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June, 25 2018

Mr. Mark L. Johnson, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

RE: 2018 ETC Certification and Reports-  
Request for Certification Pursuant to  
WAC 480-123-060 and 47 C.F.R. §54.314

Dear Mr. Johnson:

Pursuant to WAC 480-123-060, Skyline Telecom ("Company") hereby requests that the Washington Utilities and Transportation Commission ("Commission") certify to the Federal Communications Commission and the Universal Service Administrative Company that the Company has met the requirements of 47 C.F.R. §54.314 for eligibility for continued receipt of federal high-cost funds.

The Certifications and reports that are specified in WAC 480-123-060, WAC 480-123-070 and WAC 480-123-080 are also submitted.

The NECA-1 report will be provided as soon as it is available but no later than August 1, 2018.

Please contact me if you should require any further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "DK", with a long, sweeping flourish extending to the right.

Delinda Kluser  
Vice-Pres, Manager  
[dkluser@ortelco.net](mailto:dkluser@ortelco.net)  
541-932-4411

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080  
Contains Certifications Required by WAC 480-123-060 and 070  
July 2, 2018

Skyline Telecom ("Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.

1. Report 1: Report on use of funds: WAC 480-123-070(1)(a):

The Company used support from the federal high-cost fund in 2017 as follows: Strictly to provide, maintain, and upgrade facilities and services for which the support is intended.

For 2017 the Company's gross capital expenditures were \$0. The Company's 2017 operating expenses were \$586,264. The Company has been working to secure an aerial fiber build to improve broadband service to its Silverton exchange. During 2017 engineering and planning sessions were conducted with pole owners and ethernet transport providers to design a route.

Per the direction of Commission Staff, the NECA -1 report will be provided as soon as it is available and no later than August 1, 2018.

2. Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses report under Report 1, above, benefited the customers as follows:

The customers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services.

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.<sup>1</sup> 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. The Company has expanded its network over the past several years so that it is capable of providing access to broadband services throughout most of the Company's designated ETC service area. The Company offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

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<sup>1</sup> The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

3. Report 3: Local Services Outage Report: WAC 480-123-070(2):

Local outages are disclosed on the FCC Form 481 as referenced in Report 6 below.

4. Report 4: Report on Failure to Provide Service: WAC 480-123-070(3):

None

5. Report 5: Report on Complaints per 1000 Connections: WAC 480-123-070(4):

No complaints were filed during 2017 regarding service quality as reported by the consumer service protection division of the Washington Utility and Transportation Commission.

6. Report 6: Annual Plan: WAC 480-123-080(1):

The Company has not yet started the budgeting process for 2019 and therefore does not have the final numbers prepared for investments and expense levels for the period January 1, 2019, through December 31, 2019. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2017, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period.

7. Report 7: Plan of Investments and Expenditures: WAC 480-123-080(2):

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 January 1, 2019, through December 31, 2019, will increase as compared to calendar year 2017, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2019. The Company expects that the continued receipt of federal high-cost support will allow the Company to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas. All customer in the Company's designated ETC service area will benefit from the expected level of support by continuing to have available to them services that are comparable to the telecommunications services offered in urban areas at rates that are comparable to the rates for such services in urban areas.



**AFFIDAVIT CONTAINING CERTIFICATIONS  
PURSUANT TO WAC 480-123-060 AND WAC 480-123-070**

I, Delinda Kluser, being of lawful age, state that I am Vice-Pres, Manager of Skyline Telecom Inc. (“Company”), that I am authorized to execute this Affidavit on behalf of the Company, and that the facts set forth in this Affidavit are true to the best of my knowledge, information and belief. On this basis, I hereby certify to the Washington Utilities and Transportation Commission (“Commission”) for use by the Commission in providing the certification to the Federal Communications Commission and Universal Service Administrative Company required by 47 C.F.R. §54.314, as follows:

(1) That the Company in 2017 used and in the coming calendar year will use federal high-cost universal service fund support provided to the Company in the State of Washington only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2017 calendar year, the Company met substantially the applicable service quality standard and consumer protection rules found in WAC 480-123-030(1)(h);

(3) That during the 2017 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2017 calendar year, the Company publicized the availability of its applicable telephone assistance programs in a manner reasonably designed to reach those likely to qualify for service and in a manner which, in the Company’s judgment, included advertisements likely to reach those who are not current customers of the Company within the Company’s designated service area.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this <sup>25<sup>th</sup></sup> day of June, 2018, at MT Vernon, Oregon.

Company: Skyline Telecom Inc.

By:  \_\_\_\_\_

Type Name: Delinda Kluser

Its: Vice-Pres, Manager

**SCHEDULE 1  
INCOME STATEMENT**

(For the Calendar Year 2017)

Ln.	Description	Washington Operations	Intrastate Operations	Total Company <sup>1</sup>
(L)	(a)	(b)	(c)	(d)
<b>Revenue</b>				
1	Local Network Services	25,934.00	25,934.00	
2	Network Access Services	615,212.00	69,941.00	
3	Long Distance Network Services			
4	Carrier Billing and Collections			
5	Miscellaneous	145.00	145.00	
6	Less: Uncollectible Revenues			
7	<i>Net Operating Revenue (add lines 1 thru 5, subtract line 6)</i>	<b>641,291.00</b>	<b>96,020.00</b>	-
<b>Expenses</b>				
8	Plant Specific	177,194.00	87,857.00	
9	Plant Nonspecific (excluding Depr. & Amort.)	6,117.00	3,962.00	
10	Depreciation and Amortization	167,225.00	108,311.00	
11	Customer Operations	14,947.00	7,600.00	
12	Corporate Operations	222,321.00	101,780.00	
13	<i>Total Operations Expenses (add lines 8 thru 12)</i>	<b>587,804.00</b>	<b>309,510.00</b>	-
14	<i>Operating Income or Margins (subtract line 13 from line 7)</i>	53,487.00	(213,490.00)	-
15	Other Operating Income and Expenses			
16	State and Local Taxes			
17	Federal Income Taxes (enter 0 if company is S-Corp)	(23,280.00)	(13,392.00)	
18	Other Taxes	5,612.00	3,228.00	
19	<i>Total Operating Taxes (add lines 16 thru 18)</i>	(17,668.00)	(10,164.00)	-
20	<i>Net Operating Income or Margins (add lines 14 and 15, less 19)</i>	71,155.00	(203,326.00)	-
21	Interest on Funded Debt	22,601.00		
22	Interest Expense - Capital Leases			
23	Other Interest Expense			
24	Allowance for Funds Used During Construction (CR)			
25	<i>Total Fixed Charges (add lines 21 thru 23, less 24)</i>	22,601.00		-
<b>Other Income and Expenses</b>				
26	Nonoperating Net Income	18,159.00		
27	Nonregulated Net Income	(86,125.00)		
28	Jurisdictional Differences			
29	<b>Total Net Income or Margins (add lines 20, 26 thru 28, subtract line 25)</b>	<b>(19,412.00)</b>		-

<sup>1</sup>Only complete if different than Total Washington, Column (B)

\*Column B should equal Column A of the State USF Program template which is required to be submitted to the commission no later than August 1.



**SCHEDULE 2A**  
**BALANCE SHEET - ASSETS**

(For the Calendar Year 2017)

Ln.	Description	Washington Operations	Intrastate Operations <sup>2</sup>	Total Company <sup>1</sup>
(L)	(a)	(b)	(c)	(d)
<b>Current Assets</b>				
1	Cash and Equivalents	350,852.00		
2	Cash-RUS Construction Fund			
3	Affiliates:			
4	Telecom, Accounts Receivable	51,074.00		
5	Other Accounts Receivable			
6	Notes Receivable			
7	Non-Affiliates:			
8	Telecom, Accounts Receivable			
9	Other Accounts Receivable			
10	Notes Receivable			
11	Interest and Dividends Receivable			
12	Material-Regulated	555.00	330.00	
13	Material-Nonregulated			
14	Prepayments	8,700.00		
15	Other Current Assets			
16	<i>Total Current Assets (add lines 1 thru 16)</i>	411,181.00		-
<b>Noncurrent Assets</b>				
17	Investment in Affiliated Companies			
18	Rural Development			
19	Nonrural Development			
20	Other Investments			
21	Rural Development			
22	Nonrural Development			
23	Nonregulated Investments			
24	Other Noncurrent Assets			
25	Deferred Charges	11,266.00		
26	Jurisdictional Differences			
27	<i>Total noncurrent Assets (add lines 17 thru 26)</i>	11,266.00		-
<b>Plant, Property, and Equipment</b>				
28	Telecom Plant-In-Service	3,134,406.00	1,802,826.00	
29	Property Held for Future Use			
30	Plant Under Construction			
31	Plant Adj., Nonop Plant & Goodwill			
32	Accumulated Depreciation (CR.)	(2,422,407.00)	(1,367,957.00)	
33	<i>Net Plant (add lines 28 thru 31, less 32)</i>	711,999.00		-
34	<b>Total Assets (add lines 16, 27, and 33)</b>	1,134,446.00		-

<sup>1</sup>Only complete if different than Total Washington (Column B)

<sup>2</sup>Only complete for lines 12, 28, 19, 32 & 58. Column B should equal Column A of the State USF Program template which is required to be submitted to the commission no later than August 1.

**SCHEDULE 2B**  
**BALANCE SHEET - LIABILITIES AND EQUITY**

(For the Calendar Year 2017)

Ln.	Description	Washington Operations	Intrastate Operations <sup>2</sup>	Total Company <sup>1</sup>
(L)	(a)	(b)	(c)	(d)
	<b>Current Liabilities</b>			
35	Accounts Payable	46,742.00		
36	Notes Payable			
37	Advance Billings and Payments			
38	Customer Deposits	525.00		
39	Current Mat. L/T Debt	127,162.00		
40	Current Mat. L/T Debt Rur. Dev.			
41	Current Mat. - Capital Leases			
42	Income Taxes Accrued			
43	Other Taxes Accrued			
44	Other Current Liabilities			
45	<i>Total Current Liabilities (add lines 35 thru 44)</i>	174,429.00		-
	<b>Long-Term Debt</b>			
46	Funded Debt-RUS Notes	173,525.00		
47	Funded Debt-RTB Notes	107,310.00		
48	Funded Debt-FFB Notes			
49	Funded Debt-Other			
50	Funded Debt-Rural Develop. Loan			
51	Premium (Discount) on L/T Debt			
52	Reacquired Debt			
53	Obligations Under Capital Lease			
54	Adv. From Affiliated Companies			
55	Other Long-Term Debt			
56	<i>Total Long-Term Debt (add lines 46 thru 55)</i>	280,835.00		-
	<b>Other Liabilities &amp; Deferred Credits</b>			
57	Other Long-Term Liabilities			
58	Deferred Income Taxes	33,423.00	19,224.00	
59	Other Deferred Credits			
60	Other Jurisdictional Differences			
61	<i>Total Other Liabilities &amp; Def. Credits (add lines 57 thru 60)</i>	33,423.00		-
	<b>Equity</b>			
62	Capital Stock Outstanding & Subscribed	262,582.00		
63	Additional Paid-in-Capital			
64	Treasury Stock			
65	Membership and cap. Certificates			
66	Other Capital			
67	Patronage Capital Credits			
68	Retained Earnings or Margins (B2)	383,177.00		
69	<i>Total Equity (add lines 62 thru 68)</i>	645,759.00		-
70	<b>Total Liabilities and Equity (add lines 35, 46, 51, and 59)</b>	1,134,446.00		-