

# HAT ISLAND TELEPHONE COMPANY

MARION F. HENNY  
PRESIDENT

14888 SR 525  
LANGLEY, WASHINGTON 98260  
TELEPHONE (360) 444-6878

July 31, 2007

**BY ELECTRONIC FILING  
AND CERTIFIED MAIL,  
RETURN RECEIPT REQUESTED**

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:

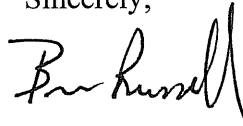
Re: Docket No. UT-073015 -  
Request for Certification Pursuant to  
WAC 480-123-060 and 47 C.F.R. § 54.314

Pursuant to WAC 480-123-060, Hat Island Telephone Company ("Company") hereby requests that the Washington Utilities and Transportation Commission ("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.

If the Commission has any questions regarding the enclosed materials, please do not hesitate to call me at 360/321-0086.

Sincerely,



Bruce Russell  
Chief Financial Officer

Enclosures

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

I, Bruce Russell, being of lawful age, state that I am Chief Financial Officer of Hat Island Telephone Company ("Company"), that I am authorized to execute these Certifications 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 2006 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);

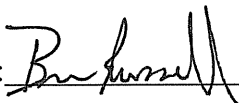
(3) That during the 2006 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2006 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 31st day of July, 2007 at Langley, Washington.

Company: Hat Island Telephone Company

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

Its: Chief Financial Officer

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

Hat Island 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 2006,<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 2005.

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 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 ETC service area.

Report 3: WAC 480-123-070(4): During the calendar year 2006, 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 periods January 1, 2007, through December 31, 2007, and January 1, 2008, through December 31, 2008, that the Company expects to use as a basis to request federal high-cost fund support for those periods, respectively, are expected to be relatively similar to those investments and expenses the Company has set forth in its information for calendar year 2006 filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses in each of those years will remain relatively the same as those it

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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> National Exchange Carrier Association, Inc. Universal Service Data Collection Form 2007-1.

<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).

experienced in calendar year 2006, 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 either relevant period. The Company's investment plans for calendar years 2007 and 2008 directly affecting federal high-cost fund 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, in each of the calendar years 2007 and 2008, 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 2006.

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 fund support will allow the Company to continue to provide the supported services at rates that are reasonably comparable to the rates for such services 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: July 31, 2007

National Exchange Carrier Association, Inc.

Universal Service Fund  
2007 Data Collection Form

SAC: 522417

SA Name: HAT ISLAND TELEPHONE COMPANY

Region: 5 PACIFIC

I. EXCHANGE CARRIER/DATA IDENTIFICATION

(010)	Study Area Code	(010)	<u>522417</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>2007-1</u>

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 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>99</u>	(060)	<u>100</u>	<u>Loop Summary</u>
(070)	Category 1.3 Loops (Excluding Cat. 1.3 TWX Loops)	<u>99</u>	(070)	<u>100</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>347,997</u>	(160)	<u>347,997</u>	<u>Plant Summary</u>
(170)	Acct. 1220 - Materials and Supplies	<u>0</u>	(170)	<u>0</u>	<u>Plant Summary</u>
(190)	Acct. 3100 - Accumulated Depreciation	<u>157,189</u>	(190)	<u>167,526</u>	<u>Reserve Summary</u>
(195)	Acct. 3400 - Accumulated Amortization Tangible	<u>0</u>	(195)	<u>0</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>26,901</u>	(210)	<u>27,416</u>	<u>Deferred Tax Summary</u>
(220)	Net Plant Investment (Sum of Lines 160 + 170 Minus Lines 190 Through 210)	<u>163,907</u>	(220)	<u>153,055</u>	<u>SUM</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 Amount</u>	<u>Data Source</u>
Selected Plant Accounts					
(230)	Acct. 2210 - Central Office Switching Equipment	<u>0</u>	(230)	<u>0</u>	<u>Plant Summary</u>
(235)	Acct. 2220 - Operator System Equipment	<u>0</u>	(235)	<u>0</u>	<u>Plant Summary</u>
(240)	Acct. 2230 - Central Office Transmission Equipment	<u>23,129</u>	(240)	<u>23,129</u>	<u>Plant Summary</u>
(245)	Total Central Office Equipment (Sum of Lines 230 Through 240)	<u>23,129</u>	(245)	<u>23,129</u>	<u>SUM</u>
(250)	Circuit Equipment Category 4.13	<u>13,508</u>	(250)	<u>13,508</u>	<u>COE Categorization</u>
(255)	Acct. 2410 - Cable and Wire Facilities Total	<u>175,205</u>	(255)	<u>175,205</u>	<u>Plant Summary</u>
(260)	Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	<u>0</u>	(260)	<u>0</u>	<u>Reserve Summary</u>
(265)	Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment	<u>0</u>	(265)	<u>0</u>	<u>Reserve Summary</u>
(270)	Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	<u>18,868</u>	(270)	<u>20,533</u>	<u>Reserve Summary</u>
(275)	Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 Through 270)	<u>18,868</u>	(275)	<u>20,533</u>	<u>SUM</u>
(280)	Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	<u>79,449</u>	(280)	<u>84,880</u>	<u>Reserve Summary</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 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>0</u>	(310)	<u>0</u>	<u>Deferred Tax Summary</u>
(315)	Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	<u>0</u>	(315)	<u>0</u>	<u>Deferred Tax Summary</u>
(320)	Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	<u>(131)</u>	(320)	<u>(110)</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>(131)</u>	(325)	<u>(110)</u>	<u>SUM</u>
(330)	Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	<u>11,925</u>	(330)	<u>12,965</u>	<u>Deferred Tax Summary</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 Amount</u>	<u>Data Source</u>
Plant-Specific Operation Expense					
(335)	Acct. 6110 - Network Support Expense Total	<u>0</u>	(335)	<u>0</u>	<u>Expense Summary</u>
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	<u>0</u>	(340)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(345)	Acct. 6110 - Rents Portion of Network Support Expense	<u>0</u>	(345)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(350)	Acct. 6120 - General Support Expense Total	<u>1,443</u>	(350)	<u>1,389</u>	<u>Expense Summary</u>
(355)	Acct. 6120 - Benefits Portion of General Support Expense	<u>0</u>	(355)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(360)	Acct. 6120 - Rents Portion of General Support Expense	<u>0</u>	(360)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(365)	Acct. 6210 - Central Office Switching Expense - Total	<u>3,491</u>	(365)	<u>3,146</u>	<u>Expense Summary</u>
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	<u>0</u>	(370)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(375)	Acct. 6210 - Rents Portion of Central Office Switching Expense	<u>0</u>	(375)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(380)	Acct. 6220 - Operator System Expense - Total	<u>0</u>	(380)	<u>0</u>	<u>Expense Summary</u>
(385)	Acct. 6220 - Benefits Portion of Operator System Expense	<u>0</u>	(385)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(390)	Acct. 6220 - Rents Portion of Operator System Expense	<u>0</u>	(390)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	<u>0</u>	(395)	<u>0</u>	<u>Expense Summary</u>



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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 Amount</u>	<u>Data Source</u>
(400)	Acct. 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	<u>0</u>	(400)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(405)	Acct. 6230 - Rents Portion of Central Office Expense - Transmission Equipment	<u>0</u>	(405)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(410)	Accts. 6210-6230 - Central Office Expense Total (Sum of Lines 365 + 380 + 395)	<u>3,491</u>	(410)	<u>3,146</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>10,592</u>	(430)	<u>8,835</u>	<u>Expense Summary</u>
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	<u>0</u>	(435)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(440)	Acct. 6410 - Rents Portion Cable and Wire Facilities Expense	<u>0</u>	(440)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(445)	Total Plant-Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	<u>15,526</u>	(445)	<u>13,370</u>	<u>SUM</u>
Plant-Nonspecific Expense					
(450)	Acct. 6530 - Network Operations Expense - Total	<u>0</u>	(450)	<u>0</u>	<u>Expense Summary</u>
(455)	Acct. 6530 - Benefits Portion Network Operations Expense	<u>0</u>	(455)	<u>0</u>	<u>Ben &amp; Rents Sum</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 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>0</u>	(510)	<u>0</u>	<u>Depreciation Expense Summary</u>
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	<u>0</u>	(515)	<u>0</u>	<u>Depreciation Expense Summary</u>
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	<u>0</u>	(520)	<u>1,665</u>	<u>Depreciation Expense Summary</u>
(525)	Acct. 6560 (2210-2230) Depreciation and Amortization Central Office Equipment (Sum of Lines 510 Through 520)	<u>0</u>	(525)	<u>1,665</u>	<u>SUM</u>
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense - Cable and Wire Facilities	<u>4,272</u>	(530)	<u>5,431</u>	<u>Depreciation Expense Summary</u>
Corporate Operating Expenses					
(535)	Acct. 6710 - Executive and Planning Expense - Total	<u>15,257</u>	(535)	<u>15,000</u>	<u>Expense Summary</u>
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	<u>0</u>	(540)	<u>0</u>	<u>Ben &amp; Rents Sum</u>

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<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 Amount</u>	<u>Data Source</u>
(550)	Acct. 6720 - General Administrative Expense - Total	<u>5,357</u>	(550)	<u>6,779</u>	<u>Expense Summary</u>
(555)	Acct. 6720 - Benefits Portion - General Administrative Expense	<u>0</u>	(555)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(565)	Total Corporate Operations Expense (Sum of Lines 535 + 550)	<u>20,614</u>	(565)	<u>21,779</u>	<u>SUM</u>
Other Expenses and Revenues					
(600)	Benefits Portion of All Operating Expenses - Total	<u>0</u>	(600)	<u>0</u>	<u>Ben &amp; Rents Sum</u>
(610)	Rents Portion of All Operating Expenses - Total	<u>0</u>	(610)	<u>0</u>	<u>Ben &amp; 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>25,582</u>	(650)	<u>11,056</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>156,512</u>	(700)	<u>175,205</u>	<u>C&amp;WF Summary</u>
(710)	Cost Study Average Cable and Wire Facilities Cat. 1 - Total Exchange Line C&WF Excluding Wide Band	<u>156,512</u>	(710)	<u>175,205</u>	<u>C&amp;WF Summary</u>

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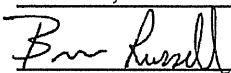
<u>Data Line</u>	<u>Description</u>	<u>Latest View 2006-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2007-1 Amount</u>	<u>Data Source</u>
V. AMORTIZABLE TANGIBLE ASSETS (Refer to instructions prior to completing this section)					
(800)	Acct. 2680 - Amortizable Tangible Assets	<u>0</u>	(800)	<u>0</u>	<u>Plant Summary</u>
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	<u>0</u>	(805)	<u>0</u>	<u>Plant Summary</u>
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	<u>0</u>	(810)	<u>0</u>	<u>Plant Summary</u>
(815)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	<u>0</u>	(815)	<u>0</u>	<u>Plant Summary</u>
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	<u>0</u>	(820)	<u>0</u>	<u>Plant Summary</u>
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expense - Amortizable Tangible Assets	<u>0</u>	(830)	<u>0</u>	<u>Depreciation Expense Summary</u>

VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATION

National Exchange Carrier Association, Inc.  
 Universal Service Fund  
 2007 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 2007-1 UNIVERSAL SERVICE FUND DATA SUBMISSION FOR HAT ISLAND 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: JUNE 20, 2007  
 CERTIFYING SIGNATURE:   
 NAME: BRUCE RUSSELL  
 TITLE: CHIEF FINANCIAL OFFICER  
 PERIOD COVERED: JANUARY 1, 2006 TO DECEMBER 31, 2006

VII.A. RURAL STATUS: The rural status of this company during calendar year 2008 will be: (Check One)

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).