

February 29, 2016

IMPORTANT NOTICE

Kalama Telephone Company has filed with the Washington Utilities and Transportation Commission ("Commission") to increase its Residential Exchange Access Line Service from \$16.00 to \$18.00 per month, a change of \$2.00 per month. The filing is proposed to take effect May 1, 2016.

The Federal Communications Commission has issued an Order (FCC Order No. 11-161) that requires the Company to increase its rates to the levels set forth in this Notice or face a corresponding reduction in its universal service support. Universal service support enables the Company to provide high quality service to you. The Company has historically opposed raising its local rates. However, the Company believes it has no choice but to follow the FCC's requirement.

This is not something that the Company is taking lightly. However, in considering the options available to it, the Company believes it has no choice but to follow the FCC's requirement in order to continue to receive universal service support at approximately the same level it has in the past.

If you have any questions about the proposed filing and how it will affect you, please call the Company at 360-673-2755.

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. Call 360-664-1234 the day 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
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Telephone: 1-888-333-WUTC (9882)

Sincerely,
Kalama Telephone Company