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August 28, 2015

Sent Via: E-Filing

Mr. Roger Hahn, Regulatory Analyst
 P.O. Box 47250
 1300 S. Evergreen Park Dr. SW
 Olympia, WA 98504-7250

RE: UT-151591 Petition of McDaniel Telephone Company d/b/a TDS Telecom to Receive Support from the State Universal Communications Services Program

Dear Mr. Hahn:

Please see the responses below to the questions received via email on August 18, 2015.

1. Exhibit 3, Demonstration of Risk – Please provide regulated CapX by year to support the \$1.45 million in paragraph 1.

Response:	2011	\$	126,790
	2012	\$	518,599
	2013	\$	573,339
	2014	\$	<u>229,407</u>
	Total		\$1,448,135

2. Exhibit 4, page 4, Balance Sheet comparison – Please explain the decrease between 2013 and 2014 for line 1, Cash and line 57, Retained earnings.

Response: Dividends of \$5,724,000 were paid to parent company and are shown on page 8, line 35.

3. Exhibit 4, pages 7, 8 and 9, Line 33 & Line 39 - The ending retained earnings balance as of 12/31/2013 of \$10,085,281, Line 39, Page 7, must equal the beginning balance for 2014 retained earnings, Line 33 on page 8 of \$10,064,955. These amounts feed to page 9. (Line 39 for 2013 ending balance must equal Line 33, beginning balance for 2014).

The cause of this issue appears to relate to tying out page 2, line 57, column A, 2013 Balance Sheet to page 7, line 39, column A, 2013 Income Statement. The company included the Part 64 adjustment (Column B, Line 57 of 20,326). Currently Column C of page 2, line 57 of the 2013 Balance Sheet ties to Column A, Line 39 of the 2013 Income Statement. If the \$20,326 on Line 34 of the 2013 Income Statement, Page 7 is deleted, this problem will be corrected. This also applies to the 2014 Income Statement. Page 8 for 2014 (delete 16,457 on line 34, column A). Staff has attached a copy of the template with these changes. Please resubmit the financial template.

Response: See revised Exhibit 4 attached.

4. Exhibit 4, page 10, Access revenue analysis –
 - a. What caused interstate switched access, line 2b to increase from 211,116 to 506,983 and line 4, Federal USF to decrease from 808,879 to 402,321 between 2013 and 2014? (Possibly category differences between years?)

Response: The differences are related to changes in the way the information was reported between years. ICC CAF support was reported as Federal USF for 2013 and interstate switched access for 2014.

- b. The company received \$182,312 in state USF revenue in October 2014 and January 2015 for the period 7/1/2014 – 6/30/2015. Staff would of thought that approximately 50% or \$91,156 for 2014 would have been recorded rather than \$117,031 on Line 5. Please explain the difference at a high level.

Response: The \$117,031 reported for 2014 represents \$25,812 of WECA Settlement revenue recorded for January through June and \$91,219 of WA USF for July through December.

- 5. Exhibit 4, page 12 – The current populated amounts represent McDaniel on a stand-alone basis. This calculation should use the results from the Consolidated TDS financial statements that were provided. Populate this schedule with \$4,670,097,000 for line 8; \$4,455,011,000 for line 9 (Source: Page 6, Total equity 2013 and 2014, TDS Consolidated Balance Sheet) and \$(147,292,000) for line11 (Source: Page 2, Net Income(Loss) TDS Consolidated Statement of Operations).

Response: See revised Exhibit 4 attached.

If there are questions or concerns regarding this information, I can be reached at either 541-516-8210 or gail.long@tdstelecom.com.

Sincerely,



Gail Long
Manager, State Government Affairs

Enclosure