

PEND OREILLE



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UT-091195-CT

July 14, 2009

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

RE: Pend Oreille Telephone Company
ETC Certification and Report

RECEIVED
ACCOUNTS MANAGEMENT
2009 JUL 28 AM 8:57
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Ms. Washburn:

Pend Oreille Telephone Company hereby requests certification by Washington Utilities and Transportation Commission to the Federal Communications Commission ("FCC") and the Universal Service Administrative Corporation ("USAC") for universal service support, in accordance with 47 U.S.C. 354(e). Pend Oreille Telephone Company, Study Area Code 522418, is a rural incumbent local exchange carrier (ILEC) as designated by the FCC and is eligible to receive federal universal service high-cost support pursuant to the Code of Federal Regulations ("CFR"), Title 47, Sections 54.301, 54.305, and Part 36, sub-part F.

Attached are Pend Oreille Telephone Company's reports as required by WAC 480-123-070 and WAC 480-123-080. Also enclosed is the Affidavit containing certifications and NECA-1 report for 2008.

Sincerely,

Mark R. Martell
Administrative Manager

MRM/sec

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

I, Mark R. Martell, being of lawful age, state that I am the Administrative Manager of Pend Oreille Telephone Company ("Company"), that I am authorized to execute this Affidavit on behalf of the Company, and that the facts set forth in this Affidavit 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 2008 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);
- (3) That during the 2008 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 2008 calendar year, the Company publicized the availability of its applicable telephone assistance programs, such as Lifeline, in a manner reasonably designed to reach those likely to qualify for service, including residents of federally-recognized Indian reservations within the Company's designated service area.

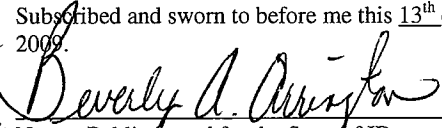
I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

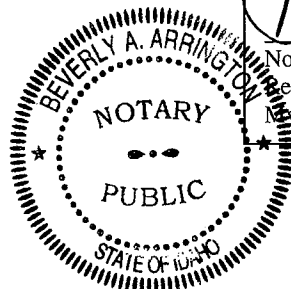
Dated this 13th day of July, 2009 at Glens Ferry, Idaho.

Company: Pend Oreille Telephone Company

By: 
Mark R. Martell

Its: Administrative Manager

State of Idaho)
	: ss.
County of Elmore)
Subscribed and sworn to before me this <u>13th</u> day of July, 2009.	
<u></u>	
Notary Public in and for the State of ID	
residing at <u>King Hill, Idaho</u>	
My commission expires: <u>03/28/2012</u>	



**REPORTS AS REQUIRED BY WAC 480-123-070
AND WAC 480-123-080**

Pend Oreille Telephone Company (the "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 2008, that, as of the date of the report, the Company has reported as the basis for support from the federal high-cost fund.

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 quality telecommunications services to customers in the service area for which the Company is designated as an ETC.² The Company has made substantial 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 from the Company within its designated ETC service area.

Report 3: WAC 480-123-070(4): The Company reports that during the calendar year 2008, 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 by the Company's customers.

Report 4: WAC 480-123-080(1)(b): 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 October 1, 2009, through September 30, 2010, 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 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

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 The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

calendar year 2008, 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 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 2008. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2010.

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service.

480-123-070 (2) Local service outage report.

To help WUTC staff understand the details of your company's compliance with the state regulation in this regard, please submit your detailed record of major outages for the calendar year of 2008. The response should include description of each major outage and a statement about the interruption that includes the time, the cause, the location and number of affected access lines, and the duration of the interruption or impairment. When applicable, the response must also include a description of preventative actions to be taken to avoid future outages.

No major outages for 2008

480-123-070 (3) Report on failure to provide service.

Your company is subject to WAC 480-120-439. To help the staff understand the details of your company's compliance to the state regulation in this regard, please provide the number of requests for service from applicants within your designated service areas that were unfulfilled for the calendar year 2008. The response must also describe in detail how your company attempted to provide service to those applicants.

No unfulfilled service requests for 2008

480-123-070 (4) Report on complaints per one thousand handsets or lines.

The number of customer complaints against your company during the calendar year 2008. WAC 480-123-070 requires each ETC to report on activity related to Washington state in the previous calendar year.

2.67 complaints per 1,000 lines

Report 5: WAC 480-123-080(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, 2009 through December 31, 2010, 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 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 2008, 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 equipment and plant as occurred in calendar year 2008. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2010.

Exchange: lone
Project: Larch Lane Cable Construction; 50 pair cable and 1.25" HDPE duct, approx. 2,000 feet
Cost Est. \$7,000
Completion Date: July 2008

Exchange: lone
Project: LeClerc Rd Cable Construction; 25 pair cable and pedestals, approx. 1,000 feet.
Cost Est. \$3,000
Completion Date: July 2008

Exchange: lone
Project: Fiber construction from lone C.O. to Tiger; various fiber counts, approx. 4 miles.
Cost Est. \$7,000
Completion Date: Sept. 2008

Exchange: lone
Project: LeClerc Road Tribe DLC to Firehouse, 50 pair and duct, 5,000' cable.
Cost Est. \$15,000
Completion Date: Sept. 2008

Exchange: lone
Project: Fiber construction from lone C.O. to Tiger; various fiber counts, approx. 4 miles.
Cost Est. \$125,000
Completion Date: July 2008

Exchange: Metalline Falls
Project: Fiber construction from Metaline Falls C.O. to Canadian Border; various fiber counts, approx. 11 miles
Cost Est. \$400,000+
Completion Date: 2009/2010

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service. As to the specific investment project identified above, it is expected that customers will benefit by increased reliability of service and the increased availability of a broader range of telecommunications services, including, but not limited to, advanced services.

Universal Service Fund
Data Collection Form

SAC: 522418□

SA Name: Pend Oreille Telephone Company Region: Western

I. EXCHANGE CARRIER/DATA IDENTIFICATION

(10)	Study Area Code	(010)	<u>522418□</u>
(020)	Contact Name	(020)	<u>Bev Arrington</u>
(030)	Contact Telephone Number	(030)	<u>206.366.2614</u>
(040)	USF Data Collection Period	(040)	<u>2009-1</u>

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2008-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2009-1 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>2,052</u>	(060)	<u>1,947</u>	
(070)	Category 1.3 Loops (Excluding Cat. 1.3 TWX Loops)	<u>2,044</u>	(070)	<u>1,941</u>	
(080)	Reserved				

III. INVESTMENT, EXPENSE AND TAXES

Net Plant Investment

(160)	Acct. 2001 - Telephone Plant in Service	<u>14,158,638</u>	(160)	<u>14,513,672</u>	
(170)	Acct. 1220 - Materials and Supplies	<u>198,904</u>	(170)	<u>196,401</u>	
(190)	Acct. 3100 - Accumulated Depreciation	<u>12,576,588</u>	(190)	<u>12,735,080</u>	
(195)	Acct. 3400 - Accumulated Amortization Tangible	<u>0</u>	(195)	<u>0</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>(43,863)</u>	(210)	<u>52,160</u>	
(220)	Net Plant Investment (Sum of Lines 160 + 170 Minus Lines 190 Through 210)	<u>1,824,817</u>	(220)	<u>1,922,834</u>	<u>Calculation</u>

Universal Service Fund
Data Collection Form

SAC: 522418□

SA Name: Pend Oreille Telephone Company Region: Western

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2008-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2009-1 Amount</u>	<u>Data Source</u>
Selected Plant Accounts					
(230)	Acct. 2210 - Central Office Switching Equipment	<u>1,883,934</u>	(230)	<u>1,890,565</u>	
(235)	Acct. 2220 - Operator System Equipment	<u>0</u>	(235)	<u>0</u>	
(240)	Acct. 2230 - Central Office Transmission Equipment	<u>3,838,904</u>	(240)	<u>3,910,784</u>	
(245)	Total Central Office Equipment (Sum of Lines 230 Through 240)	<u>5,722,837</u>	(245)	<u>5,801,349</u>	Calculation
(250)	Circuit Equipment Category 4.13	<u>1,980,837</u>	(250)	<u>2,016,138</u>	
(255)	Acct. 2410 - Cable and Wire Facilities Total	<u>7,336,160</u>	(255)	<u>7,607,860</u>	
(260)	Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	<u>1,719,178</u>	(260)	<u>1,730,848</u>	
(265)	Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment	<u>0</u>	(265)	<u>0</u>	
(270)	Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	<u>3,503,179</u>	(270)	<u>3,580,396</u>	
(275)	Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 Through 270)	<u>5,222,357</u>	(275)	<u>5,311,244</u>	Calculation
(280)	Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	<u>6,622,160</u>	(280)	<u>6,686,751</u>	

Universal Service Fund
Data Collection Form

SAC: 5224180

SA Name: Pend Oreille Telephone Company Region: Western

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2008-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2009-1 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>(5,836)</u>	(310)	<u>(19,607)</u>	
(315)	Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	<u>0</u>	(315)	<u>0</u>	
(320)	Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	<u>(11,893)</u>	(320)	<u>54,680</u>	
(325)	Acct. 4340 (2210-2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of Lines 310 Through 320)	<u>(17,729)</u>	(325)	<u>35,072</u>	<u>Calculation</u>
(330)	Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	<u>(22,727)</u>	(330)	<u>23,029</u>	

Universal Service Fund
Data Collection Form

SAC: 522418□

SA Name: Pend Oreille Telephone Company Region: Western

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2008-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2009-1 Amount</u>	<u>Data Source</u>
Plant-Specific Operation Expense					
(335)	Acct. 6110 - Network Support Expense Total	<u>0</u>	(335)	<u>0</u>	
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	<u>0</u>	(340)	<u>0</u>	
(345)	Acct. 6110 - Rents Portion of Network Support Expense	<u>0</u>	(345)	<u>0</u>	
(350)	Acct. 6120 - General Support Expense Total	<u>86,345</u>	(350)	<u>80,660</u>	
(355)	Acct. 6120 - Benefits Portion of General Support Expense	<u>2,138</u>	(355)	<u>1,009</u>	
(360)	Acct. 6120 - Rents Portion of General Support Expense	<u>1,532</u>	(360)	<u>1,532</u>	
(365)	Acct. 6210 - Central Office Switching Expense - Total	<u>107,000</u>	(365)	<u>136,810</u>	
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	<u>12,015</u>	(370)	<u>12,813</u>	
(375)	Acct. 6210 - Rents Portion of Central Office Switching Expense	<u>0</u>	(375)	<u>0</u>	
(380)	Acct. 6220 - Operator System Expense - Total	<u>0</u>	(380)	<u>0</u>	
(385)	Acct. 6220 - Benefits Portion of Operator System Expense	<u>0</u>	(385)	<u>0</u>	
(390)	Acct. 6220 - Rents Portion of Operator System Expense	<u>0</u>	(390)	<u>0</u>	
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	<u>101,017</u>	(395)	<u>86,119</u>	

Universal Service Fund
Data Collection Form

SAC: 522418

SA Name: Pend Oreille Telephone Company Region: Western

Data Line	Description	Latest View 2008-1 Amount	Data Line	Pending View 2009-1 Amount	Data Source
(400)	Acct. 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	6,304	(400)	6,393	
(405)	Acct. 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	(405)	0	
(410)	Accts. 6210-6230 - Central Office Expense Total (Sum of Lines 365 + 380 + 395)	208,017	(410)	222,929	Calculation
(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	318,904	(430)	378,234	
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	36,665	(435)	38,285	
(440)	Acct. 6410 - Rents Portion Cable and Wire Facilities Expense	0	(440)	0	
(445)	Total Plant-Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	613,266	(445)	681,823	Calculation
Plant-Nonspecific Expense					
(450)	Acct. 6530 - Network Operations Expense - Total	139,095	(450)	141,895	
(455)	Acct. 6530 - Benefits Portion Network Operations Expense	14,128	(455)	14,724	

Universal Service Fund
Data Collection Form

SAC: 522418□

SA Name: Pend Oreille Telephone Company Region: Western

Data Line	Description	Latest View 2008-1 Amount	Data Line	Pending View 2009-1 Amount	Data Source
(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>4</u>	(510)	<u>1,192</u>	
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	<u>0</u>	(515)	<u>0</u>	
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	<u>66,635</u>	(520)	<u>87,698</u>	
(525)	Acct. 6560 (2210-2230) Depreciation and Amortization Central Office Equipment (Sum of Lines 510 Through 520)	<u>66,639</u>	(525)	<u>88,890</u>	Calculation
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense - Cable and Wire Facilities	<u>275,839</u>	(530)	<u>64,589</u>	

Corporate Operating Expenses

(535)	Acct. 6710 - Executive and Planning Expense - Total	<u>284,867</u>	(535)	<u>296,181</u>	
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	<u>37,862</u>	(540)	<u>39,810</u>	

Universal Service Fund
Data Collection Form

SAC: 522418□

SA Name: Pend Oreille Telephone Company Region: Western

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2008-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2009-1 Amount</u>	<u>Data Source</u>
(550)	Acct. 6720 - General Administrative Expense - Total	<u>418,147</u>	(550)	<u>423,341</u>	
(555)	Acct. 6720 - Benefits Portion - General Administrative Expense	<u>31,335</u>	(555)	<u>34,801</u>	
(565)	Total Corporate Operations Expense (Sum of Lines 535 + 550)	<u>703,014</u>	(565)	<u>719,522</u>	Calculation

Other Expenses and Revenues

(600)	Benefits Portion of All Operating Expenses - Total	<u>149,777</u>	(600)	<u>158,715</u>	
(610)	Rents Portion of All Operating Expenses - Total	<u>1,532</u>	(610)	<u>1,532</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>206,328</u>	(650)	<u>192,803</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>7,299,227</u>	(700)	<u>7,472,010</u>	
710)	Cost Study Average Cable and Wire Facilities Cat. 1 - Total Exchange Line C&WF Excluding Wide Band	<u>6,409,362</u>	(710)	<u>6,435,891</u>	

Universal Service Fund
Data Collection Form

SAC: 522418

SA Name: Pend Oreille Telephone Company Region: Western

<u>Data Line</u>	<u>Description</u>	<u>Latest View 2008-1 Amount</u>	<u>Data Line</u>	<u>Pending View 2009-1 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>	
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	<u>0</u>	(805)	<u>0</u>	
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	<u>0</u>	(810)	<u>0</u>	
(815)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	<u>0</u>	(815)	<u>0</u>	
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	<u>0</u>	(820)	<u>0</u>	
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expense - Amortizable Tangible Assets	<u>0</u>	(830)	<u>0</u>	
	Sum of Data Collection Inputs	<u>84,087,534</u>		<u>85,873,344</u>	<u>Sum of Line 060 - 830</u>

VI. COMMENTS/SIGNIFICANT CHANGE EXPLANATION**VI. RENT REVENUE: OFFSET TO EXPENSE**

(1)	Account 6120 - General Support Expense	<u>0</u>	<u>0</u>	<u>Correct Year Input form</u>
(2)	Account 6210 - Central Office Switching Expense	<u>0</u>	<u>0</u>	<u>Correct Year Input form</u>
(3)	Account 6220 - Central Office Operator Expense	<u>0</u>	<u>0</u>	<u>Correct Year Input form</u>
(4)	Account 6230 - Central Office Transmission Expense	<u>0</u>	<u>0</u>	<u>Correct Year Input form</u>
(5)	Account 6310 - Information Orig/Term Expense	<u>0</u>	<u>0</u>	<u>Correct Year Input form</u>
(6)	Account 6410 - Cable & Wire Facilities Expense	<u>0</u>	<u>0</u>	<u>Correct Year Input form</u>
	TOTAL	<u>0</u>	<u>0</u>	<u>Ln 1-6</u>