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July 31, 2012

Dave Danner, Executive Director/Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

Re: 2012 ETC Certification  
Request for Certification Pursuant to WAC 480-123-060, 070 and 080

Dear Mr. Danner:

Pursuant to WAC 480-123-060, 070 and 080 **McDaniel Telephone Company**, d/b/a TDS Telecom ("Company") hereby requests that the Washington Utilities and Transportation Commission certify 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,

  
Bruce Schiefelbein  
Manager – Regulatory Compliance  
TDS Telecom

Enclosures

cc: Gail Long

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

McDaniel d/b/a TDS Telecom (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): Report On Use Of Federal Funds And Benefits To Customers**

McDaniel is an average schedule company versus a cost company and financial data is not provided to NECA for USF purposes. Instead, McDaniel receives its funds based on Average Schedule Formulas which have been developed by NECA and approved by the FCC.

In order to demonstrate the use of funds refer to the attached report titled “Attachment to Affidavit” which includes the financial data before any cost study adjustments and is used to show the use of federal funds.

**Report 2: WAC 480-123-070(1)(b): Substantive Description of Benefits to Consumers Resulting from Report Number 1**

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>2</sup>

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 service area.<sup>3</sup>

In addition, during 2011, the Company was engaged in major investment projects within its designated ETC service area as described below:

1. Replace AC Unit in Central Office at Mossy Rock - \$7,300
2. Upgrade Transport at DSA 41212 at Salkum, first phase - \$3,400
3. Upgrade Transport at DSAs 41200 and 41101 at Onalaska - \$4,300
4. Upgrade Capacity at DSA 41100 at Salkum – \$5,300

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

<sup>3</sup> The references to the services supported by the federal high-cost fund is to the services designated for support as set forth in 47 C.F.R. §54.101(a).

**Report 3: WAC 480-123-070(4): Report on Complaints per One Thousand Lines.**

The Company reports that it is aware of zero complaints made during calendar year 2011 to the Federal Communications Commission and no complaints to the Consumer Protection Division of the Office of the Attorney General of the State of Washington concerning the services provided to its customers by the Company that are either subject to the regulatory jurisdiction of the Washington Utilities and Transportation Commission or among the services supported by the federal high-cost fund. Below is a list of the complaint and the resolution.

**Report 4: WAC 480-123-080(1)(b): Annual Plan for Universal Service Support Expenditures.**

As explained in Report 1; McDaniel is an average schedule company and does not provide financial data to NECA, instead its funds are based on average schedule formulas developed by NECA and approved by the FCC.

Attachment to Affidavit, Report #4 Column includes estimates of expenditures for the years 2012 and 2013 for the provision, maintenance and upgrading of facilities and services supported by federal universal service.

**Report 5: WAC480-123-080 (2): Substantive Plan and Description of Investments & Expenditures and Benefits to Customers.**

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service, rates for its local exchange services will be maintained so that they are affordable and reasonably comparable to rates being charged for the same services in urban areas and McDaniel will continue to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. The use of federal universal service support for these purposes is clearly consistent with the federal universal service principals.

The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2011, 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 2011.

In addition to the foregoing, the Company is planning on several large projects for 2012. The large projects are as follows:

- Complete Transport Upgrade at DSA 41212 at Salkum – estimated \$47,000
- Augment the ATM Equipment at Salkum – estimated \$42,000
- Routine Cable Additions – estimated \$20,900

All of the aforementioned projects will allow the company to continue to maintain and improve the level of service provided as well as increase bandwidth for future growth and advance services.

Customers will benefit from these investment and expenditures through their continued ability to maintain their high quality 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.

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

I, Kevin G. Hess, being of lawful age, state that I am Senior Vice President, Government & Regulatory Affairs of TDS Telecommunications Corporation, parent company of McDaniel Telephone Company d/b/a TDS Telecom ("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 all federal high-cost support provided to the Company within the State of Washington has been used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance and upgrading of facilities and services for which the support is intended;

(2) That during the 2011 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);

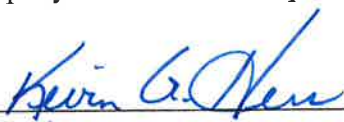
(3) That during the 2011 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2011 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 31<sup>st</sup> day of July, 2012 at Madison, WI.

Company: McDaniel Telephone Company, d/b/a TDS Telecom

By:   
Kevin G. Hess

Its: Senior Vice President, Government & Regulatory Affairs

**USF Certification for 2012**

**Attachment to Affidavit**

522430	MCDANIEL TELEPHONE COMPANY		, d/b/a/ TDS Telecom
668	Exchange	CLLI Code	Access Lines
	SALKUM	SLKMWA	1,283
	ONALASKA	ONLSWA	1,455
	MOSSYROCK	MSRKWA	923
			-
			-
			-
			-
			-
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			-
			-
			-
			-
			-
			-
			-
			-
			-
			3,661

**Year 2011 Federal Universal Service Receipts Subject To Certification.**

High Cost Loop Support	\$	-	
ICLS Support		Not Applicable	See FCC Part 54.904
Safety Net Additive	\$	-	
Safety Value Additive			
Local Switching Support	\$	195,744	
TOTAL	\$	195,744	

**Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding**

	Report #1 Actual	Report #4 Estimated	Report #4 Estimated
	2011	2012	2013
<b>Plant Specific Operations Expenses</b>			
Network support (Accts. 6100s)	\$ 3,235	\$ 3,000	\$ 3,000
General support (Accts. 6120s)	\$ 141,072	\$ 142,000	\$ 143,000
Central office switching (Accts. 6210s)	\$ 65,295	\$ 66,000	\$ 66,000
Central office transmission (Accts. 6230s)	\$ 48,824	\$ 49,000	\$ 49,000
Cable and wire facilities (Accts. 6410s)	\$ 215,028	\$ 217,000	\$ 218,000
Network operations (Accts. 6530s)	\$ 273,723	\$ 276,000	\$ 277,000
Depreciation and amortization (Accts. 6560s)	\$ 818,633	\$ 823,000	\$ 855,000
<b>Customer operations expenses</b>			
Customer services (Accts. 6610-20s)	\$ 342,670	\$ 346,000	\$ 348,000
<b>Corporate operations expenses</b>			
Executive, general and corporate (Accts. 6710-20s)	\$ 535,271	\$ 541,000	\$ 544,000
<b>Total Year Supported Expenses, Before Return On Investment</b>	<b>\$ 2,443,752</b>	<b>\$ 2,463,000</b>	<b>\$ 2,503,000</b>
<b>Additions</b>			
Central Office Equipment (Acct. 2200s)	\$ 37,260	\$ 162,200	\$ -
Cable and wire (Acct. 2400s)	\$ 8,655	\$ 20,900	\$ 22,100
TOTAL	\$ 45,915	\$ 183,100	\$ 22,100
<b>Total Year Supported Expenditures, Before Return On Investment</b>	<b>\$ 2,489,667</b>	<b>\$ 2,646,100</b>	<b>\$ 2,525,100</b>