

REPORT OF The Toledo Telephone Co., Inc. COMPANY UNDER THE
WASHINGTON UNIVERSAL SERVICE COMMUNICATIONS PROGRAM
IN COMPLIANCE WITH WAC 480-123-130

July 3, 2017

Docket No UT-160947

File electronically

1. WAC 480-123-130(1)(a) - Access Lines Served [NECA 1.3 working loops]

	January 1, 2016	December 31, 2016
Residential	1303	1416
Business	262	239

2. WAC 480-123-130(1)(b) - Use of Support

The funds received by the Company from the universal service communications program in calendar year 2016 represents monies that the Company formerly received through the Washington Exchange Carrier Association (WECA) pooling process and the reduction of support under the Federal Communications Commission's (FCC's) CAF ICC Program. As such, the funds from the universal service communications program contributed to the ongoing operation and maintenance expenses of the Company. The funds from the universal service communication program are contributing to the Company's ongoing provision of high-quality basic telecommunications service to customers residing in the area the Company serves.

In December 2016, the Company received \$313,593 from the universal service communications program for the fiscal year ending June 30, 2017 which represents monies that the Company formerly received through the WECA pooling process and the reduction of support under the FCC's CAF ICC Program. The funds received are critical for repayment of the Company's RUS debt of approximately \$15 million as well as continued regular operations. During 2016, the Company repaid \$1,298,166 in principle and interest to RUS. The Company estimates that during 2017, interest paid to RUS will be approximately \$364,000 and principal at \$995,000. During the first six months of 2017 the Company did not undertake any new major construction projects. However, there is a significant increase in new customers since the completion of our fiber project. New home construction is at an all time high, which requires additions to our fiber network in terms of new fiber drops, vaults and splicing. Capital Expenditures related specifically to new home connections were \$197,355.43 during 2016. The company is on track to exceed that amount during 2017. The funds

received from the universal service communications program can be viewed as contributing to the Company's ability to meet the demands of increased customer growth including, without limitation, the repayment of loan funds. In the second half of 2017 the Company does not have plans for major projects but expects to see continued customer growth, which requires additions to our fiber network in terms of new fiber drops, vaults and splicing.

3. WAC 480-123-130(1)(c) - Unfilled Consumer Requests for New Basic Telecommunications Service*

None

* Service requests that are ongoing but still within normal processing times are not counted as unfulfilled.

4. WAC 480-123-130(1)(e) - FCC Form 477

This form was previously filed on or about March 1, 2017 under Docket UT-170009.

5. WAC 480-123-130(1)(f) - Report on Operational Efficiencies/Business Plan Modifications

The Company continually reviews its operations to determine if efficiencies can be achieved. The Company already has a plan in place to concentrate on improving broadband service while continuing to provide high-quality basic telecommunications service to the customers that are located within the area that the Company serves. The funds received from the universal communications program can be viewed as assisting in the Company's efforts to obtain operational efficiencies.

6. WAC 480-123-130(1)(g) and (h) - Other information

N/A

Certified Statement as required by WAC 480-123-130(1)(d):

I Dale Merten am an officer of The Toledo Telephone Company, and upon personal knowledge and with responsibility therefore, hereby certify under penalty of perjury, that The Toledo Telephone Company materially complied with Commission rules under Chapter 480-120 WAC that are applicable to the Company and its provision of service within the area for which the Company received universal service communications program support.

Signed at Toledo, Washington this 3rd day of July, 2017.

A handwritten signature in black ink, appearing to read "Dale Merten", with a stylized flourish at the end.

Vice President
Title