

Pioneer Telephone Co.

Local and Long Distance Service

Serving LaCrosse, Endicott, Winona, Hooper, Dusty and Hay



January 30, 2012

Telephone 509/549-3511
P.O. Box 207
LaCrosse, Washington 99143-0207

IMPORTANT NOTICE

Pioneer Telephone Company has filed with the Washington Utilities and Transportation Commission (commission) to increase its residential flat rate effective April 1, 2012, to \$10.00 a month. The existing rate is \$9.00.

Further, the Company has requested authority to increase its rates to \$14.00 effective January 1, 2013. Raising the residential rate to \$10.00 will produce an estimated \$8,040.00 in additional annual revenue. Raising the residential rate to \$14.00 will increase revenue by an estimated \$32,160.00 on an annual basis above the first step. The increase to \$10.00 per month is an increase of 10%. The increase to \$14.00 is an increase of 40%.

The reason for this filing is that the Federal Communications Commission has issued an Order (FCC Order No. 11-161) that requires the Company to increase its rates to the levels we have set forth in this Notice or face a corresponding reduction in universal service support. The Company does not want to raise its local rates. However, in order to continue to receive the same level of universal service support, which allows us to provide high quality service to you, we are required by the FCC to increase these rates or see a reduction in that support.

This is not something that the Company is taking lightly. However, in considering the options available to it, the Company believes it has no choice but to follow the FCC's requirement in order to continue to receive universal service support at approximately the same levels it has in the past.

If you have any questions about the proposed filing and how it will affect you, please call the Company at 509-549-3511.

The commission has the authority to set rates that may vary from the company's request, depending on the outcome of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on March 29, 2012. You will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, the commission has a bridge line which enables you to participate by telephone. Call 360-664-1234 the day before the open meeting for instructions and to sign in. You can also comment by using the "Public Comment" feature at the commission's web site, at utc.wa.gov, or by using the contact information below.

Washington Utilities and Transportation Commission
1300 S Evergreen Park Drive SW
Post Office Box 47250
Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-WUTC (9882)

Sincerely,

Pioneer Telephone Company