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1/12/09

Chairman Mark Sidran
Commissioner Patrick Oshie
Commissioner Philip Jones

First, as General Manager of Westgate communications, I would like to express my sincere appreciation for the support of the WUTC as well as acknowledge that I recognize it is the responsibility of the commission to rigorously evaluate the feasibility and success of WeaTel as a universal telephone service provider. However, it became apparent to me during the conference on December 23rd, 2008 that despite the self-evident successful first stage implementation of Stehekin and Holden phone services (in the face of multiple unforeseeable complications); WeavTel has failed to completely communicate to the commission the full nature of this accomplishment. Understandably, this in turn has clouded the commission's perceptions of the viability of WeavTel's future endeavors. Therefore, in the interest of full disclosure, we are sending this communication for your examination to not only demonstrate the nature of these accomplishments, but also to definitively answer any concerns the commission may have and resolve any remaining reservations.

In 2001, Westgate was a successful small reseller, IXC, and interconnect in telecommunications when the UTC invited Westgate to provide telephone service to Stehekin, Washington. Westgate's perception was that this was based upon our experience with successful telecommunications projects in the Russian Far East, Africa, and the Boeing Sea Launch Worldwide network in conjunction with our engineering staff having had run several telephone, city and county governments public administration budgets throughout the years. Westgate naively started this project thinking with the support of WUTC, RUS, and FCC; its main concerns would be with logistics and engineering. The reality was that while we were technologically able to implement this project, our organization lacked the business experience and political acumen necessary to juggle the sometimes Machiavellian politics of local agencies and regional governments, not to mention the rigorous and complex accounting systems necessary to the industry regulation. This was in fact a hard lesson learnt.

Almost immediately, the Stehekin project was faced with several crises, any of which could have potentially shut the project down. In a nutshell these included unfounded reports by a disgruntled former employee of fiscal irresponsibility by WeavTel to the WUTC which prompted an investigation, and in turn caused the suspension of funding sources to WeaTel in the critical construction and implementation phases of the project.



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This was exacerbated by the incompetence of the accounting firm originally hired by WeaTel to keep and provide accurate fiscal data for the project. This was resolved when WeavTel hired a new accounting consultant who was better qualified and able to provide the necessary support. Further complications also included obfuscation of WeaTel objectives by Chelan County, due in large part to the machinations of a locally established small telecommunications provider with ulterior motives. These events led to the suspension of funding sources for the project as well as logistic support such as permit acquisition and local agency (Chelan County and the National Park Service) project approval.

All of the obstacles were devastating and potentially crippling to the project. Yet the critical element here is that **they did not cause project failure or stop the project's progress**. In spite of these monumental hindrances, with ingenuity and resourcefulness, WeaTel was able to make substantial progress, including:

- Installing 11 lines into Stehekin and Holden Village.
- Building the required 911 separate infrastructure across the state to Spokane
- Building the required SS7 network across the state to Bothell and Everett.
- Maintenance of the Tandem Office in Manson Washington to interface with the PSTN and the central office in Stehekin with a remote in Holden Village.
- Maintenance of three earth stations operating in Manson, Holden Village, and Stehekin.
- All while simultaneously interacting with the over two dozen separate agencies involved in the telecommunications industry.

In truth, WeaTel has performed remarkably well in servicing customers. WeavTel is a small company that has, and continues to, operate on a shoe-string budget. While it may have been said in jest, the observation made during the conference call that it would be cheaper to provide satellite service to these locations is, as the committee is sure to know, untenable. Not only is satellite service physically impractical due to the mountainous region, it also fails to meet the 911 mandates and federal regulations required of telecommunications service. Further, if this project was a fiscally attractive one, or even somewhat straightforward, the residents of these locals would not have had to wait until 2006 for service as obviously one of the industry giants would have taken it on.

On another note, during the conference call inquiries were made regarding my personal technical qualifications in the industry. Specifically, in response to our failure to produce



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the requested cost-study traffic reports, Commissioner Oshie inquired as to my certification on the technological aspects. Not wanting to appear misleading, I confirmed I was not specifically trained to perform on this exact configuration; however, upon review I have confirmed I do in fact have the relevant training and experience within the industry to transfer those skills to this application. For specific details regarding my technical qualifications, I have enclosed my personal resume and certifications for your review.

WeavTel has had a great relationship with the WUTC after meeting their initial concerns. WeavTel is appreciative of all the help the WUTC's personnel has provided through this difficult process and beyond. We are sincere in our desire to supply WUTC personnel with the necessary information for understanding our current operations and status. Currently, WeavTel is poised to expand service in the spring by completing the installation of the permanent earth station and park service facilities as originally planned, but this cannot be accomplished without capital expenditure and the fiscal support originally promised by the WUTC. Failure at this point would be egregious after all that we have accomplished together these past few years. Your understanding in this matter is greatly appreciated.

Sincerely,

Richard J. Weaver
General manager