



UT-141496

July 22, 2014

Mr. Steven King, Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

2014 JUL 23 PM 1:58

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

Dear Mr. King:

Pursuant to WAC 480-123-060, The Toledo Telephone Co., Inc. ("Company") hereby requests that the Washington State 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,

A handwritten signature in black ink, appearing to read "Dale Merten", written over a horizontal line.

Dale Merten
Chief Operating Officer

Hard Copy

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

I, Dale Merten, being of lawful age, state that I am C.O.O of The Toledo Telephone Company, Inc. ("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 proceeding 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 2013 calendar year, the Company met substantially the applicable service quality standard found in WAC 480-123-030(1)(h);

(3) That during the 2013 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 2013 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 24th day of July, 2014

Company: The Toledo Telephone Company, Inc.

By:



Its: Chief Operating Officer

2014 JUL 23 PM 1:59

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

The Toledo Telephone Co., Inc. (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 Report for the calendar year 2013, that, as of the date of the report, the Company has reported as the expected 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 high 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 service area. In addition, during 2013, the Company was engaged in a major critical investment project within its designated ETC service area as described below in Report 5

Report 3: WAC 480-123-070(4): The Company reports that the Company is aware of one complaint, regarding call completion issues and was contacted during calendar year 2013 by the Federal Communications Commission or the Consumer Protection Division. We responded to the FCC and they understand the problem was not under our control.

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 January 1,

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.

2014, through December 31, 2014, that the Company expects to use as a basis to request federal high-cost support are expected to have relatively similar expenses the Company has set forth in its information filed under Report 1. The Company expects that levels of expenses will see a similar increase as those it experienced in calendar year 2013, due to the scope of the fiber upgrade. 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 include several major construction projects at the present time: Phase one, currently complete, consists of overbuilding the downtown Toledo area with fiber optic cable to replace aging and failing copper plant. Over the next three years, the Company plans to built-out fiber to those areas currently served by copper facilities. Funding for these projects is provided through the USDA RUS Loan Program and is expected to total \$18 million upon the completion target date of December 31, 2016. FCC changes to USF and ICC have placed our ability to repay the loan in peril, as the company has no reliable means to determine if USF will provide adequate support meet our fiduciary obligations.

With the exception of the construction projects described, above, 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 2013. The Company has completed its budgeting process and provides final numbers prepared for investment and construction expense levels for 2012 and 2013 as attachment "2012 ETC Budget and 2013 ETC Budget"

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service and have access to advanced services delivered via fiber optics.

Report 5: WAC 480-123-080(1)(a) and WAC 480-123-080(2): Existing copper facilities for the Company have been in use beyond reasonable life expectancy. In most cases, the copper has been in use over 25 years and is beyond usefulness. Thus, the Company has begun overbuilding our entire exchange with fiber optic facilities. Phase 1, located within the City of Toledo has been completed. Phase 2 is identified around the existing CSA's the Company has currently established and is currently underway. The overall project will consist of 100% buried fiber facilities to all our subscribers. This will require a significant investment in fiber, electronics, optical terminals and labor, which exceeds 17 million dollars. Without access to federal high-cost support funds the Company would not be able to undertake even a small portion of a project of this scope.

Without these upgrades to the Company's facilities, our customers would likely never have access to the opportunities that fiber to the home has to offer. 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, 2014, through December 31, 2014, 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 investments and expense levels. The Company expects that levels of expenses will increase from those experienced in calendar year 2013 due the scope and size of our fiber optic upgrade. Staffing levels decreased 10% due to attrition. The Company does not anticipate 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 include a major construction project at the present time. The Company expects that it will have a similar level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2013. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2015. The Company expects that the continued receipt of federal high-cost support will aide the Company's efforts to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas. However, the Company projects that with reductions in intercarrier compensation and associated federal support, those efforts will need to be supplemented by support from the state universal service fund for the Company to be able to continue to maintain reasonably comparable rates. All customers in the Company's designated ETC service area will benefit from the expected level of support and other factors, such as support from the state fund, continuing to aide efforts to have available to the customers services that are comparable to the telecommunications services offered in urban areas at rates that are comparable to the rates for such services in urban areas.

Major Outage Report

We pleased to report no major outages during 2013.

Respectfully,

Dale Merten
C.O.O.
The Toledo Telephone Co., Inc
360-864-2044



Data Provided to USAC/FCC For CAF ICC Purposes -
Provided Concurrent with NECA 2014 Annual Tariff Filing

Study Area: 522447 TOLEDO TELEPHONE CO
Settlement Type: Cost

| Test Period 7/1/14 - 6/30/15 Post True-up (Filing) View | | |
|--|---|------------------|
| Rate-of-Return (ROR) Carrier Revenue Requirement | | |
| 1. | 2011 Interstate Switched Access Revenue Requirement | \$439,564 |
| 2. | FY 2011 Intrastate Terminating Switched Access Revenues | \$422,613 |
| 3. | FY 2011 Net Reciprocal Compensation Revenues | \$23,744 |
| 4. | 2011 ROR Carrier Base Period Revenue (Line 1 + Line 2 + Line 3) | \$885,921 |
| 5. | ROR Carrier Baseline Adjustment Factor (0.95 * 0.95 * 0.95) | 0.857375 |
| 6. | ROR Carrier Revenue Requirement (Line 4 * Line 5) | \$759,567 |
| 7. | Pool Administration Expenses | \$13,441 |
| 8. | Total ROR Carrier Revenue Requirement (Line 6 + Line 7) | \$773,008 |
| Revenues from Reformed Inter-carrier Compensation (ICC) Rates | | |
| 9. | Interstate Switched Access Revenues | \$132,565 |
| 10. | Interstate Allocated Switched Access Revenues# | \$201,315 |
| 11. | Transitional Intrastate Access Service Revenues | \$109,248 |
| 12. | Net Transitional Reciprocal Compensation Revenues | \$0 |
| 13. | Total ICC Revenue (Line 10 + Line 11 + Line 12) | \$310,562 |
| Eligible Recovery | | |
| 14. | TRS Increment | \$0 |
| 15. | Regulatory Fees Increment | \$0 |
| 16. | NANPA Increment | \$0 |
| 17. | Interstate Local Switching Support for Price Cap Affiliates | \$0 |
| 18. | Adjustment for Double Recovery or Corrections | \$0 |
| 19. | Test Period 12/13 Trueup - Net Impact on Total Eligible Recovery | -\$84,985 |
| 20. | Eligible Recovery (Line 8 - Line 13) + (Line 14 + Line 15 + Line 16 + Line 18 + Line 19) - (Li | \$377,461 |
| Revenues From Access Recovery Charges (ARC) | | |
| 21. | Residential ARC Revenues | \$24,192 |
| 22. | Single Line Business ARC Revenues | \$1,674 |
| 23. | Multi-Line Business ARC Revenues | \$7,236 |
| 24. | Total ARC Revenues (Line 21 + Line 22 + Line 23) | \$33,102 |
| 25. | Connect America Fund (CAF) ICC Support** (Line 20 - Line 24) | \$344,359 |

Notes:

Per FCC Designation Order, calculated as (Sum of Line 9 for all TS pool participants) * (Line 1 / Sum of Line 1 for all TS pool participants)

** NECA estimate provided for informational purposes only - actual to be calculated by USAC

| 2014 TTC ETC Budget | 2014 |
|--|--------------------|
| Central Office Additions Summary | |
| Central Office Equipment - (Additions) | \$68,000.00 |
| Fiber Transport Electronics Summary | |
| DWDM Equipment | \$86,000.00 |
| SONET Upgrades to Gig-E | \$0.00 |
| FTTH Subscriber Premise Summary | |
| Gigabit Ethernet Optical Network Terminal | \$223,775.00 |
| Installation and Customer Cutover | \$635,000.00 |
| Outside Plant Summary | |
| Fiber Optic Cable | \$2,529,638.00 |
| Ductwork | \$325,000.00 |
| Conduit | \$225,000.00 |
| Fiber Optic Subscriber Drops | \$3,375,000.00 |
| Engineering Summary - Allocate to Plant Additions | |
| Pre-Loan Engineering | \$0.00 |
| Post-Loan Engineering | \$405,150.00 |
| Vehicle and Test Equipment Summary | |
| Backhoe | |
| (6) Maintenance Vehicles @ \$38,000.00 each | \$0.00 |
| (3) Office Vehicles @ \$32,000.00 each | \$0.00 |
| (1) Line Maintenance Truck | \$0.00 |
| (6) FTTH Test Sets @ \$15,000 each | \$30,000.00 |
| Misc. Test & Maintenance Equipment | |
| Office Equipment Summary | |
| Billing Software | |
| PC's Printers Etc. | \$5,000.00 |
| PC Software | \$4,000.00 |
| Computer Aided Drafting Software | \$35,000.00 |
| Grand Total | \$7,946,563.00 |