

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

Whidbey Telephone Company (“Company”) hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.¹

Report 1: WAC 480-123-070(1)(a): Attached is a copy of the Company’s NECA-1 Report for the calendar year 2005,² 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. The Company further reports that the Company’s gross additions to telecommunications plant during calendar year 2005 were approximately Redacted. Also, of the gross additions to telecommunications plant indicated above, approximately Redacted related to Exchange Line Cable & Wire Facilities - Category 1 in the Company’s designated ETC³ service area. Other major gross additions related primarily to the installation of new fiber optic cable routes and circuit equipment.

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. 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 services⁴ from the Company within its designated ETC service area.

Report 3: WAC 480-123-070(4): The Company reports that during the calendar year 2005, the Company received from the Federal Communications Commission (“FCC”) one notice of informal complaint made by a customer of the Company. The informal complaint, insofar as it allegedly involved the Company, related to a delay in the submission to the Company by an interexchange carrier of a request for change of presubscribed interexchange carrier assigned to a line served by the Company, and charges billed by the Company in the performance by the Company of billing and collection services for the interexchange carrier from which the customer desired to make a change. The Company submitted a response to the FCC setting forth the Company’s

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

² National Exchange Carrier Association, Inc. Universal Service Data Collection Form 2006-1.

³ The term “ETC” is used herein with the same meaning as the term is used in Chapter 480-123 WAC.

⁴ 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).

view that the Company had fulfilled its obligations with respect to the matters complained of, and that the informal complaint related to the conduct of other carriers. A copy of the Company's response was also mailed to the customer. The Company does not know if, or how, the informal complaint was resolved, but the Company believes that it was resolved in some manner, since the customer's account with the Company was thereafter paid in full.

The Company further reports that during the calendar year 2005, the Company did not receive from the Consumer Protection Division of the Office of the Attorney General of the State of Washington any complaint against the Company made by any of 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 telecommunications equipment and plant as occurred in calendar year 2005. The Company's investment plans affecting federal high-cost supported services offered by it in its designated ETC service area also include the following major construction project for calendar year 2006:

The Company is in the process of completing a major upgrade of its central office space,

Redacted

This project has an estimated cost of approximately Re dacted, and benefits all of the Company's customers by strengthening the reliability of the Company's services.

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 (with the exception of the major projects noted below) 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 it will have relatively the same level of investment related to maintenance, replacement and minor upgrades of telecommunications equipment and plant as occurred in calendar year 2005.

In addition to the foregoing, the Company is planning some major projects in 2007.

Redacted

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service and the new facilities will result in a platform on which additional telecommunications services, including, but not limited to, advanced services, can be provided to customers. These projects will improve the quality of service and network capacity available to the Company's customers in the portions of the Company's designated ETC service area in which the new facilities are to be deployed, as well as increase the number of services available to customers in most, if not all, of the Company's designated ETC service area. 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

National Exchange Carrier Association, Inc.

Universal Service Fund
2006 Data Collection Form

SAC: 522452

SA Name: WHIDBEY TELEPHONE COMPANY

Region: 5 PACIFIC

I. EXCHANGE CARRIER/DATA IDENTIFICATION

(010)	Study Area Code	(010)	<u>522452</u>
(020)	Contact Name	(020)	<u>BRUCE RUSSELL</u>
(030)	Contact Telephone Number	(030)	<u>360/321-0086</u>
(040)	USF Data Collection Period	(040)	<u>2006-1</u>

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
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II. WORKING LOOPS

(060)	Total Loops (Cat. 1.1, 1.2 and 1.3)	<u>Redacted</u>	(060)	<u>Redacted</u>	<u>Loop Summary</u>
(070)	Category 1.3 Loops (Excluding Cat. 1.3 TWX Loops)	<u>Redacted</u>	(070)	<u>Redacted</u>	<u>Loop Summary</u>
(080)	Reserved	N O E N T R Y R E Q U I R E D			

III. INVESTMENT, EXPENSE AND TAXES

Net Plant Investment

(160)	Acct. 2001 - Telephone Plant in Service	<u>Redacted</u>	(160)	<u>Redacted</u>	<u>Plant Summary</u>
(170)	Acct. 1220 - Materials and Supplies	<u>Redacted</u>	(170)	<u>Redacted</u>	<u>Plant Summary</u>
(190)	Acct. 3100 - Accumulated Depreciation	<u>Redacted</u>	(190)	<u>Redacted</u>	<u>Reserve Summary</u>
(195)	Acct. 3400 - Accumulated Amortization Tangible	<u>Redacted</u>	(195)	<u>Redacted</u>	<u>Reserve Summary</u>
(200)	Reserved	N O E N T R Y R E Q U I R E D			
(205)	Reserved	N O E N T R Y R E Q U I R E D			
(210)	Acct. 4340 - Net Noncurrent Deferred Operating Income Taxes	<u>Redacted</u>	(210)	<u>Redacted</u>	<u>Deferred Tax Summary</u>
(220)	Net Plant Investment (Sum of Lines 160 + 170 Minus Lines 190 Through 210)	<u>Redacted</u>	(220)	<u>Redacted</u>	<u>SUM</u>

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Page 1 of 9

National Exchange Carrier Association, Inc.

Universal Service Fund
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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
Selected Plant Accounts					
(230)	Acct. 2210 - Central Office Switching Equipment	<u>Redacted</u>	(230)	<u>Redacted</u>	<u>Plant Summary</u>
(235)	Acct. 2220 - Operator System Equipment	<u>Redacted</u>	(235)	<u>Redacted</u>	<u>Plant Summary</u>
(240)	Acct. 2230 - Central Office Transmission Equipment	<u>Redacted</u>	(240)	<u>Redacted</u>	<u>Plant Summary</u>
(245)	Total Central Office Equipment (Sum of Lines 230 Through 240)	<u>Redacted</u>	(245)	<u>Redacted</u>	<u>SUM</u>
(250)	Circuit Equipment Category 4.13	<u>Redacted</u>	(250)	<u>Redacted</u>	<u>COE Categorization</u>
(255)	Acct. 2410 - Cable and Wire Facilities Total	<u>Redacted</u>	(255)	<u>Redacted</u>	<u>Plant Summary</u>
(260)	Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	<u>Redacted</u>	(260)	<u>Redacted</u>	<u>Reserve Summary</u>
(265)	Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment	<u>Redacted</u>	(265)	<u>Redacted</u>	<u>Reserve Summary</u>
(270)	Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	<u>Redacted</u>	(270)	<u>Redacted</u>	<u>Reserve Summary</u>
(275)	Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 Through 270)	<u>Redacted</u>	(275)	<u>Redacted</u>	<u>SUM</u>
(280)	Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	<u>Redacted</u>	(280)	<u>Redacted</u>	<u>Reserve Summary</u>

CONFIDENTIAL PER WAC 480-07-160

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Printed on 7/31/2006

Page 2 of 9

National Exchange Carrier Association, Inc.

Universal Service Fund
2006 Data Collection Form

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
(285)	Reserved		N O E N T R Y	R E Q U I R E D	
(290)	Reserved		N O E N T R Y	R E Q U I R E D	
(295)	Reserved		N O E N T R Y	R E Q U I R E D	
(300)	Reserved		N O E N T R Y	R E Q U I R E D	
(305)	Reserved		N O E N T R Y	R E Q U I R E D	
(310)	Acct. 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	<u>Redacted</u>	(310)	<u>Redacted</u>	<u>Deferred Tax Summary</u>
(315)	Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	<u>Redacted</u>	(315)	<u>Redacted</u>	<u>Deferred Tax Summary</u>
(320)	Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	<u>Redacted</u>	(320)	<u>Redacted</u>	<u>Deferred Tax Summary</u>
(325)	Acct. 4340 (2210-2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of Lines 310 Through 320)	<u>Redacted</u>	(325)	<u>Redacted</u>	<u>SUM</u>
(330)	Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	<u>Redacted</u>	(330)	<u>Redacted</u>	<u>Deferred Tax Summary</u>

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Universal Service Fund
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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
Plant-Specific Operation Expense					
(335)	Acct. 6110 - Network Support Expense Total	<u>Redacted</u>	(335)	<u>Redacted</u>	<u>Expense Summary</u>
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	<u>Redacted</u>	(340)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(345)	Acct. 6110 - Rents Portion of Network Support Expense	<u>Redacted</u>	(345)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(350)	Acct. 6120 - General Support Expense Total	<u>Redacted</u>	(350)	<u>Redacted</u>	<u>Expense Summary</u>
(355)	Acct. 6120 - Benefits Portion of General Support Expense	<u>Redacted</u>	(355)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(360)	Acct. 6120 - Rents Portion of General Support Expense	<u>Redacted</u>	(360)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(365)	Acct. 6210 - Central Office Switching Expense - Total	<u>Redacted</u>	(365)	<u>Redacted</u>	<u>Expense Summary</u>
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	<u>Redacted</u>	(370)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(375)	Acct. 6210 - Rents Portion of Central Office Switching Expense	<u>Redacted</u>	(375)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(380)	Acct. 6220 - Operator System Expense - Total	<u>Redacted</u>	(380)	<u>Redacted</u>	<u>Expense Summary</u>
(385)	Acct. 6220 - Benefits Portion of Operator System Expense	<u>Redacted</u>	(385)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(390)	Acct. 6220 - Rents Portion of Operator System Expense	<u>Redacted</u>	(390)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	<u>Redacted</u>	(395)	<u>Redacted</u>	<u>Expense Summary</u>

CONFIDENTIAL PER WAC 480-07-160

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Printed on 7/31/2006

Page 4 of 9

National Exchange Carrier Association, Inc.

Universal Service Fund
2006 Data Collection Form

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
(400)	Acct. 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	<u>Redacted</u>	(400)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(405)	Acct. 6230 - Rents Portion of Central Office Expense - Transmission Equipment	<u>Redacted</u>	(405)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(410)	Accts. 6210-6230 - Central Office Expense Total (Sum of Lines 365 + 380 + 395)	<u>Redacted</u>	(410)	<u>Redacted</u>	<u>SUM</u>
(415)	Reserved		N O E N T R Y R E Q U I R E D		
(420)	Reserved		N O E N T R Y R E Q U I R E D		
(425)	Reserved		N O E N T R Y R E Q U I R E D		
(430)	Acct. 6410 - Cable and Wire Facilities Expense - Total	<u>Redacted</u>	(430)	<u>Redacted</u>	<u>Expense Summary</u>
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	<u>Redacted</u>	(435)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(440)	Acct. 6410 - Rents Portion Cable and Wire Facilities Expense	<u>Redacted</u>	(440)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(445)	Total Plant-Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	<u>Redacted</u>	(445)	<u>Redacted</u>	<u>SUM</u>
Plant-Nonspecific Expense					
(450)	Acct. 6530 - Network Operations Expense - Total	<u>Redacted</u>	(450)	<u>Redacted</u>	<u>Expense Summary</u>
(455)	Acct. 6530 - Benefits Portion Network Operations Expense	<u>Redacted</u>	(455)	<u>Redacted</u>	<u>Ben & Rents Sum</u>

CONFIDENTIAL PER WAC 480-07-160

REDACTED

Printed on 7/31/2006

Page 5 of 9

National Exchange Carrier Association, Inc.

Universal Service Fund
2006 Data Collection Form

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
(465)	Reserved		N O E N T R Y	R E Q U I R E D	
(470)	Reserved		N O E N T R Y	R E Q U I R E D	
(480)	Reserved		N O E N T R Y	R E Q U I R E D	
(485)	Reserved		N O E N T R Y	R E Q U I R E D	
(500)	Reserved		N O E N T R Y	R E Q U I R E D	
(505)	Reserved		N O E N T R Y	R E Q U I R E D	

Depreciation and Amortization Expenses

(510)	Acct. 6560 (2210) - Depreciation and Amortization Expense - Central Office Switching Equipment	<u>Redacted</u>	(510)	<u>Redacted</u>	<u>Depreciation Expense Summary</u>
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	<u>Redacted</u>	(515)	<u>Redacted</u>	<u>Depreciation Expense Summary</u>
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	<u>Redacted</u>	(520)	<u>Redacted</u>	<u>Depreciation Expense Summary</u>
(525)	Acct. 6560 (2210-2230) Depreciation and Amortization Central Office Equipment (Sum of Lines 510 Through 520)	<u>Redacted</u>	(525)	<u>Redacted</u>	<u>SUM</u>
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense - Cable and Wire Facilities	<u>Redacted</u>	(530)	<u>Redacted</u>	<u>Depreciation Expense Summary</u>

Corporate Operating Expenses

(535)	Acct. 6710 - Executive and Planning Expense - Total	<u>Redacted</u>	(535)	<u>Redacted</u>	<u>Expense Summary</u>
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	<u>Redacted</u>	(540)	<u>Redacted</u>	<u>Ben & Rents Sum</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
(550)	Acct. 6720 - General Administrative Expense - Total	<u>Redacted</u>	(550)	<u>Redacted</u>	<u>Expense Summary</u>
(555)	Acct. 6720 - Benefits Portion - General Administrative Expense	<u>Redacted</u>	(555)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(565)	Total Corporate Operations Expense (Sum of Lines 535 + 550)	<u>Redacted</u>	(565)	<u>Redacted</u>	<u>SUM</u>
Other Expenses and Revenues					
(600)	Benefits Portion of All Operating Expenses - Total	<u>Redacted</u>	(600)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(610)	Rents Portion of All Operating Expenses - Total	<u>Redacted</u>	(610)	<u>Redacted</u>	<u>Ben & Rents Sum</u>
(620)	Reserved		N O E N T R Y R E Q U I R E D		
(630)	Reserved		N O E N T R Y R E Q U I R E D		
Taxes					
(650)	Acct. 7200 - Operating Taxes	<u>Redacted</u>	(650)	<u>Redacted</u>	<u>Expense Summary</u>
(655)	Reserved		N O E N T R Y R E Q U I R E D		
IV. PART 36 - COST STUDY DATA					
(700)	Acct. 2410 - Cost Study Average Cable and Wire Facilities	<u>Redacted</u>	(700)	<u>Redacted</u>	<u>C&WF Summary</u>
(710)	Cost Study Average Cable and Wire Facilities Cat. 1 - Total Exchange Line C&WF Excluding Wide Band	<u>Redacted</u>	(710)	<u>Redacted</u>	<u>C&WF Summary</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2005-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2006-1 Amount</u>	<u>Data Source</u>
V. AMORTIZABLE TANGIBLE ASSETS (Refer to instructions prior to completing this section)					
(800)	Acct. 2680 - Amortizable Tangible Assets	<u>Redacted</u>	(800)	<u>Redacted</u>	<u>Plant Summary</u>
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	<u>Redacted</u>	(805)	<u>Redacted</u>	<u>Plant Summary</u>
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	<u>Redacted</u>	(810)	<u>Redacted</u>	<u>Plant Summary</u>
(815)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	<u>Redacted</u>	(815)	<u>Redacted</u>	<u>Plant Summary</u>
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	<u>Redacted</u>	(820)	<u>Redacted</u>	<u>Plant Summary</u>
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expense - Amortizable Tangible Assets	<u>Redacted</u>	(830)	<u>Redacted</u>	<u>Depreciation Expense Summary</u>

VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATION

National Exchange Carrier Association, Inc.
 Universal Service Fund
 2006 Data Collection Form

VII. CERTIFICATION FORM

I AM CHIEF FINANCIAL OFFICER. I HEREBY CERTIFY THAT I HAVE OVERALL RESPONSIBILITY FOR THE PREPARATION OF ALL DATA IN THE ATTACHED 2006-1 UNIVERSAL SERVICE FUND DATA SUBMISSION FOR WHIDBEY TELEPHONE COMPANY AND THAT I AM AUTHORIZED TO EXECUTE THIS CERTIFICATION. BASED ON INFORMATION KNOWN TO ME OR PROVIDED TO ME BY EMPLOYEES RESPONSIBLE FOR THE PREPARATION OF THE DATA IN THIS SUBMISSION, I HEREBY CERTIFY THAT THE DATA HAVE BEEN EXAMINED AND REVIEWED AND ARE COMPLETE, ACCURATE, AND CONSISTENT WITH THE RULES OF THE FEDERAL COMMUNICATIONS COMMISSION.

DATE: JULY 31, 2006
 CERTIFYING SIGNATURE: *Bruce Russell*
 NAME: BRUCE RUSSELL
 TITLE: CHIEF FINANCIAL OFFICER
 PERIOD COVERED: JANUARY 1, 2005 TO DECEMBER 31, 2005

VII.A. RURAL STATUS: The rural status of this company during calendar year 2007 will be: (Check One)
 X RURAL NON-RURAL

VII.B. ACQUISITION CERTIFICATION (Check One)

<input checked="" type="checkbox"/>	MY COMPANY HAS NOT ACQUIRED AN EXCHANGE DURING THE PERIOD COVERED.	
<input type="checkbox"/>	MY COMPANY HAS ACQUIRED THE FOLLOWING EXCHANGE(S) DURING THE PERIOD COVERED.	
	Exchange Name	Selling Company
		No. of Loops

PURSUANT TO FCC RULES, SECTION 69.601(C), EXCHANGE CARRIERS ARE REQUIRED TO CERTIFY UNIVERSAL SERVICE FUND DATA SUBMITTED TO NECA.

(FCC RULES STATE THAT PERSONS MAKING WILLFUL FALSE STATEMENT IN THIS DATA SUBMISSION CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001).

CONFIDENTIAL PER WAC 480-07-160

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