

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

Inland Telephone Company (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-1 Report for the collection period 2012 for the calendar year 2011, that, as of the date of the report, the Company is reporting to the National Exchange Carrier Association (“NECA”) and expects that it will be the 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 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 ETC service area.

Report 3: WAC 480-123-070(2): Local service outage report: For the period January 1, through December 31, 2011, the Company reports that it experienced the following local service outages.

DEWATTO Exchange:

4/7/11 at 10:00 am – Subscriber carrier cabinet in the area of the exchange known as Tee Lake experienced a failure in card #3; 48 subscribers were without dial tone; carrier rebooted; service restored at approximately 11:30 am; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future.

4/22/11 at 2:00 pm – Subscriber carrier in central office experienced a failure in card #4; 48 subscribers were without dial tone; carrier rebooted; service restored at approximately 3:00 pm; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future.

4/27/11 at 5:30 pm – Subscriber carrier cabinet in the area of the exchange known as Ludvick experienced a failure in card #2; 36 subscribers were without dial tone; required new card and reboot; service restored at approximately 8:30 pm; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future.

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.

9/24/11 at 5:00 pm – Subscriber carrier cabinet in the area of the exchange known as Elfendahl experienced a failure in card #3; 48 subscribers were without dial tone; carrier rebooted; service restored at approximately 6:00 pm; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future.

PRESCOTT Exchange:

No outages to report

ROSLYN Exchange:

4/05/11 at 1:00 pm – Subscriber carrier card failure (Cot1 Card #6) in the central office; 48 subscribers were without dial tone; card replaced and carrier rebooted; service restored at approximately 2:30 pm; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future.

8/23/11 at 2:00 am – Fiber cut outside of exchange (Fairpoint or CenturyLink); approximately 1,025 subscribers were without long distance; was able to transfer 911 to alternative IP route; service restored at approximately 11:30 am; no steps can be taken to prevent a similar situation in the future since TDM long distance calls go through the CenturyLink tandem.

11/12/11 at 11:30 am - Subscriber carrier cabinet known as the Village Cabinet went down; Card #1, #2, and #12 failed; cause undetermined, believed to be power hit; 76 subscribers were without dial tone; carrier rebooted; service restored at approximately 12:30 pm; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future.

12/19/11 at 9:00 am - Subscriber carrier card failure (Cot2 Card #3) in the central office; 32 subscribers were without dial tone; carrier rebooted; service restored at approximately 10:00 am; card failures are unexpected and back-up cannot be provided; no steps can be taken to prevent a similar situation in the future

UNIONTOWN Exchange:

9/26/11 at 9:30 pm – Cable cut by outside party; approximately 20 customers were without service; service was restored at approximately 1:00 am on 9/27/11; no further steps can be taken to have people “Call Before You Dig”.

Report 4: WAC 480-123-070(4): The Company reports that during calendar year 2011, the Company did not receive from the Federal Communications Commission or the Consumer Protection Division of the Office of the Attorney General of the State of Washington any complaints against the Company 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.³

Report 5: 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 October 1, 2012, through September 30, 2013, 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

³ 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).

forth in its information filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. 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's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area may include major construction projects. The Company has received approval and release of funds (in 2012) from the Rural Utility Service ("RUS") on a loan, which would make major upgrades totaling approximately \$20,739,754. Those upgrades include (as estimated):

Dewatto Exchange – Fiber to the node - \$1,744,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000
 New storage warehouse/garage - \$304,000
 New Microwave Tower for alternative path - \$333,000
Prescott Exchange – Fiber to the node - \$1,393,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000
 New storage warehouse/garage - \$244,000
Roslyn Exchange – Fiber to the Premise - \$7,919,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000
 New headquarters complex - \$5,573,000
Uniontown Exchange – Fiber to the node - \$1,528,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000

With the changes in Access and Universal Service Reform, the Company is uncertain which projects will be performed or when, however, the loan is good for a five year construction period. The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service.

Report 6: WAC 480-123-080(2): Through the expenditure of the expected investments and expenses reported under Report 4, the Company will be 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 quality telecommunications services to customers in the service area for which the Company is designated as an ETC. The Company continues to make investments, which benefit all customers receiving the federal high-cost fund supported services from the Company and allow it to provide quality telecommunications services to its customers in its designated ETC service area.

Dated: July 22, 2012