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6 **BEFORE THE WASHINGTON**
7 **UTILITIES AND TRANSPORTATION COMMISSION**

8 IN RE

9
10 PETITION OF Skyline Telecom Inc., TO
11 RECEIVE SUPPORT FROM THE STATE
12 UNIVERSAL COMMUNICATIONS
SERVICES PROGRAM

DOCKET NO.

PETITION FOR SUPPORT

13 COMES NOW Skyline Telecom Inc. (the "Company"), and, pursuant to Chapter 480-123 of
14 the Washington Administrative Code ("WAC") including, but not limited to, WAC 480-123-110,
15 hereby petitions the Washington Utilities and Transportation Commission (the "Commission") to
16 receive support from the State Universal Communications Services Program established in RCW
17 80.36.650 (the "Program") for the fiscal year ending June 30, 2020.
18

19
20 **I. Demonstration of Eligibility under WAC 480-123-100**

- 21 1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC
22 480-120-021 that serves less than forty thousand access lines within the state.
23 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined
24 in 47 U.S.C. Sec. 251(h).
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PETITION OF Skyline Telecom Inc.
TO RECEIVE SUPPORT
FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES PROGRAM - 1

- 1 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange
2 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 3 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus
4 mandatory extended area service charges, are no lower than the local urban rate floor
5 established by the Commission as the benchmark rate based on the Federal Communications
6 Commission's national local urban rate floor pursuant to 47 C.F.R. Sec. 54.318 in effect on
7 the date of this Petition. ¹
- 8 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an
9 eligible telecommunications carrier for purposes of receiving federal universal services
10 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost
11 Areas with respect to the service area for which the Company is seeking Program support.
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14 **II. Demonstration of Eligibility under WAC 480-123-110**

- 15 1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications
16 services and is seeking Program support is as follows: Skyline Telecom Inc.
- 17 2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between
18 the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.
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21 _____
22 ¹ On April 15, 2019, the FCC released a Report and Order (FCC 19-32) in its WC Docket No. 10-90,
23 repealing 47 C.F.R. Sec. 54.318 and eliminating the national local urban rate floor, effective June 6, 2019.
24 The Program was designed with a minimum rate floor component. In light of the FCC's Order (FCC 19-32),
25 Commission Staff has provided guidance that, for purposes of the Program, the local urban rate floor
26 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.

1 A detailed description of any transactions between the Company and the affiliates named in
2 Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.

- 3 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet Nos.
4 49 and 63 of the Company's Tariff WN U-2.
- 5 4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate
6 instability or service interruption or cessation in the absence of support from the Program is
7 attached as Exhibit 3.
- 8 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4,
9 are copies of the Company's balance sheet as of December 31, 2018, and December 31,
10 2017, and copies of the Company's statements of income and retained earnings or margin for
11 the years ended December 31, 2018 and December 31, 2017.
- 12 6. WAC 480-123-110(1)(e)(ii): A copy of the Company's consolidated annual financial
13 statements for the years ended December 31, 2018 and December 31, 2017, are attached as
14 Exhibit 5.
- 15 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of
16 return on a total Washington unseparated regulated operations basis for each of the two prior
17 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.
- 18 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on
19 equity on a total company (regulated and non-regulated) Washington basis for each of the
20 two prior years, calculated in the manner prescribed by the Commission, is provided in
21 Exhibit 5.
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- 1 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
2 statements of income and retained earnings or margin in the same format and detail as is
3 required to complete RUS Form 479 for the prior two years is presented on Exhibit 6.
- 4 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company officer
5 with personal knowledge and responsibility certifying that no corporate operations
6 adjustment to existing high-cost loop and interstate common line support mechanisms
7 required by the Federal Communications Commission applied to the Company for the two
8 prior years is attached hereto as Exhibit 7.
- 9 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information
10 requested by the Commission.
- 11 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company
12 officer with personal knowledge and responsibility certifying that the Company complies
13 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to
14 incumbent local exchange companies is attached as Exhibit 8.
- 15 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or
16 on its behalf with the Federal Communications Commission for the calendar year preceding
17 the current year has already been filed with the Commission. See the Company's filing in
18 Docket No. UT-190005 filed on or about June 18, 2019
- 19 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
20 the Company as of December 31, 2018, was 87 all of which were within the geographic area
21 for which the Company is seeking support. The number of residential local exchange access
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1 lines served by the Company as of December 31, 2017, was 89, all of which were within the
2 geographic area for which the Company is seeking support.

3 The number of business local exchange access lines served by the Company as of December
4 31, 2018, was 15, all of which were within the geographic area for which the Company is
5 seeking support. The number of business local exchange access lines served by the
6 Company as of December 31, 2017, was 12, all of which were within the geographic area
7 for which the Company is seeking support.
8

9 The monthly recurring rate charged by the Company for residential local exchange access
10 service on December 31, 2018, was \$25.00 for Silverton and \$19.50 for Mt Hull. The
11 monthly recurring rate charged by the Company for residential local exchange access
12 service on December 31, 2017, was \$25.00 for Silverton and \$19.50 for Mt Hull.

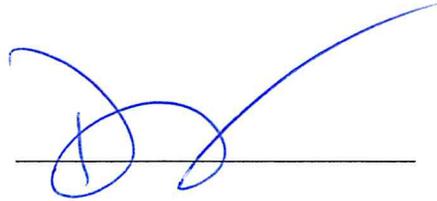
13 The rate charged by the Company for single line business local exchange access service on
14 December 31, 2018, was \$35.00 for Silverton and \$25.00 for Mt Hull. The rate charged by
15 the Company for single line business local exchange access service on December 31, 2017,
16 was \$35.00 for Silverton and \$25.00 for Mt Hull. (The Company has other business local
17 exchange service rates, but the Company understands that WAC 480-123-110(1)(g) is
18 requesting the single line business local exchange access service rate.)
19

20 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.

21 16. The amount on Line 4, labeled 2011 ROR Carrier Base Period Revenue, of the CAF ICC
22 Data collection Report for the period 7/1/2019 - 6/30/2020 is \$347,635 and has not changed
23 from the last filing.
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1 17. All exhibits attached hereto are incorporated in this Petition as though fully set forth.

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3 Respectfully submitted this 25th day of July, 2019.

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9 CERTIFICATION

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

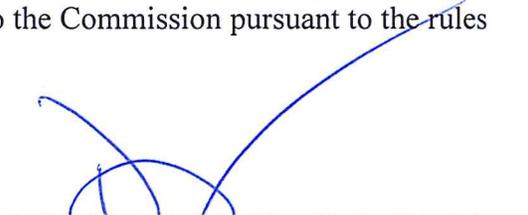
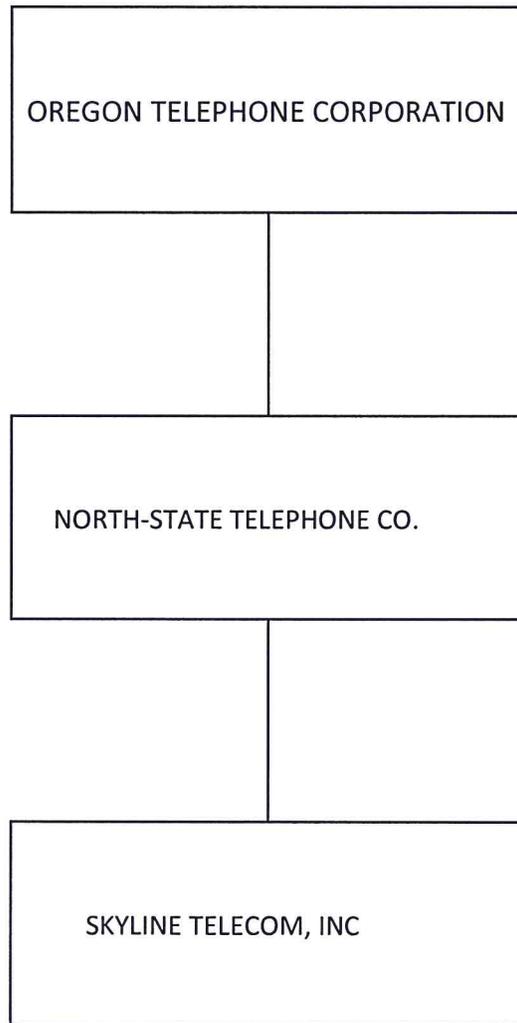
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16 
By: Delinda Kluser
Title: Vice-Pres, Manager

EXHIBIT 1

CORPORATE ORGANIZATION CHART



PETITION OF SKYLINE TELECOM, INC TO
RECEIVE SUPPORT FROM THE UNIVERSAL
SERVICE COMMUNICATIONS PROGRAM –

EXHIBIT 2

AFFILIATED TRANSACTIONS

Affiliated Transactions

Oregon Telephone Corporation is the managing company for Skyline Telecom Inc. The business office is located in MT Vernon, OR. All billing, customer support, technical support and financial reporting are performed by the staff of Oregon Telephone Corporation. All labor expenses are direct coded to Skyline. A management agreement is in place which identifies how expenses are allocated between companies. Skyline currently has no employees on staff. All labor is charged through the management agreement. Skyline has a contract employee paid directly by the company for locates, trouble reports and installs.

At times it is necessary for the combo tech employed by North-State Telephone to assist with construction projects or cover for absences. This employee also directly codes labor and expenses to Skyline Telecom.

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 along with lack of backbone connections for broadband. 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 \$258,669 during the period January 1, 2011 through December 31, 2018. The Company made significant investments in plant prior to 2011. 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 that the Company received or accrued in 2016, the Company's total regulated revenue decreased by \$28,118 from 2011 through 2018. The Company has looked for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as debt-related payments.

At the same time, the Company is seeing increased competition. For example, the Company has seen some migration of customers "cutting the cord" to move to wireless or other service as their sole method of telecommunications. Since 2011, the Company has lost 45 access lines which equates to a significant loss. A loss of customers equates to a loss of revenue without a corresponding reduction in expenses or corresponding increase in rates. This trend of access line loss is exacerbated by the Federal Communications Commission's requirement that the Company increase its rates to remain eligible for full federal USF support.

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.¹ The USF/ICC Transformation Order has built in an automatic decline in the Company's intrastate and interstate access revenues. The intercarrier compensation portion of the 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

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

derived) are reduced iteratively by five percent each year. The CAF support reduction began in July 2012. Projecting through the year ending June 30, 2019, including reductions that will occur July 1, 2018, the Company has seen a reduction in support from the base line revenue of approximately \$86,900.

The Company also continues to experience a significant net loss due to providing broadband to its service territories. In 2011 the loss was \$11,339 compared to a loss of \$103,591 in 2018. While subscriber counts have remained fairly consistent in the last few years, rising costs of backbone and wholesale tariff rate increases, contribute to the net loss.

The Company continues to service RUS debt, which currently has a balance owing of \$229,439.

The Company is installing a new softswitch in the Silverton exchange at the end of July at a cost of approximately \$45,000. This switch will provide full functionality to subscribers but will have significant cost savings in annual maintenance fees.

The Company continues to search for options to provide an alternative backbone connection for the broadband subscribers in the Silverton exchange. If an alternative option is found, a portion of these costs would need to be financed.

The Company cannot continue to sustain the large amount of loss due to current broadband operations. The current backbone costs are responsible for the majority of the loss. The Company will continue to search for alternative methods to reduce these costs. In the meantime, the Company will need to evaluate rate increases in order to continue to be viable.

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

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

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)
 Skyline Telecom Inc

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)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	350,852		350,852	25. Accounts Payable	46,742		46,742
2. Cash-RUS Construction Fund			0	26. Notes Payable	0		0
3. Affiliates:				27. Advance Billings and Payments	525		525
a. Telecom, Accounts Receivable	51,074		51,074	28. Customer Deposits	127,162		127,162
b. Other Accounts Receivable	0		0	29. Current Mat. L/T Debt	0		0
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	0		0
b. Other Accounts Receivable	0		0	33. Other Taxes Accrued	0		0
c. Notes Receivable	0		0	34. Other Current Liabilities	0		0
5. Interest and Dividends Receivable	0		0	35. Total Current Liabilities (25 thru 34)	174,429	0	174,429
6. Material-Regulated	555		555	LONG-TERM DEBT			
7. Material-Nonregulated	8,700		8,700	36. Funded Debt-RUS Notes	173,525		173,525
8. Prepayments	0		0	37. Funded Debt-RTB Notes	107,310		107,310
9. Other Current Assets	0		0	38. Funded Debt-FFB Notes	0		0
10. Total Current Assets (1 Thru 9)	411,181	0	411,181	39. Funded Debt-Other	0		0
				40. Funded Debt-Rural Develop. Loan	0		0
NONCURRENT ASSETS				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	0		0
a. Rural Development	0		0	46. Total Long-Term Debt (36 thru 45)	280,835	0	280,835
b. Nonrural Development	0		0	OTHER LIAB. & DEF. CREDITS			
13. Nonregulated Investments (B1)	0		0	47. Other Long-Term Liabilities	0		0
14. Other Noncurrent Assets	11,266	0	11,266	48. Deferred Income Taxes	33,423		33,423
15. Deferred Charges	0		0	49. Other Deferred Credits (D)	0		0
16. Jurisdictional Differences	11,266		11,266	50. Other Jurisdictional Differences	0		0
17. Total noncurrent Assets (11 thru 16)	11,266	0	11,266	51. Total Other Liab. & Def. Credits (47 thru 50)	33,423	0	33,423
				EQUITY			
PLANT, PROPERTY AND EQUIPMENT				52. Cap. Stock Outstanding & Subscribed	262,582		262,582
18. Telecom Plant-In-Service	3,134,406		3,134,406	53. Additional Paid-in-Capital	0		0
19. Property Held for Future Use	0		0	54. Treasury Stock	0		0
20. Plant Under Construction	0		0	55. Membership and Capital Certificates	0		0
21. Plant Adj., Nonop Plant & Goodwill	(2,422,407)		(2,422,407)	56. Other Capital	0		0
22. Accumulated Depreciation (CR.)	711,999	0	711,999	57. Patronage Capital Credits	0		0
23. Net Plant (18 thru 21 less 22)	711,999	0	711,999	58. Retained Earnings or Margins (B2)	383,177	0	383,177
				59. Total Equity (52 thru 58)	645,759		645,759
24. TOTAL ASSETS (10-17+23)	1,134,446	0	1,134,446	60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	1,134,446	0	1,134,446

Footnotes:

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

Footnotes:

- (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)
Current Year Balance Sheet

Company Name: (Below)
Skyline Telecom Inc

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)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	433,391		433,391	25. Accounts Payable	41,320		41,320
2. Cash-RUS Construction Fund			0	26. Notes Payable	0		0
3. Affiliates:				27. Advance Billings and Payments	0		0
a. Telecom, Accounts Receivable	82,255		82,255	28. Customer Deposits	300		300
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	134,739		134,739
c. Notes Receivable			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	32. Income Taxes Accrued	8,992		8,992
b. Other Accounts Receivable			0	33. Other Taxes Accrued	0		0
c. Notes Receivable			0	34. Other Current Liabilities	0		0
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	185,351	0	185,351
6. Material-Regulated	384		384	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes	89,365		89,365
8. Prepayments			0	37. Funded Debt-RTB Notes	56,743		56,743
9. Other Current Assets			0	38. Funded Debt-FFB Notes	0		0
10. Total Current Assets (1 Thru 9)	516,030	0	516,030	39. Funded Debt-Other	0		0
				40. Funded Debt-Rural Develop. Loan	0		0
NONCURRENT ASSETS				41. Premium (Discount) on L/T Debt	0		0
11. Investment in Affiliated Companies				42. Reacquired Debt	0		0
a. Rural Development			0	43. Obligations Under Capital Lease	0		0
b. Nonrural Development			0	44. Adv. From Affiliated Companies	0		0
12. Other Investments				45. Other Long-Term Debt	0		0
a. Rural Development			0	46. Total Long-Term Debt (36 thru 45)	146,108	0	146,108
b. Nonrural Development			0	OTHER LIAB. & DEF. CREDITS			
13. Nonregulated Investments (B1)			0	47. Other Long-Term Liabilities	0		0
14. Other Noncurrent Assets		0	0	48. Deferred Income Taxes	35,919		35,919
15. Deferred Charges	11,266		11,266	49. Other Deferred Credits (D)	0		0
16. Jurisdictional Differences			0	50. Other Jurisdictional Differences	0		0
17. Total noncurrent Assets (11 thru 16)	11,266	0	11,266	51. Total Other Liab. & Def. Credits (47 thru 50)	35,919	0	35,919
				EQUITY			
PLANT, PROPERTY AND EQUIPMENT				52. Cap. Stock Outstanding & Subscribed	262,582		262,582
18. Telecom Plant-In-Service	3,083,009		3,083,009	53. Additional Paid-in-Capital	0		0
19. Property Held for Future Use			0	54. Treasury Stock	0		0
20. Plant Under Construction			0	55. Membership and Capital Certificates	0		0
21. Plant Adj., Nonop Plant & Goodwill	(2,521,220)		(2,521,220)	56. Other Capital	0		0
22. Accumulated Depreciation (CR.)	561,789	0	561,789	57. Patronage Capital Credits	0		0
23. Net Plant (18 thru 21 less 22)	1,089,085	0	1,089,085	58. Retained Earnings or Margins (B2)	459,125	0	459,125
				59. Total Equity (52 thru 58)	721,707	0	721,707
24. TOTAL ASSETS (10-17+23)	1,089,085	0	1,089,085	60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	1,089,085	0	1,089,085

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)
Prior and Current Year Balance Sheet

Company Name: (Below)
Skyline Telecom Inc

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
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	350,852	433,391	25. Accounts Payable	46,742	41,320
2. Cash-RUS Construction Fund	0	0	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	51,074	82,255	28. Customer Deposits	525	300
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	127,162	134,739
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	0	8,992
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	0	0
c. Notes Receivable	0	0	34. Other Current Liabilities	0	0
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	174,429	185,351
6. Material-Regulated	555	384	LONG-TERM DEBT		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	173,525	89,365
8. Prepayments	8,700	0	37. Funded Debt-RTB Notes	107,310	56,743
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	411,181	516,030	39. Funded Debt-Other	0	0
			40. Funded Debt-Rural Develop. Loan	0	0
NONCURRENT ASSETS			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	0	0
a. Rural Development	0	0	46. Total Long-Term Debt (36-45)	280,835	146,108
b. Nonrural Development	0	0	OTHER LIAB. & DEF. CREDITS		
13. Nonregulated Investments	0	0	47. Other Long-Term Liabilities	0	0
14. Other Noncurrent Assets	0	0	48. Deferred Income Taxes	33,423	35,919
15. Deferred Charges	11,266	11,266	49. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	50. Other Jurisdictional Differences	0	0
17. Total noncurrent Assets (11 thru 16)	11,266	11,266	51. Total Other Liab. & Def. Credits (47 thru 50)	33,423	35,919
			EQUITY		
PLANT, PROPERTY AND EQUIPMENT			52. Cap. Stock Outstanding & Subscribed	262,582	262,582
18. Telecom Plant-in-Service	3,134,406	3,083,009	53. Additional Paid-in-Capital	0	0
19. Property Held for Future Use	0	0	54. Treasury Stock	0	0
20. Plant Under Construction	0	0	55. Membership and Capital Certificates	0	0
21. Plant Adj., Nonop Plant & Goodwill	0	0	56. Other Capital	0	0
22. Accumulated Depreciation (CR.)	(2,422,407)	(2,521,220)	57. Patronage Capital Credits	0	0
23. Net Plant (18 thru 21 less 22)	711,999	561,789	58. Retained Earnings or Margins	383,177	459,125
			59. Total Equity (52 thru 58)	645,759	721,707
24. TOTAL ASSETS (10+17+23)	1,134,446	1,089,085	59. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	1,134,446	1,089,085

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)
 Skyline Telecom Inc

Line #	Description	B/S Line #	Adj. Balance End of Year 2017	Adj. Balance End of Year 2018	Average Adj End of Year Balance
Average Rate Base:					
1	Total Regulated Adjusted Telecom Plant-In-Service	18	3,134,406	3,083,009	3,108,708
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(2,422,407)	(2,521,220)	(2,471,814)
4	Total Regulated Materials & Supplies	6	555	384	470
5	Deferred Income Taxes (CR) * - Manually input		(33,423)	(35,919)	(34,671)
6	Total Regulated Rate Base		679,131	526,254	602,693

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)
 Skyline Telecom Inc

Line #	Description	Prior Year End of Yr. Balance - 2017	Current Year End of Yr. Balance - 2018	Difference	% Change
Access Lines:					
1	Residential	89	87	(2)	-2.2%
2	Business	12	15	3	25.0%
3	Total	101	102	1	1.0%

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)
 Skyline Telecom Inc

Line #	Description	Prior Year 2017 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2017 (C)
1	Local Network Services Revenues	25,934		25,934
2	Network Access Services Revenues	615,212		615,212
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues			0
5	Miscellaneous Revenues			0
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	145		145
7	Net Operating Revenues (1 thru 6)	641,291	0	641,291
8	Plant Specific Operations Expense	177,194		177,194
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	6,117		6,117
10	Depreciation Expense	165,685		165,685
11	Amortization Expense	1,540		1,540
12	Customer Operations Expense			0
13	Corporate Operations	237,268		237,268
14	Total Operations Expenses (8 thru 13)	587,804	0	587,804
15	Operating Income or Margins (7 less 14)	53,487	0	53,487
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes			0
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(23,280)		(23,280)
19	Other Taxes	5,612		5,612
20	Total Operating Taxes (17+18+19)	(17,668)	0	(17,668)
21	Net Operating Income or Margins (15+16-20)	71,155	0	71,155
22	Interest on Funded Debt	22,601		22,601
23	Interest Expense - Capital Leases			0
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (Record as a Credit)			0
26	Total Fixed Charges (22+23+24+25)	22,601	0	22,601
27	Nonoperating Net Income	18,159		18,159
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(86,125)	0	(86,125)
31	Total Net Income or Margins (21+27+28+29+30-26)	(19,412)	0	(19,412)
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	402,589		402,589
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
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)	383,177	0	383,177
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	145,521		145,521
45	Cash Ratio ((14+20-10-11)/7)	0.6283	#DIV/0!	0.6283
46	Operating Accrual Ratio ((14+20+26)/7)	0.9243	#DIV/0!	0.9243
47	TIER ((31+26)/26)	0.1411	#DIV/0!	0.1411
48	DSCR ((31+26+10+11)/44)	1.1711	#DIV/0!	1.1711

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

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

Company Name: (Below)
Skyline Telecom Inc

Line #	Description	Current Year 2018 (A)	Part 64 Adj. to NonReg (B)	Current Year Adjusted 2018 (C)
1	Local Network Services Revenues	24,291		24,291
2	Network Access Services Revenues	790,680		790,680
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues	5		5
5	Miscellaneous Revenues			0
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(30)		(30)
7	Net Operating Revenues (1 thru 6)	814,946	0	814,946
8	Plant Specific Operations Expense	157,727		157,727
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	39,968		39,968
10	Depreciation Expense	170,634		170,634
11	Amortization Expense	1,540		1,540
12	Customer Operations Expense			0
13	Corporate Operations	222,707		222,707
14	Total Operations Expenses (8 thru 13)	592,576	0	592,576
15	Operating Income or Margins (7 less 14)	222,370	0	222,370
16	Other Operating Income and Expenses ()	99		99
17	State and Local Taxes			0
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	20,168		20,168
19	Other Taxes	6,001		6,001
20	Total Operating Taxes (17+18+19)	26,169	0	26,169
21	Net Operating Income or Margins (15+16-20)	196,300	0	196,300
22	Interest on Funded Debt	16,838		16,838
23	Interest Expense - Capital Leases			0
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (Record as a Credit)			0
26	Total Fixed Charges (22+23+24+25)	16,838	0	16,838
27	Nonoperating Net Income	79		79
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(103,593)	0	(103,593)
31	Total Net Income or Margins (21+27+28+29+30-26)	75,948	0	75,948
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	383,177		383,177
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
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)	459,125	0	459,125
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	145,521		145,521
45	Cash Ratio ((14+20-10-11)/7)	0.5480	#DIV/0!	0.5480
46	Operating Accrual Ratio ((14+20+26)/7)	0.7799	#DIV/0!	0.7799
47	TIER ((31+26)/26)	5.5105	#DIV/0!	5.5105
48	DSCR ((31+26+10+11)/44)	1.8208	#DIV/0!	1.8208

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

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

Company Name:
 Skyline Telecom Inc

Line #	Description	Adjusted Prior Year 2017	Adjusted Current Year 2018
1	Local Network Services Revenues	25,934	24,291
2	Network Access Services Revenues	615,212	790,680
3	Long Distance Network Services Revenues	0	0
4	Carrier Billing and Collection Revenues	0	5
5	Miscellaneous Revenues	0	0
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	145	(30)
7	Net Operating Revenues (1 thru 6)	641,291	814,946
8	Plant Specific Operations Expense	177,194	157,727
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	6,117	39,968
10	Depreciation Expense	165,685	170,634
11	Amortization Expense	1,540	1,540
12	Customer Operations Expense	0	0
13	Corporate Operations	237,268	222,707
14	Total Operations Expenses (8 thru 13)	587,804	592,576
15	Operating Income or Margins (7 less 14)	53,487	222,370
16	Other Operating Income and Expenses ()	0	99
17	State and Local Taxes	0	0
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(23,280)	20,168
19	Other Taxes	5,612	6,001
20	Total Operating Taxes (17+18+19)	(17,668)	26,169
21	Net Operating Income or Margins (15+16-20)	71,155	196,300
22	Interest on Funded Debt	22,601	16,838
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	0	0
25	Allowance for Funds Used During Construction (Record as a Credit)	0	0
26	Total Fixed Charges (22+23+24+25)	22,601	16,838
27	Nonoperating Net Income	18,159	79
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	(86,125)	(103,593)
31	Total Net Income or Margins (21+27+28+29+30-26)	(19,412)	75,948
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	402,589	383,177
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	383,177	459,125
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40+41-42)	0	0
44	Annual Debt Service Payments	145,521	145,521
45	Cash Ratio ((14+20-10-11)/7)	0.6283	0.5480
46	Operating Accrual Ratio ((14+20+26)/7)	0.9243	0.7799
47	TIER ((31+26)/26)	0.1411	5.5105
48	DSCR ((31+26+10+11)/44)	1.17	1.8208

Footnote

2017 2018

(A1) S Corporation Effective Tax Rate (2 decimal places):

Note:

Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).

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

Company Name: (Below)
 Skyline Telecom Inc

Line #	Description	Part 32 Account	Prior Year 2017	Current Year 2018
1	End User Revenue (SLC, ARC, etc.)	5081	10,536	16,343
2	Switched Access (excluding USF):	5082		
2a	Intrastate		4,762	6,160
2b	Interstate (includes CAF)		305,113	363,554
3	Special Access:	5083		
3a	Intrastate			
3b	Interstate		47,080	63,178
4	Federal USF (except CAF and ACAM/BLS)	Varies	235,533	222,738
5	Federal USF (ACAM or BLS)	Varies		
6	State USF	Varies		104,869
7	Other*		12,188	13,838
8	Total (must equal line 2 of Income Stmt.)		615,212	790,680
9	Line 2 of Income Stmt.		615,212	790,680
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)
 Skyline Telecom Inc

Description of Out-of-Period (OOP) - 2018 (As Recorded) OR Pro Forma (PFA) Adjustment for Current Year Petition or Reversing from Prior Year	Year	OOP or PF?	Part 32 Account	
			Debit	Credit
Adjustment #1: Budget Control Mechanism (reported as network access revenue on the current year income statement)	2018	OOP		\$ 33,685
Adjustment #2:				
Adjustment #3:				
Adjustment #4				
Adjustment #5				

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

Company Name: (Below)
Skyline Telecom Inc

Line #	Description	Company 2018 (A)	Staff 2018 (B)
1	Rate Base (Jan. 1)	679,131	679,131
2	Rate Base (Dec 31)	526,254	526,254
3	Average Rate Base	602,693	602,693
4	Net Operating Income	(12,105)	(12,105)
5	Out-of-Period Adjustments Net of FIT		
6	Adjusted Net Operating Income	(12,105)	(12,105)
7	Earned Regulated Rate of Return	-2.01%	-2.01%

Footnotes:

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

*The earned regulated rate of return dramatically increased over prior year ROR. Prior Year ROR was 8.94%. The increase is related to the USF funds received December 2018. If these funds had not been received the ROR would have been 15.17%. If Non-reg income were to be included in the ROR, it would decrease the ROR to 15.38%. Considering both factors would produce an ROR of -2.01%.

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

Exhibit 4.1 - Statistics

CONFIDENTIAL PER WAC 480-07-160

CONFIDENTIAL

Company Name: (Below)
 Skyline Telecom Inc

Description	Prior Year End of Yr. Balance - 2017	Current Year End of Yr. Balance - 2018	Difference	% Change
Broadband Connections:				
Residential	89	87	(2)	-2.2%
Business	12	15	3	25.0%
Total	101	102	1	1.0%
Gross Regulated Capital Expenditures**:	2017	2018	Difference	% Change
Total Annual Amount	\$0	\$20,424	\$20,424	#DIV/0!

NOTE: IF THE COMPANY DESIRES TO FILE THIS SCHEDULE AS CONFIDENTIAL, PLEASE MARK AS CONFIDENTIAL PER 480-07-160. (The header and footer is no longer marked as confidential as some companies do not file this report as confidential).

**** - NOTE: THIS IS A CHANGE FROM LAST YEAR IN WHICH NONREGULATED CAPITAL EXPENDITURES WERE INCLUDED DUE TO INCONSISTENCIES IN REPORTING, STAFF IS REQUESTING ONLY REGULATED CAPITAL EXPENDITURES. IF THE COMPANY HAS INCURRED LARGE NONREGULATED CAPITAL EXPENDITURES IN THE REPORTING YEAR, IT MAY NOTE BELOW.**