

UT-101257-CT

Om 9-30-10

Regular Agenda



July 22, 2010

BY HAND

Mr. David A. Danner, Secretary
 Washington Utilities and Transportation Commission
 P. O. Box 47250
 1300 South Evergreen Park Drive SW
 Olympia, WA 98504-7250

Dear Mr. Danner:

Re: 2010 ETC Certification
 Request for Certification Pursuant to
WAC 480-123-060 and 47 C.F.R. § 54.314

RECEIVED
 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
 2010 JUL 22 PM 12:13
 STATE OF WASHINGTON
 UTIL. AND TRANSPORT. COMMISSION

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

Sincerely,

A handwritten signature in black ink, appearing to read "S. Hanson".

Steven D. Hanson
 Vice President

Enclosures

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

I, Steven D. Hanson, being of lawful age, state that I am Vice President of Kalama 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 2009 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);


(3) That during the 2009 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 2009 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 22th day of July, 2010 at Tenino, Washington.

Company: Kalama Telephone Company

By: 

Its: Vice President

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

Kalama 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 2009,² 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 2008.

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.³ 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 service area. In addition, during 2009, the Company was engaged in a number of major investment projects within its designated ETC service area, including the following:

- (1) The Company installed an expansion to existing digital switching equipment at a cost of approximately \$158,500. This provided growth capacity and improved service for all subscribers.
- (2) The Company installed an expansion to existing exchange line circuit equipment at a cost of approximately \$49,000. This provided growth capacity in the areas served by the exchange line circuit equipment.
- (3) The Company installed Digital Subscriber Line (DSL) equipment at a cost of approximately \$56,750. This provided growth capacity and improved service for all subscribers served.

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 attached report replicates National Exchange Carrier Association, Inc. Universal Service Data Collection Form 2009-1.

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).

- (4) The Company installed a major cable and wire facilities project. The total cost of this project was approximately \$23,000. This project improved service for approximately 20 customers, plus providing capacity for growth in the area served.
- (5) The Company installed 3.7 miles of fiber facilities at a cost of approximately \$76,000. This project improved service for approximately 512 subscribers and provided growth capacity in the areas served.

Report 3: WAC 480-123-070(4): The Company reports that during the calendar year 2009, 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 period January 1, 2010, 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 for calendar year 2009 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 2009, 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 2010 it will have relatively the same level of expenditure and investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2009. The Company's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area also include the following major construction project for 2010:

The Company plans to install exchange line circuit equipment at a cost of approximately \$210,000. This project will improve service for approximately 458 customers, plus allowing for future growth in the area served.

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, 2011, through December 31, 2011, 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 2009 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 2009, 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 for calendar year 2011 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 2009. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2011.

In addition to the specific benefits noted for the above-identified project, 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 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: July 22, 2010

STUDY AREA: 522426
NAME: Kalama Telephone Company
CONTACT: Rick Vitzthum
PHONE: 360-264-2915

Description	Pending View 2009-1 Amount	Pending View 2008-1 Amount
II. WORKING LOOPS		
60 Total Loops (Cat 1.1, 1.2 and 1.3)	3,077	3,204
70 Category 1.3 loops (excluding Cat 1.3 TWX Loops)	2,968	3,083
III. INVESTMENT, EXPENSE AND TAXES		
NET PLANT INVESTMENT		
160 Acct 2001 – Telephone Plant in Service	16,102,611	15,120,510
170 Acct 1220 – Material and Supplies	55,428	65,730
190 Acct 3100 – Accumulated Depreciation	12,464,585	11,514,980
195 Acct 3400 – Accumulated Amortization - Tangible	0	0
210 Acct 4340 – Net Noncurrent Deferred Operating Income Taxes	(132,411)	(89,102)
220 Net Plant Investment	3,825,865	3,760,362
SELECTED PLANT ACCOUNTS		
230 Acct 2210 – Central Office Switching Equipment	2,731,527	2,429,430
235 Acct 2220 – Operator System Equipment	0	0
240 Acct 2230 – Central Office Transmission Equipment	3,295,554	3,128,346
245 Total Central Office Equipment	6,027,081	5,557,776
250 Circuit Equipment - Category 4.13	2,092,379	1,992,462

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Description	Pending View 2009-1 Amount	Pending View 2008-1 Amount
255 Acct 2410 – Cable and Wire Facilities - Total	7,186,068	6,807,512
260 Acct 3100 (2210) – Accumulated Depreciation - Central Office Switching Equipment	2,492,465	2,446,088
265 Acct 3100 (2220) – Accumulated Depreciation - Operator System Equipment	0	0
270 Acct 3100 (2230) – Accumulated Depreciation - Central Office Transmission Equipment	2,867,701	2,507,959
275 Acct 3100 (2210 thru 2230) – Total Accumulated Depreciation - Central Office Equipment	5,360,166	4,954,047
280 Acct 3100 (2410) – Accumulated Depreciation - Cable and Wire Facilities	4,630,763	4,242,989
310 Acct 4340 (2210) – Net Noncurrent Deferred Operating Income Taxes – Central Office Switching Equipment	(22,532)	(14,366)
315 Acct 4340 (2220) – Net Noncurrent Deferred Operating Income taxes – Operator System Equipment	0	0
320 Acct 4340 (2230) – Net Noncurrent Deferred Operating Income Taxes – Central Office Transmission Equipment	(27,204)	(18,511)
325 Acct 4340 (2210 thru 2230) – Net Noncurrent Deferred Operating Income Taxes – Central Office Equipment (Sum of 4340 (2210) through (2230))	(49,736)	(32,877)
330 Acct 4340 (2410) – Net Noncurrent Deferred Operating Income Taxes – Cable and Wire Facilities	(59,289)	(40,257)

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Description	Pending View 2009-1 Amount	Pending View 2008-1 Amount
PLANT SPECIFIC OPERATION EXPENSE		
335 Acct 6110 – Network Support Expense Total	44,213	46,329
340 Acct 6110 – Benefits Portion of Network Support Expense	2,839	980
345 Acct 6110 – Rents Portion of Network Support Expense	0	0
350 Acct 6120 – General Support Expense Total	237,922	226,986
355 Acct 6120 – Benefits Portion of General support Expense	18,748	19,787
360 Acct 6120 – Rents Portion of General support Expense	0	0
365 Acct 6210 – Central Office Switching Expense –Total	383,107	371,103
370 Acct 6210 – Benefits Portion of Central Office Switching Expense	32,996	32,397
375 Acct 6210 – Rents Portion of Central Office Switching Expense	0	0
380 Acct 6220 – Operator System Expense – Total	0	0
385 Acct 6220 – Benefits Portion of Operator System Expense	0	0
390 Acct 6220 – Rents Portion of Operator System Expense	0	0
395 Acct 6230 – Central Office Transmission Expense – Total	187,424	159,897
400 Acct 6230 – Benefits Portion of Central Office Transmission Expense	19,867	16,235
405 Acct 6230 – Rents Portion of Central Office Transmission Expense	0	0

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Description	Pending View 2009-1 Amount	Pending View 2008-1 Amount
410 Acct 6210 – 6230 – Central Office Expense - Total	570,531	531,000
430 Acct 6410 – Cable and Wire Facilities Expense – Total	197,240	215,476
435 Acct 6410 – Benefits Portion of Cable and Wire Facilities Expense	25,994	27,035
440 Acct 6410 – Rents Portion of Cable and Wire Facilities Expense	3,521	3,055
445 Total Plant Specific Expense	1,049,906	1,019,791
PLANT NON-SPECIFIC EXPENSE		
450 Acct 6530 – Network Operations Expense – Total	491,074	508,667
455 Acct 6530 – Benefits Portion of Network Operations Exp	55,356	57,189
DEPRECIATION & AMORTIZATION EXPENSE		
510 Acct 6560 (2210) – Depreciation and Amortization Expense – Central Office Switching Equipment	50,200	44,453
515 Acct 6560 (2220) – Depreciation and Amortization Expense – Operator System Equipment	0	0
520 Acct 6560 (2230) – Depreciation and Amortization Expense – Central Office Transmission Equipment	355,729	324,893
525 Acct 6560 (2210 thru 2230) – Depreciation and Amortization Central Office Equipment	405,929	369,346
530 Acct 6560 (2410) – Depreciation and Amortization Expense – Cable and Wire Facilities	387,772	368,180

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Description	Pending View 2009-1 Amount	Pending View 2008-1 Amount
CORPORATE OPERATIONS EXPENSE		
535 Acct 6710 – Executive and Planning Expense – Total	109,333	110,667
540 Acct 6710 – Benefits Portion of Executive & Planning Exp	10,964	10,963
550 Acct 6720 – General Administrative Expense – Total	506,507	477,393
555 Acct 6720 – Benefits Portion of General Administrative Exp	54,533	48,487
565 Total Corporate Operations Expense	615,840	588,060
OTHER EXPENSE		
600 Benefits Portion of All Operating Expenses – Total	260,817	247,981
610 Rents Portion of Plant Specific Operating Expenses - Total	3,521	3,055
TAXES	(2,835)	
650 Acct 7200 – Operating taxes	(2,775)	46,676
IV. PART 36 – COST STUDY DATA		
700 Cost Study Average Cable And Wire Facilities - Acct 2410	6,996,790	6,575,547
710 Cost Study Average Cable and Wire Facilities Cat 1 – Total Exchange Line C&WF Excluding Wideband	6,919,265	6,483,523
V. AMORTIZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)		
800 Acct 2680 –Amortizable Tangible Assets	0	0

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 NAME: Kalama Telephone Company
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Description	Pending View 2009-1 Amount	Pending View 2008-1 Amount			
805 2680 (2230) – Amortizable Tangible Assets – Central Office Transmission Equipment	0	0			
810 Acct 2680 (2230) – Amortizable Tangible Assets – Central Office Transmission Equipment Assigned To Category 4.13	0	0			
815 Acct 2680 (2410) – Amortizable Tangible Assets – Cable and Wire Facilities	0	0			
820 Acct 2680 (2410) – Amortizable Tangible Assets – Cable and Wire Facilities Assigned to Category 1	0	0			
830 Acct 6560 (2680) – Depreciation and Amortization Expense – Amortizable Tangible Assets	0	0			
Check Total	88,836,619	83,274,516			
<table border="1"> <tr> <td>Submitted By</td> </tr> <tr> <td>RAV</td> </tr> <tr> <td>November 25, 2009</td> </tr> </table>			Submitted By	RAV	November 25, 2009
Submitted By					
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