



August 11, 2006

**BY HAND**

Ms. Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
P. O. Box 47250  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

Dear Ms. Washburn:

Re: Docket No. UT-063052 -  
Request for Certification Pursuant to  
WAC 480-123-060 and 47 C.F.R. § 54.314

Pursuant to WAC 480-123-060, Kalama Telephone Company ("Company") hereby requests that the Washington Utilities and Transportation Commission certify to the Federal Communications Commission and the Universal Service Administrative Company that the Company has met the requirements of 47 C.F.R. § 54.314 for eligibility for continued receipt of federal high-cost funds.

The certifications and reports that are specified in WAC 480-123-060, WAC 480-123-070 and WAC 480-123-080 are enclosed.

Sincerely,

Steven D. Hanson  
Vice President

Enclosures

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COMMUNICATIONS DIVISION  
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**CERTIFICATIONS PURSUANT TO  
WAC 480-123-060 AND WAC 480-123-070**

I, Steven D. Hanson, being of lawful age, state that I am Vice President of Kalama Telephone Company ("Company"), that I am authorized to execute this Certification on behalf of the Company, and that the facts set forth in these Certifications are true to the best of my knowledge, information and belief. On this basis, I hereby certify to the Washington Utilities and Transportation Commission ("Commission") for use by the Commission in providing the certification to the Federal Communications Commission and Universal Service Administrative Company required by 47 C.F.R. § 54.314, as follows:

(1) That the Company will use federal high-cost universal service fund support only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2005 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);

(3) That during the 2005 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2005 calendar year, the Company publicized the availability of its applicable telephone assistance programs in a manner reasonably designed to reach those likely to qualify for service and in a manner which, in the Company's judgment, included advertisements likely to reach those who are not current customers of the Company within the Company's designated service area.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 11<sup>th</sup> day of August, 2006 at Tenino, Washington.

Company: Kalama Telephone Company

By:  \_\_\_\_\_

Its: Vice President

**REPORTS AS REFERENCED IN WAC 480-123-070  
AND WAC 480-123-080**

Kalama Telephone Company (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.<sup>1</sup>

Report 1: WAC 480-123-070(1)(a): Attached is a copy of the Company's NECA-1 Report for the calendar year 2005,<sup>2</sup> that, as of the date of the report, the Company has reported as the basis for support from the federal high-cost fund. That report also includes certain data for the calendar year 2004.

Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses reported under Report 1, above, benefited customers as follows:

Through the expenditure of these funds, the Company was able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C. § 254 of providing high quality telecommunications services to customers in the service area for which the Company is designated as an ETC.<sup>3</sup> The Company has made substantial expenditures and investments over the past several years, which allow it to provide quality telecommunications services to its customers in its designated ETC service area. Those expenditures and investments, including those reflected in Report 1 above, generally benefit all customers receiving the federal high-cost fund supported services<sup>4</sup> from the Company within its designated service area. In addition, during 2005, the Company was engaged in a number of major investment projects within its designated ETC service area, including the following:

- (1) The Company installed an expansion to existing exchange line circuit equipment at a cost of approximately \$69,000. This project provided growth capacity in the areas served by the exchange line circuit equipment.
- (2) The Company installed several major cable and wire facilities projects. The total cost of these projects was approximately \$278,000. These projects improved service for approximately 1,000 customers, plus providing capacity for growth in the areas.
- (3) The Company installed fiber optical terminal equipment at a cost of approximately \$105,000. A portion of this equipment is used to

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<sup>1</sup> It is the Company's understanding that it is not required to submit the reports described in WAC 480-123-070(2) and (3).

<sup>2</sup> The attached report replicates National Exchange Carrier Association, Inc. Universal Service Data Collection Form 2006-1.

<sup>3</sup> The term "ETC" is used herein with the same meaning as the term is used in Chapter 480-123 WAC.

<sup>4</sup> References herein to the services supported by the federal high-cost fund refer to the services designated for support as set forth in 47 C.F.R. § 54.101(a).

provide service to exchange line circuit equipment. This equipment improved service quality to approximately 300 customers.

Report 3: WAC 480-123-070(4): The Company reports that during the calendar year 2005, the Company did not receive from either the Federal Communications Commission or the Consumer Protection Division of the Office of the Attorney General of the State of Washington any complaints against the Company made to them by the Company's customers.

Report 4: WAC 480-123-080(1)(b) and (2): The Company reports as follows:

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2006, through December 31, 2006, that the Company expects to use as a basis to request federal high-cost support are expected to be relatively similar to those investments and expenses the Company has set forth in its information for calendar year 2005 filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2005, subject to the effects of inflation and other commonly experienced changes in cost of labor and materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company expects that during calendar year 2006 it will have relatively the same level of expenditure and investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2005. The Company's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area also include the following major construction project for 2006:

The Company plans to install exchange line circuit equipment at a cost of approximately \$95,000. This project will improve service for approximately 300 customers, plus allowing for future growth in the area served.

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2007, through December 31, 2007, that the Company expects to use as a basis to request federal high-cost support are expected to be relatively similar to those investments and expenses the Company has set forth in its information for calendar year 2005 filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2005, subject to the effects of inflation and other commonly experienced changes in cost of labor and materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company's investment plans for calendar year 2007 directly affecting federal high-cost supported services offered by it in its designated ETC service area do not include a major construction project at the present time. The Company expects that it will have relatively the same level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in

calendar year 2005. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2007.

In addition to the specific benefits noted for the above-identified project, the expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service. The Company further expects that the continued receipt of federal high-cost support will allow the Company to continue to provide the supported services at rates that are reasonably comparable to the rates for such service in urban areas. All customers in the Company's designated ETC service area will benefit from the expected level of support by continuing to have available to them services that are reasonably comparable to the telecommunications services offered in urban areas at rates that are reasonably comparable to the rates for such services in urban areas.

Dated: August 11, 2006

**STUDY AREA: 522426**  
**NAME: Kalama Telephone Company**  
**CONTACT: Rick Vitzthum**  
**PHONE: 360-264-2915**

Description	Pending View 2006-1 Amount	Prior Year 2005-1
<b>II. WORKING LOOPS</b>		
60 Total Loops (Cat 1.1, 1.2 and 1.3)	3,398	3,315
70 Category 1.3 loops (excluding Cat 1.3 TWX Loops)	3,298	3,216
<b>III. INVESTMENT, EXPENSE AND TAXES</b>		
<b>NET PLANT INVESTMENT</b>		
160 Acct 2001 – Telephone Plant in Service	12,998,041	12,228,542
170 Acct 1220 – Material and Supplies	45,849	28,055
190 Acct 3100 – Accumulated Depreciation	9,827,038	8,940,312
195 Acct 3400 – Accumulated Amortization - Tangible	0	0
210 Acct 4340 – Net Noncurrent Deferred Operating Income Taxes	0	62,508
220 Net Plant Investment	3,216,852	3,253,777
<b>SELECTED PLANT ACCOUNTS</b>		
230 Acct 2210 – Central Office Switching Equipment	2,350,795	2,316,793
235 Acct 2220 – Operator System Equipment	0	0
240 Acct 2230 – Central Office Transmission Equipment	2,299,880	2,067,960
245 Total Central Office Equipment	4,650,675	4,384,753
250 Circuit Equipment - Category 4.13	1,606,436	1,502,151

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Description	Pending View 2006-1 Amount	Prior Year 2005-1
255 Acct 2410 – Cable and Wire Facilities - Total	5,926,659	5,494,976
260 Acct 3100 (2210) – Accumulated Depreciation - Central Office Switching Equipment	2,270,092	2,066,679
265 Acct 3100 (2220) – Accumulated Depreciation - Operator System Equipment	0	0
270 Acct 3100 (2230) – Accumulated Depreciation - Central Office Transmission Equipment	1,885,456	1,648,346
275 Acct 3100 (2210 thru 2230) – Total Accumulated Depreciation - Central Office Equipment	4,155,548	3,715,025
280 Acct 3100 (2410) – Accumulated Depreciation - Cable and Wire Facilities	3,532,956	3,211,307
310 Acct 4340 (2210) – Net Noncurrent Deferred Operating Income Taxes – Central Office Switching Equipment	0	11,894
315 Acct 4340 (2220) – Net Noncurrent Deferred Operating Income taxes – Operator System Equipment	0	0
320 Acct 4340 (2230) – Net Noncurrent Deferred Operating Income Taxes – Central Office Transmission Equipment	0	10,625
325 Acct 4340 (2210 thru 2230) – Net Noncurrent Deferred Operating Income Taxes – Central Office Equipment (Sum of 4340 (2210) through (2230))	0	22,519
330 Acct 4340 (2410) – Net Noncurrent Deferred Operating Income Taxes – Cable and Wire Facilities	0	28,211

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Description	Pending View 2006-1 Amount	Prior Year 2005-1
<b>PLANT SPECIFIC OPERATION EXPENSE</b>		
335 Acct 6110 – Network Support Expense Total	38,279	39,619
340 Acct 6110 – Benefits Portion of Network Support Expense	2,025	3,012
345 Acct 6110 – Rents Portion of Network Support Expense	0	0
350 Acct 6120 – General Support Expense Total	251,891	250,101
355 Acct 6120 – Benefits Portion of General support Expense	23,496	33,789
360 Acct 6120 – Rents Portion of General support Expense	0	0
365 Acct 6210 – Central Office Switching Expense –Total	316,390	244,763
370 Acct 6210 – Benefits Portion of Central Office Switching Expense	23,154	29,114
375 Acct 6210 – Rents Portion of Central Office Switching Expense	0	0
380 Acct 6220 – Operator System Expense – Total	0	0
385 Acct 6220 – Benefits Portion of Operator System Expense	0	0
390 Acct 6220 – Rents Portion of Operator System Expense	0	0
395 Acct 6230 – Central Office Transmission Expense – Total	93,641	79,331
400 Acct 6230 – Benefits Portion of Central Office Transmission Expense	10,087	11,654
405 Acct 6230 – Rents Portion of Central Office Transmission Expense	0	0



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Description	Pending View 2006-1 Amount	Prior Year 2005-1
410 Acct 6210 – 6230 – Central Office Expense - Total	410,031	324,094
430 Acct 6410 – Cable and Wire Facilities Expense – Total	171,402	175,996
435 Acct 6410 – Benefits Portion of Cable and Wire Facilities Expense	25,819	30,907
440 Acct 6410 – Rents Portion of Cable and Wire Facilities Expense	3,055	2,911
445 Total Plant Specific Expense	871,603	789,810
<b>PLANT NON-SPECIFIC EXPENSE</b>		
450 Acct 6530 – Network Operations Expense – Total	478,463	465,685
455 Acct 6530 – Benefits Portion of Network Operations Exp	57,314	73,603
<b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b>		
510 Acct 6560 (2210) – Depreciation and Amortization Expense – Central Office Switching Equipment	210,817	202,945
515 Acct 6560 (2220) – Depreciation and Amortization Expense – Operator System Equipment	0	0
520 Acct 6560 (2230) – Depreciation and Amortization Expense – Central Office Transmission Equipment	229,708	194,930
525 Acct 6560 (2210 thru 2230) – Depreciation and Amortization Central Office Equipment	440,525	397,875
530 Acct 6560 (2410) – Depreciation and Amortization Expense – Cable and Wire Facilities	321,648	304,214

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Description	Pending View 2006-1 Amount	Prior Year 2005-1
<b>CORPORATE OPERATIONS EXPENSE</b>		
535 Acct 6710 – Executive and Planning Expense – Total	109,440	107,417
540 Acct 6710 – Benefits Portion of Executive & Planning Exp	10,680	14,435
550 Acct 6720 – General Administrative Expense – Total	450,653	446,812
555 Acct 6720 – Benefits Portion of General Administrative Exp	46,330	61,543
565 Total Corporate Operations Expense	560,093	554,229
<b>OTHER EXPENSE</b>		
600 Benefits Portion of All Operating Expenses – Total	233,341	311,893
610 Rents Portion of Plant Specific Operating Expenses - Total	3,055	2,911
<b>TAXES</b>		
650 Acct 7200 – Operating taxes	200,553	194,883
<b>IV. PART 36 – COST STUDY DATA</b>		
700 Cost Study Average Cable And Wire Facilities - Acct 2410	5,710,818	5,362,566
710 Cost Study Average Cable and Wire Facilities Cat 1 – Total Exchange Line C&WF Excluding Wideband	5,642,247	5,302,028
<b>V. AMORTIZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)</b>		
800 Acct 2680 –Amortizable Tangible Assets	0	0

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Description	Pending View 2006-1 Amount	Prior Year 2005-1
805 2680 (2230) – Amortizable Tangible Assets – Central Office Transmission Equipment	0	0
810 Acct 2680 (2230) – Amortizable Tangible Assets – Central Office Transmission Equipment Assigned To Category 4.13	0	0
815 Acct 2680 (2410) – Amortizable Tangible Assets – Cable and Wire Facilities	0	0
820 Acct 2680 (2410) – Amortizable Tangible Assets – Cable and Wire Facilities Assigned to Category 1	0	0
830 Acct 6560 (2680) – Depreciation and Amortization Expense – Amortizable Tangible Assets	0	0
<b>Check Total</b>	<b>71,719,531</b>	<b>67,014,034</b>