452,033	2,620,325
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	493,650	338,762	47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	1,085,870	1,051,939
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	493,650	338,762	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,085,870	1,051,939
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	21,441,959	21,836,730	51. Cap. Stock Outstand. & Subscribed	54,171	54,171
19. Property Held for Future Use			52. Additional Paid-in-Capital	279,251	279,251
20. Plant Under Construction	61,932	4,356	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	13,606,760	14,534,981	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	7,897,131	7,306,105	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	4,618,038	4,706,392
	10,300,805	9,300,019	58. Total Equity (51 thru 57)	4,951,460	5,039,814
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	10,300,805	9,300,019

Total Equity = 54.19% of Total Assets

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		WA0535	
		PERIOD ENDING December, 2018	
INSTRUCTIONS- See RUS Bulletin 1744-2			
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM	PRIOR YEAR	THIS YEAR	
1. Local Network Services Revenues	254,218	254,289	
2. Network Access Services Revenues	3,028,031	3,416,164	
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues	22,655	21,001	
5. Miscellaneous Revenues	2,258	2,359	
6. Uncollectible Revenues	807	(70)	
7. Net Operating Revenues (1 thru 5 less 6)	3,306,355	3,693,883	
8. Plant Specific Operations Expense	537,486	663,016	
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	483,810	512,388	
10. Depreciation Expense	857,092	957,684	
11. Amortization Expense			
12. Customer Operations Expense	166,837	187,452	
13. Corporate Operations Expense	881,060	879,315	
14. Total Operating Expenses (8 thru 13)	2,926,285	3,199,855	
15. Operating Income or Margins (7 less 14)	380,070	494,028	
16. Other Operating Income and Expenses			
17. State and Local Taxes	92,933	119,273	
18. Federal Income Taxes	(553,999)	56,228	
19. Other Taxes			
20. Total Operating Taxes (17+18+19)	(461,066)	175,501	
21. Net Operating Income or Margins (15+16-20)	841,136	318,527	
22. Interest on Funded Debt	64,468	75,012	
23. Interest Expense - Capital Leases			
24. Other Interest Expense	50,436	39,000	
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)	114,904	114,012	
27. Nonoperating Net Income	(9,574)	14,664	
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income	(14,092)	(20,825)	
31. Total Net Income or Margins (21+27+28+29+30-26)	702,566	198,354	
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year	4,110,472	4,618,038	
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)	195,000	110,000	
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	4,618,038	4,706,392	
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)	0	0	
44. Annual Debt Service Payments	1,303,622	941,820	
45. Cash Ratio [(14+20-10-11) / 7]	0.4864	0.6545	
46. Operating Accrual Ratio [(14+20+26) / 7]	0.7804	0.9446	
47. TIER [(31+26) / 26]	7.1144	2.7398	
48. DSCR [(31+26+10+11) / 44]	1.2845	1.3485	

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION  
WA0535  
PERIOD ENDED  
December, 2018

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Grays River 465	18.80	18.00	43	332	375	208.28	104.96
Naselle 464	18.80	18.00	124	534	658	183.61	109.97
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
<b>Total</b>			187	866	1,033	391.89	214.93
No. Exchanges	2						

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

WA0535

PERIOD ENDED

December, 2018

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service					
			Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Grays River 465	875	304	66	6.000	1.500	29.95	Package	DSL
Naselle 464	658	532	106	6.000	1.500	29.95	Package	DSL
<b>Total</b>	<b>1,533</b>	<b>836</b>						

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	<b>BORROWER DESIGNATION</b> WA0535  <b>PERIOD ENDING</b> December, 2018
<b>INSTRUCTIONS- See RUS Bulletin 1744-2</b>	

**PART D. SYSTEM DATA**

1 No Plant Employees	2 No Other Employees	3 Square Miles Served	4 Access Lines per Square Mile	5 Subscribers per Route Mile
7	5	314	3.29	2.64

**PART E. TOLL DATA**

1. Study Area ID Code(s) a 522451 b _____ c _____ d _____ e _____ f _____ g _____ h _____ i _____ j _____	2. Types of Toll Settlements (Check one)  <table style="width:100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 40%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>	Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis					
Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis					

**PART F. FUNDS INVESTED IN PLANT DURING YEAR**

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	366,658
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom Plant (1 thru 7)	366,658

**PART G. INVESTMENTS IN AFFILIATED COMPANIES**

INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year  (b)	Income/Loss This Year  (c)	Cumulative Investment To Date  (d)	Cumulative Income/Loss To Date  (e)	Current Balance  (f)
1. Investment in Affiliated Companies - Rural Development	0	0	0	0	0
2. Investment in Affiliated Companies - Nonrural Development	0	0	0	0	0

<b>USDA-RUS</b> <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION WA0535
	PERIOD ENDING December, 2018

**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)  YES  NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	16.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	16.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	20.00%
7. Land and support assets - General purpose computers	20.00%
8. Central Office Switching - Digital	9.00%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	13.00%
12. Central Office Transmission - Circuit equipment	11.19%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	7.59%
19. Cable and wire facilities - Aerial cable - Metal	20.40%
20. Cable and wire facilities - Aerial cable - Fiber	7.11%
21. Cable and wire facilities - Underground cable - Metal	6.00%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	4.55%
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION WA0535
<b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		PERIOD ENDED December, 2018
INSTRUCTIONS – See help in the online application.		
<b>PART I – STATEMENT OF CASH FLOWS</b>		
1.	<b>Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>	1,365,277
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2.	<b>Net Income</b>	198,354
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3.	Add: Depreciation	957,684
4.	Add: Amortization	0
5.	Other (Explain) Other items allocated to and from financing and to investing activities	187,390
<i>Changes in Operating Assets and Liabilities</i>		
6.	Decrease/(Increase) in Accounts Receivable	(265,697)
7.	Decrease/(Increase) in Materials and Inventory	42,488
8.	Decrease/(Increase) in Prepayments and Deferred Charges	(107)
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	(114,897)
11.	Increase/(Decrease) in Advance Billings & Payments	82
12.	Increase/(Decrease) in Other Current Liabilities	(112,586)
13.	<b>Net Cash Provided/(Used) by Operations</b>	892,711
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14.	Decrease/(Increase) in Notes Receivable	0
15.	Increase/(Decrease) in Notes Payable	0
16.	Increase/(Decrease) in Customer Deposits	0
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(827,808)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	(33,931)
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	0
20.	Less: Payment of Dividends	(110,000)
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain) Other items allocated to and from operating activities	(161,069)
23.	<b>Net Cash Provided/(Used) by Financing Activities</b>	(1,132,808)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24.	Net Capital Expenditures (Property, Plant & Equipment)	(337,195)
25.	Other Long-Term Investments	0
26.	Other Noncurrent Assets & Jurisdictional Differences	154,888
27.	Other (Explain) Plant adjustment for retirements on line 24 and other items allocated from operating activities	(55,784)
28.	<b>Net Cash Provided/(Used) by Investing Activities</b>	(238,091)
29.	<b>Net Increase/(Decrease) in Cash</b>	(478,188)
30.	<b>Ending Cash</b>	887,089

Revision Date 2010

<p style="text-align: center;">USDA-RUS</p> <p style="text-align: center;"><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p style="text-align: center;">BORROWER DESIGNATION</p> <p style="text-align: center;">WA0535</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p style="text-align: center;">December, 2018</p>
<p style="text-align: center;"><b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	
<p>Part C 4 (d) and (e), actual least expensive broadband service is 5,000 kbps download and 1,000 kbps upload. This option was not available and chose the closest available 6,000 kbps download and 1,500 kbps upload.</p>	



<b>USDA-RUS</b> <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	<b>BORROWER DESIGNATION</b>  WA0535
<b>INSTRUCTIONS - See RUS Bulletin 1744-2</b>	<b>PERIOD ENDED</b> December, 2018
<b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	

**Operating Report Checks**

Borrower Name: Western Wahkiakum County Telephone Company	Year: 2018
Borrower ID: WA0535	Period: December

**Part B: Statements of Income and Retained Earnings or Margins**

Type	Check Key	Description
Warning	960	"Line 20. Total Operating Taxes Prior Year" [(461,066)] is generally greater than 0 (zero). <i>Borrower Explanation: Due to the tax rate changing to 21% in 2018, deferred taxes were recalculated causing a significant decrease on the balance sheet and tax benefit on the income statement.</i>

**Exhibit 7**  
**Report Corporate Operations Expense Adjustment**  
**As Required in WAC 480-123-110(1)(e)(vi)**

PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIPT SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES  
PROGRAM-  
EXHIBIT 7

**Exhibit 7**  
**Report Corporate Operations Expense Adjustment**  
**As Required in WAC 480-123-110(1)(e)(vi)**

The following amounts of corporate operations expense were required by 47 C.F.R. § 54.1308(a)(4)(ii) to be excluded by Western Wahkiakum County Telephone Company ("Company") from corporate operations expense that, for 2017 and 2018, was input in both the Federal high cost loop support and broadband loop support (in part, replacing interstate common line support) cost studies of the Company for the Company's study area(s) in the State of Washington: for 2017, \$10,607; for 2018, \$0.

Dated this 26<sup>th</sup> day of July, 2019



Steven M. Appelo  
President

PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIPT SUPPORT FROM THE STATE  
UNIVERSAL COMMUNICATIONS SERVICES  
PROGRAM-  
EXHIBIT 7

**EXHIBIT 8**

**FINANCIAL ACCOUNTING CERTIFICATE**

**PETITION OF WESTERN WAHKIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHKIAKUM WEST TELEPHOE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM  
EXHIBIT 8**

EXHIBIT 8

FINANCIAL ACCOUNTING CERTIFICATE

I, Steven M. Appelo, an officer of Western Wahkiakum County Telephone Company with personal knowledge and responsibility, based upon my discussions with Company staff that handle such matters, under penalty of perjury, state that the Company complies with state and federal accounting, cost allocation and cost adjustment rules pertaining to incumbent local exchange companies.

Dated this 26<sup>th</sup> day of July, 2019.

  
Steven M. Appelo  
President

PETITION OF WESTERN WAHKIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHKIAKUM WEST TELEPHOE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM  
EXHIBIT 8 - 1

**EXHIBIT 9**

**CONTINUED OPERATIONS CERTIFICATE**

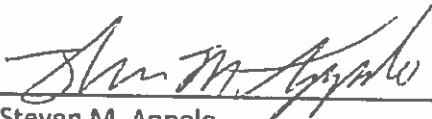
**PETITION OF WESTERN WAHIAKUM  
COUNTY TELEPHONE COMPANY, D/B/A  
WAHIAKUM WEST TELEPHONE AND  
D/B/A WWEST COMMUNICATIONS,  
TO RECEIVE SUPPORT FROM THE STATE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM  
EXHIBIT 9**

EXHIBIT 9

CONTINUED OPERATIONS CERTIFICATE

I, Steven M. Appelo, an officer of Western Wahkiakum County Tele[phone Company, under penalty of perjury, hereby certify that if the Company receives Program support, the Company will continue to provide communications services pursuant to its tariffs on file with the Commission throughout its service territory in Washington for which the company is seeking and receives Program support during the entirety of 2020.

Dated this 26<sup>th</sup> day of July, 2019.



Steven M. Appelo  
President