

REPORT OF MCDANIEL COMPANY UNDER THE
WASHINGTON UNIVERSAL SERVICE COMMUNICATIONS PROGRAM
IN COMPLIANCE WITH WAC 480-123-130

July 1, 2016

Docket No. UT-151591

File electronically

1. WAC 480-123-130(1)(a) - Access Lines Served [NECA 1.3 working loops]

	January 1, 2015	December 31, 2015
Residential	2,974	2,969
Business	487	485

2. WAC 480-123-130(1)(b) - Use of Support

The funds received by the Company from the universal service communications program in calendar year 2015 represents monies that the Company formerly received through the Washington Exchange Carrier Association (WECA) pooling process and the reduction of support under the Federal Communications Commission's (FCC's) CAF ICC Program. As such, the funds from the universal service communications program contributed to the ongoing operation and maintenance expenses of the Company. The funds from the universal service communication program are contributing to the Company's ongoing provision of high-quality basic telecommunications service to customers residing in the area the Company serves.

In January 2015, the Company received \$102,829 from the universal service communications program for the fiscal year ending June 30, 2015 representing the reduction in support from the CAF ICC Program.

During 2015 the Company undertook several projects to enhance and reinforce facilities including upgrading the transport facilities at DSA 41300 in Mossy Rock and DSA 41100 in Salkum in order to enhance broadband services. The Company also buried new cable to expand services to serve new customers and replaced damaged cable as necessary.

The investments and expenses reported in the FCC Form 481 benefited the customers by maintaining and expanding the network to continue providing high quality telecommunications and broadband services including making the necessary capital additions to serve new customers. The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform those projects.

In December 2015, the Company received \$213,220 from the universal service communications program for the fiscal year ending June 30, 2016 which represents monies that the Company formerly received through the WECA pooling process and the reduction of support under the FCC's CAF ICC Program.

During the first six months of 2016, the Company opened major projects to: 1) provide 100Mbps service to Valley View Health Center (\$19,700), 2) replace damaged cable (\$5,300), and 3) improve DSL at DSA 41104 and Salkum (\$10,800). The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform these projects and helping to recover normal operation costs. The major projects described above will continue throughout 2016 in addition to routine maintenance, cable additions and other projects as needed.

3. WAC 480-123-130(1)(c) - Unfilled Consumer Requests for New Basic Telecommunications Service*

None

* Service requests that are ongoing but still within normal processing times are not counted as unfulfilled.

4. WAC 480-123-130(1)(e) - FCC Form 477

This form was previously filed on or about March 1, 2016 under Docket UT-160032.

5. WAC 480-123-130(1)(f) - Report on Operational Efficiencies/Business Plan Modifications

The Company is part of a major holding company which results in efficiencies and economies of scale that are not available to most Rural LECs and there are on-going efforts to find more ways to cut costs while improving broadband service and continuing to provide high-quality basic telecommunications services. The funds received from the universal communications program can be viewed as assisting in the Company's efforts to obtain operational efficiencies.

6. WAC 480-123-130(1)(g) and (h) - Other information

N/A

Certified Statement as required by WAC 480-123-130(1)(d):

I, Kevin G. Hess, am an officer of McDaniel Telephone Company, and upon personal knowledge and with responsibility therefore, hereby certify under penalty of perjury, that McDaniel Telephone Company materially complied with Commission rules under Chapter 480-120 WAC that are applicable to the Company and its provision of service within the area for which the Company received universal service communications program support.

Signed at Madison, WI this 30th day of June, 2016.



Kevin G. Hess

Executive Vice President
Title