

**Washington Utilities and Transportation Commission
Staff Investigation to Establish a State Universal Service Fund, Docket No. UT-110858**

Responses to Commission Staff Information Requests 1 – 11.

McDaniel Telephone Company

Gail Long

PO Box 1566

Oregon City, OR 97045

(503)656-8399

gail.long@tdstelecom.com

Request 1. Please provide a populated version of the “*modified*” Rural LEC Model (*see: Attachment 2*), for each Local Exchange Company’s operations, with 2009 Total Washington Results, in Excel (.xls) electronic format.

Response: Please see response file submission “McDaniel UT-110858 DR 1 Response.xlsx”.

Request 2. Please provide Part 64 cost allocation model (or manual if available) including detailed calculations and explanations of the assumptions used in the allocations to non-regulated operations.

Response: Please see response file submissions “McDaniel UT-110858 DR 2 Response (Redacted).pdf” and “McDaniel UT-110858 DR 2 Response (Unredacted).pdf”.

Request 3. Please explain in narrative form each “Known and Measurable” adjustment.

Response: The Company made the following “Known and Measurable” adjustments in populating the “*modified*” Rural LEC Model in response to Request 1 above.

1. Reversed the Part 64 nonregulated expense allocation estimates accrued during 2009 and replaced in the aforementioned model with the actual calculated 2009 Part 64 nonregulated expense allocations. The reversed 2009 accrual amounts by expense category were \$840 (Plant Specific), \$288 (Plant Nonspecific), \$4,548 (Depreciation), \$4,992 (Customer Operations), \$3,600 (Corporate Operations), and \$432 (Operating Taxes).
2. Reversed expenses recorded during 2009 resulting from a multi-year state tax audit and related to pre-2009 fiscal periods. The prior-period Operating Tax expenses reversed totaled \$102,035.
3. Reversed interstate average schedule settlement and Federal Universal Service Fund adjustments recorded during 2009 related to pre-2009 fiscal periods. The total prior-period interstate Network Access Service and Federal Universal Service Fund revenue adjustments reversed were (\$76,267) and (\$28,505), respectively.
4. Reversed intrastate access pool adjustments recorded during 2009 related to pre-2009 fiscal periods. The prior-period intrastate Network Access Service revenue adjustments reversed totaled \$46,750.
5. Reflected interstate average schedule settlement and Federal Universal Service Fund adjustments related to 2009 and recorded during 2010. The additional 2009 interstate Network Access Service and Federal Universal Service Fund revenue adjustments included totaled (\$60,306) and (\$46,900), respectively.
6. Reflected intrastate access pool adjustments recorded during 2010 related to 2009. The total additional intrastate Network Access Service revenue adjustments included was \$38,891.

Request 4. Please provide the Corporate Operations Expense adjustment for 2009, if any, based on the FCC’s rule in *47 CFR 36.621(a)(4)*.

Response: The Company did not have a Corporate Operations Expense adjustment for 2009.

Request 5. Please provide:

- a. List of all affiliated companies.
- b. Balance sheet and an income statement for each affiliated company that has any transaction(s) with the LEC (other than purchase of regulated tariffed services).
- c. Consolidated balance sheet and income statement for the combined LEC and all of its affiliated companies (as defined in FCC Part 32 and 64 rules for this purpose). *The balance sheets should be as of December 31, 2009, and the income statements should be for the twelve months ended December 31, 2009, respectively.*

Response:

- a. Please see response file submission "McDaniel UT-110858 DR 5a Response.pdf".
- b. Please see response file submissions "McDaniel UT-110858 DR 5b Response (Redacted).pdf", "McDaniel UT-110858 DR 5b Response (Unredacted).pdf", and "McDaniel UT-110858 DR 11 Response.pdf".
- c. Please see response file submission "McDaniel UT-110858 DR 11 Response.pdf".

Request 6. Please explain how shared costs are apportioned between the regulated operations of the LEC and each affiliated company listed in the response to the previous Request 5., above.

Response: Please see response file submissions "McDaniel UT-110858 DR 6 Response.pdf", "McDaniel UT-110858 DR 2 Response (Redacted).pdf", and "McDaniel UT-110858 DR 2 Response (Unredacted).pdf".

Request 7. Please complete the attached list (*see: Attachment 3*) for each LEC and each affiliated company operating in the state of Washington.

Response: Please see response file submission "McDaniel UT-110858 DR 7 Response.pdf".

Request 8. For each bundled service offered by the LEC that includes a regulated service, please provide an example of how the revenues are booked within each regulated company and non-regulated affiliate, if any.

Response: Please see response file submissions "McDaniel UT-110858 DR 8 Response (Redacted).pdf" and "McDaniel UT-110858 DR 8 Response (Unredacted).pdf".

Request 9. Please provide a trial balance of accounts at a Class B accounting level, if available, (including amount and description for each detailed account) as of the twelve months ended December 31, 2009, in an electronic format. If a more detailed accounting level is available, up to Class

A accounting level, please provide the trial balance of accounts at that level in an electronic format for the same period in lieu of the Class B accounting level.

Response: Please see response file submissions "McDaniel UT-110858 DR 9 Response (Redacted).pdf" and "McDaniel UT-110858 DR 9 Response (Unredacted).pdf".

Request 10. Within the LEC service territory, please provide the number of retail customers serviced by the LEC for each type and class of voice-grade, narrowband, and broadband services provided during the month of December 2009.

Response: On November 2, the Company received clarification from WITA counsel that the information requested must be customer counts as opposed to lines or units of service sold. This information is not readily available and requires special studies. The Company is currently working on these special studies and plans to submit a supplemental response for #10 the week of November 14, 2011.

Request 11. Please provide a complete copy of the audited financial statements for 2009 for the LEC [unless unavailable, then provide either a copy of the audited financial statements for 2009 for the parent company (consolidated) or a complete copy of the 2009 federal income tax return filing made on behalf of the regulated local exchange company].

Response: Please see response file submission "McDaniel UT-110858 DR 11 Response.pdf".