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

8 IN RE

9 PETITION OF SKYLINE TELECOM, INC.  
10 TO RECEIVE SUPPORT FROM THE  
11 UNIVERSAL SERVICE  
12 COMMUNICATIONS PROGRAM

DOCKET NO. UT-141470

SUPPLEMENT TO PETITION FOR SUPPORT

13 On or about July 21, 2014, Skyline Telecom, Inc. ("Skyline") filed a Petition for Support in  
14 the above-referenced docket. This was followed by a Revised Petition for Support filed on or about  
15 August 4, 2014. Now, Skyline, by and through its attorney, Richard A. Finnigan, hereby files this  
16 Supplement to the Petition for Support ("Supplement"). The purpose of the Petition for Support and  
17 this Supplement is to seek support from the Universal Service Communications Program for the  
18 2015 program year.

19 First, a note about Skyline's corporate structure. Skyline is owned primarily by North-State  
20 Telephone Company ("North-State"). North-State is itself an operating company providing  
21 telecommunications service in the Dufur Exchange in Oregon. North-State is owned primarily by  
22 Oregon Telephone Corporation ("OTC"). Like North-State, OTC is an operating company serving  
23 several exchanges in Oregon with telecommunications and Internet service. This corporate  
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26 SUPPLEMENT TO PETITION FOR  
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1 structure is not meant to emulate the structure of other entities, such as CenturyLink, with a holding  
2 company at the top where equity investment and debt financing is procured. In this case, OTC,  
3 North-State and Skyline are each separate RUS borrowers and are each separately subject to  
4 restrictions on use of funds in the RUS loan covenants. For example, it is not at all clear that OTC,  
5 either directly or through North-Sate, could loan money to or provide an equity infusion in Skyline  
6 without violating RUS loan covenants.

8 One of the goals of the Universal Service Communications Program, as evidenced by the  
9 Commission rules, is to provide support to allow communications providers to develop operational  
10 efficiencies and to make modifications to its business plans for the provider to transition or expand  
11 from the primary provision of legacy voice telephone service to broadband service or to otherwise  
12 reduce its reliance on support from the program. See, e.g. WAC 480-123-130(1)(f).

13 Another goal of the Universal Service Communications Program is to provide support to  
14 communications providers to enable those providers to avoid service interruptions to customers.  
15 See, RCW 80-36-650(3)(b).

17 The switch that currently serves the Mt. Hull Exchange operated by Skyline is a very old  
18 switch with limited capabilities and is past what Skyline considers to be a safe operating age to  
19 ensure that unexpected outages do not occur.

20 In addition, in order for Skyline to have facilities in place that will allow it to provide  
21 acceptable levels of broadband service, such as the 10 megabits of download speeds that is  
22 contemplated by the Federal Communications Commission, fiber needs to be installed between the  
23 switch and remotes and some of the remotes need to be replaced with more modern versions.

1 For the Silverton Exchange operated by Skyline, much the same situation exists. There is an  
2 aging switch. In addition, Frontier Northwest refuses to install additional facilities to the meet-point  
3 between Skyline and Frontier that would allow Skyline to have the capacity to provide broadband  
4 service at the expected 10 megabit standard. This means that for the Silverton Exchange, Skyline  
5 must consider installation of capacity past the current meet-point to be able to interconnect with  
6 more robust facilities of Frontier.  
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8 Please note that the switch that would be installed in the Silverton Exchange and in the case  
9 of the Mt. Hull Exchange would be soft switches. While the existing switches are soft switches,  
10 they are very old and need replacement. Soft switches support a transition from traditional  
11 telephone service to a broadband environment.

12 It is estimated that the project costs for the Mt. Hull Exchange are \$330,574. The estimate  
13 for the Silverton Exchange is \$437,519. Please see the breakdown of the estimate in the attached  
14 Exhibit 1. These projects, by necessity, will take more than one year to complete.  
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16 Skyline proposes that the funds that Skyline is eligible to receive from the Universal Service  
17 Communications Program be applied to these projects. The monies would be kept in a separate  
18 account. Reports would be provided to the Commission to demonstrate what the money is spent for  
19 and how the money was used to help fund, at least in part, the contemplated projects. Skyline  
20 proposes filing an annual report to that effect.

21 The projects that are described in this Supplement are projects that would both guard against  
22 interruptions in service and promote the transition from a traditional or legacy telephone service  
23 environment to a broadband environment. As noted above, the soft switches that would be installed  
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1 have that capability. In addition, upgrading the remotes and installing fiber optic cable between the  
2 switch and the remotes provides the capacity to promote the transition to a broadband environment.

3 Skyline respectfully requests that program support for 2015 be provided to be used for the  
4 purposes described in this Supplement.

5 Respectfully submitted this 18th day of November, 2014.

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9 RICHARD A. FINNIGAN, WSB #6443  
10 Attorney for Skyline Telecom, Inc.