EXHIBIT 3

DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Company finds itself has created a climate of great financial uncertainty. The Company has been working over the past several years to address growing competition. The Company has taken steps to increase the availability and attributes of advanced services offered by the Company, including broadband. This has resulted in the Company making additional investments in regulated plant of approximately $238,245 during the period January 1, 2011 through December 31, 2017. The Company made significant investments in plant prior to 2011. As a result, the Company has a substantial debt obligation to cover the investment that has been made.

The overall financial condition of the Company is detailed on other Exhibits to this Petition. What this information demonstrates is that, when adjusted to eliminate the support from the state Universal Communications Services Program that the Company received or accrued in 2016, the Company's total regulated revenue decreased by $201,871 from 2011 through 2017. The Company has looked for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as debt-related payments.

At the same time, the Company is seeing increased competition. For example, the Company has seen some migration of customers "cutting the cord" to move to wireless or other service as their sole method of telecommunications. Since 2011, the Company has lost 49 access lines which equates to a significant loss. A loss of customers equates to a loss of revenue without a corresponding reduction in expenses or corresponding increase in rates. This trend of access line loss is exacerbated by the Federal Communications Commission's requirement that the Company increase its rates to remain eligible for full federal USF support.

As another example, some of the financial uncertainty that the Company faces stems from the USF/ICC Transformation Order issued by the Federal Communications Commission.[1] The USF/ICC Transformation Order has built in an automatic decline in the Company's intrastate and interstate access revenues. The intercarrier compensation portion of the Transformation Order introduces a concept of a base line year for calculating terminating access and reciprocal compensation revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (from which the level of CAF support is derived) are reduced iteratively by five percent each year. The CAF support reduction began in

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[1] *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fun,* WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*).

July 2012. Projecting through the year ending June 30, 2019, including reductions that will occur July 1, 2018, the Company has seen a reduction in support from the base line revenue of approximately $77,885.

The Company also continues to experience a significant net loss due to providing broadband to its service territories. In 2011 the loss was $11,339 compared to a loss of $79,300 in 2017. While subscriber counts have remained fairly consistent in the last few years, rising costs of backbone and wholesale tariff rate increases, contribute to the net loss.

The Company continues to service RUS debt, which currently has a balance owing of $329,000. The Company also continues to upgrade plant as needed. The focus this year has been on the Mt Hull exchange. A new Calix remote was just recently added to increase broadband capacity to the area. The former remote had reached capacity and we could no longer continue to connect customers to broadband. The project is estimated to cost $20,000.

A new generator was also installed at the Silverton exchange totaling almost $12,000. This provides for a stable power supply in the event of a power outage.

The Company continues to search for options to provide an alternative backbone connection for the broadband subscribers in the Silverton exchange. The Company has entered into pole attachment contracts for this route. However, the cost of the "make-ready" work is estimated to be $513,000. The aerial construction is estimated to be $450,000. These costs do not make financial sense to the Company. If an alternative option is found, a portion of these costs would need to be financed.

The Company cannot continue to sustain the large amount of loss due to current broadband operations. The current backbone costs are responsible for the majority of the loss. The Company will continue to search for alternative methods to reduce these costs. In the meantime, the Company will need to evaluate rate increases in order to continue to be viable.

These factors, among others, have led to the strained financial condition of the Company as reflected in the financial reports that are part of the Petition.

The combination of factors noted above creates a situation in which, without support from the state universal communications services program, the Company may be faced with a choice of increasing rates further or reducing service in order to be able to match expenses to revenues. Neither choice presents a viable path for providing continued high quality service to customers. The dilemma presented by these choices reflects the risk of rate instability or service interruption or cessation to which the Company is subject.