

IMPORTANT NOTICE

Dear Valued Customer -

Whidbey Telephone Company ("Company") has implemented only three residential local service rate increases in over 31 years. Though we prefer not to change our rates for such service, an order by the Federal Communications Commission ("FCC") has given us no reasonable alternative.

The Company has filed with the Washington Utilities and Transportation Commission ("Commission") to increase the Company's monthly recurring rates for residential individual line service, residential hot line service, toll restricted residential individual line service and Centrex service to \$18.00, effective May 1, 2016. The Company's current monthly recurring rate for residential individual line service, residential hot line service and toll restricted residential individual line service is \$16.00 and Centrex service lines 11-200 is \$16.00. This is an increase of \$2.00 per month. The Company is taking this step in light of actions of the Federal Communications Commission that has reduced Inter-carrier compensation and related federal support.

The Company has historically opposed raising its local rates, but after due consideration, the Company believes it has no choice but to follow the FCC's requirement due to reductions in Inter-carrier revenue and support. We believe that, even with the proposed increases, our rates will continue to represent exceptionally good value for our customers.

If you have any questions about the Company's filing with the Commission or how it will affect you, or wish additional information, please visit one of our Customer Experience Centers or call the Company at (360) 321-1122 from South Whidbey, (360) 945-1122 from Point Roberts, or toll free at (866) 548-7760 if calling from outside the Company's local service area. The Company's Customer Experience Centers are located at 1651 Main Street, Freeland, WA 98249 and 1957 Johnson Road, Point Roberts, WA 98281.

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 April 28, 2016. 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. The Commission asks that you call (360) 664-1234 several days 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)

WHIDBEY TELEPHONE COMPANY

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