



*Skyline Telecom, Inc.*

PO Box 609  
Mount Vernon, OR 97865-0609  
1-888-383-4132

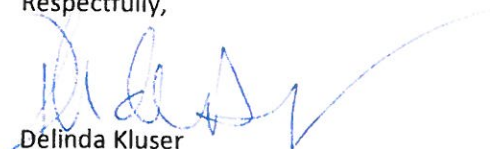
August 4, 2014

Washington Utilities and Transportation Commission

RE: Petition for Support

The attachment is supporting documentation for the Revised Petition on behalf of Skyline Telecom, Inc. to receive support from the Universal Service Communications Program for the Program year 2015.

Respectfully,



Delinda Kluser  
Vice President/Manager  
Skyline Telecom, Inc.

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7 **BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

8 IN RE

9  
10 PETITION OF SKYLINE TELECOM, INC.  
11 TO RECEIVE SUPPORT FROM THE  
12 UNIVERSAL SERVICE  
13 COMMUNICATIONS PROGRAM

DOCKET NO.

PETITION FOR SUPPORT

14 COMES NOW SKYLINE TELECOM, INC. (the "Company") and, pursuant to Chapter  
15 480-123 of the Washington Administrative Code ("WAC"), including, but not limited to, WAC  
16 480-123-110, hereby petitions the Washington Utilities and Transportation Commission (the  
17 "Commission") to receive support from the Universal Service Communications Program (the  
18 "Program") for the Program year 2015.

19  
20 **I. Demonstration of Eligibility under WAC 480-123-100**

- 21 1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC  
22 480-120-021 that serves less than forty thousand access lines within the state.
- 23 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined  
24 in 47 U.S.C. Sec. 251(h) or has been designated as an incumbent local exchange carrier by  
25  
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PETITION OF SKYLINE TELECOM, INC.  
TO RECEIVE SUPPORT FROM THE  
UNIVERSAL SERVICE COMMUNICATIONS  
PROGRAM - 1

1 the Federal Communications Commission.

2 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange  
3 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.

4 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus  
5 mandatory extended area service charges, are no lower than the local urban rate floor  
6 established by the Commission as the benchmark rate based on the Federal Communications  
7 Commission's national local urban rate floor pursuant to 47 C.F. R. Sec. 54.318 in effect on  
8 the date of this Petition.

9 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an  
10 eligible telecommunications carrier for purposes of receiving federal universal services  
11 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost  
12 Areas with respect to the service areas for which the Company is seeking Program support.

13 **II. Demonstration of Eligibility under WAC 480-123-110**

14 1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications  
15 services and is seeking Program support is as follows: SKYLINE TELECOM, INC.

16 2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between  
17 the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.  
18 A detailed description of any transactions between the Company and the affiliates named in  
19 Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.

20 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet Nos.  
21 49 and 63 of the Company's Tariff WN U-2.

22 4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate  
23 instability or service interruption or cessation in the absence of support from the Program is  
24 attached as Exhibit 3.

- 1 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4,  
2 are copies of the Company's balance sheet as of December 31, 2013, and December 31,  
3 2012, and copies of the Company's statements of income and retained earnings or margin for  
4 the years ended December 31, 2013, and December 31, 2012.
- 5 6. WAC 480-123-110(1)(e)(ii): A copy of the Company's consolidated annual financial  
6 statements for the years ended December 31, 2012, and December 31, 2013, are  
7 attached as Exhibit 5.
- 8 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of  
9 return on a total Washington unseparated regulated operations basis for each of the two prior  
10 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.
- 11 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on  
12 equity on a total company (regulated and non-regulated) Washington basis for each of the  
13 two prior years, calculated in the manner prescribed by the Commission, is provided in  
14 Exhibit 4.
- 15 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the  
16 statements of income and retained earnings or margin section of RUS Form 479 for the prior  
17 two years is attached as Exhibit 6.
- 18 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company with  
19 personal knowledge and responsibility certifying that no corporate operations adjustment to  
20 existing high-cost loop and interstate common line support mechanisms required by the  
21 Federal Communications Commission applied to the Company for the two prior years is  
22 attached hereto as Exhibit 7].
- 23 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information  
24 requested by the Commission.

1 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company  
2 officer with personal knowledge and responsibility certifying that the Company complies  
3 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to  
4 incumbent local exchange companies is attached as Exhibit 8.

5 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or  
6 on its behalf with the Federal Communications Commission for the calendar year preceding  
7 the current year has already been filed with the Commission. See the Company's filing in  
8 Docket No. UT-143013 filed on or about July 1, 2014.

9 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by  
10 the Company as of December 31, 2013, was 23 for Silverton and 101 for Mt Hull. The  
11 number of residential local exchange access lines served by the Company as of December  
12 31, 2012, was 24 for Silverton and 111 for Mt Hull. The number of business local exchange  
13 access lines served by the Company as of December 31, 2013, was 5 for Silverton and 2 for  
14 Mt Hull. The number of business local exchange access lines served by the Company as of  
15 December 31, 2012, was 6 for Silverton and 2 for Mt Hull. The monthly recurring rate  
16 charged by the Company for residential local exchange access service on December 31,  
17 2013, was \$25.00 for Silverton and \$19.50 for Mt Hull. The monthly recurring rate charged  
18 by the Company for residential local exchange access service on December 31, 2012, was  
19 \$25.00 for Silverton and \$19.50 for Mt Hull. The rate charged by the Company for single  
20 line business local exchange access service on December 31, 2013, was \$35.00 for Silverton  
21 and \$25.00 for Mt Hull. The rate charged by the Company for single line business local  
22 exchange access service on December 31, 2012, was \$35.00 for Silverton and \$25.00 for Mt  
23 Hull.

24 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.  
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26

1 16. All exhibits attached hereto are incorporated into this Petition as though fully set forth.

2  
3 Respectfully submitted this 31<sup>st</sup> day of July, 2014.

4 SKYLINE TELECOM, INC.

5 By   
6 Delinda Kluser, Vice President/Manager

7 CERTIFICATION

8 I Delinda Kluser, an officer of the Company that is responsible for the Company's business  
9 and financial operations, hereby certify under penalty of perjury that the information and  
10 representations set forth in the Petition, above, are accurate and the Company has not knowingly  
11 withheld any information required to be provided to the Commission pursuant to the rules  
12 governing the Program.

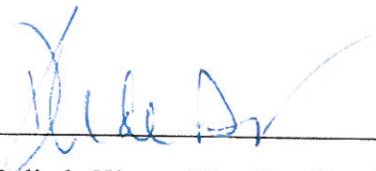
13   
14 Delinda Kluser, Vice President/Manager]

EXHIBIT 4

Financial Statement Data

Company Name: (Below)  
Skyline Telecom, Inc

ASSETS	Balance End of Year 2012 (A)	Part 64 Adj to NonReg 2012 (B)	Adj Balance End of Year 2012	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance Prior Year 2012 (A)	Part 64 Adj to NonReg 2012 (B)	Adj. Balance End of Year 2012
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. Cash and Equivalents	204,129		204,129	25. Accounts Payable	91,916		91,916
2. Cash-RUS Construction Fund			0	26. Notes Payable	0		0
3. Affiliates			0	27. Advance Billings and Payments	0		0
a. Telecom, Accounts Receivable	67,728		67,728	28. Customer Deposits	670		670
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	165,828		165,828
4. Notes Receivable			0	30. Current Mat. L/T Debt, Rur. Dev.	0		0
a. Non-Affiliates			0	31. Current Mat. - Capital Leases	0		0
a. Telecom, Accounts Receivable			0	32. Income Taxes Accrued	2,288		2,288
b. Other Accounts Receivable			0	33. Other Taxes Accrued	0		0
c. Notes Receivable			0	34. Other Current Liabilities	0		0
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	260,702		260,702
6. Material-Regulated			0	<b>LONG-TERM DEBT</b>			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes	549,178		549,178
8. Prepayments	1,217		1,217	37. Funded Debt-RTB Notes	323,682		323,682
9. Other Current Assets			0	38. Funded Debt-FFB Notes	0		0
10. Total Current Assets (1 Thru 9)	273,074		273,074	39. Funded Debt-Other	0		0
				40. Funded Debt-Rural Develop. Loan	0		0
<b>NONCURRENT ASSETS</b>				41. Premium (Discount) on L/T Debt	0		0
11. Investment in Affiliated Companies			0	42. Recquired Debt	0		0
a. Rural Development			0	43. Obligations Under Capital Lease	0		0
b. Nonrural Development			0	44. Adv. From Affiliated Companies	0		0
12. Other Investments			0	45. Other Long-Term Debt	67,232		67,232
a. Rural Development			0	46. Total Long-Term Debt (36 thru 45)	940,092		940,092
b. Nonrural Development			0	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
13. Nonregulated Investments (B1)	2,648		2,648	47. Other Long-Term Liabilities	0		0
14. Other Noncurrent Assets			0	48. Other Deferred Credits (C)	73,223		73,223
15. Deferred Charges	22,794		22,794	49. Other Jurisdictional Differences	0		0
16. Jurisdictional Differences			0	50. Total Other Liab. & Def. Credits (47 thru 49)	73,223		73,223
17. Total noncurrent Assets (11 thru 16)	25,442		25,442	<b>EQUITY</b>			
				51. Cap. Stock Outstanding & Subscribed	262,582		262,582
<b>PLANT, PROPERTY AND EQUIPMENT</b>				52. Additional Paid-in-Capital	0		0
18. Telecom Plant-in-Service	3,047,888		3,047,888	53. Treasury Stock	0		0
19. Property Held for Future Use			0	54. Membership and cap. Certificates	0		0
20. Plant Under Construction			0	55. Other Capital	0		0
21. Plant Adj., Nonop Plant & Goodwill			0	56. Patronage Capital Credits	0		0
22. Accumulated Depreciation (CR)	(1,541,047)		(1,541,047)	57. Retained Earnings or Margins (B2)	268,758		268,758
23. Net Plant (18 thru 21 less 22)	1,506,841		1,506,841	58. Total Equity (51 thru 57)	531,340		531,340
<b>TOTAL ASSETS (10+17+23)</b>	<b>1,805,357</b>		<b>1,805,357</b>	<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>1,805,357</b>		<b>1,805,357</b>

(A) - As reported on Form 481  
(B) - Part 64 adjustments to rate base from regulated to nonregulated  
(B1) - Part 64 offset to nonreg investment  
(B2) - Part 64 offset to retained earnings  
(C) - Part 64 Adj. for line 48 is only for deferred taxes



Company Name: (Below)  
Skyline Telecom Inc

ASSETS	Balance End of Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance Prior Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. Cash and Equivalents	236,095		236,095	25. Accounts Payable	62,608		62,608
2. Cash-RUS Construction Fund			0	26. Notes Payable	0		0
3. Affiliates:				27. Advance Billings and Payments			
a. Telecom, Accounts Receivable	79,417		79,417	28. Customer Deposits	410		410
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	173,879		173,879
c. Notes Receivable			0	30. Current Mat. L/T Debt Rui. Dev.			
4. Non-Affiliates:				31. Current Mat. Capital Leases	0		0
a. Telecom, Accounts Receivable			0	32. Income Taxes Accrued	0		0
b. Other Accounts Receivable			0	33. Other Taxes Accrued	0		0
c. Notes Receivable			0	34. Other Current Liabilities			
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	236,897		236,897
6. Material-Regulated			0	<b>LONG-TERM DEBT</b>			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes	481,199		481,199
8. Prepayments	228		228	37. Funded Debt-RTB Notes	284,937		284,937
9. Other Current Assets	4,800		4,800	38. Funded Debt-FFB Notes			
10. Total Current Assets (1 Thru 9)	320,540		320,540	39. Funded Debt-Other	0		0
<b>NONCURRENT ASSETS</b>				40. Funded Debt-Kural Develop. Loan	0		0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt	0		0
a. Rural Development			0	42. Reacquired Debt	0		0
b. Nonrural Development			0	43. Obligations Under Capital Lease	0		0
12. Other Investments			0	44. Adv. From Affiliated Companies	0		0
a. Rural Development			0	45. Other Long-Term Debt	0		0
b. Nonrural Development			0	46. Total Long-Term Debt (36 thru 45)	766,136		766,136
13. Nonregulated Investments (B1)	710		710	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
14. Other Noncurrent Assets			0	47. Other Long-Term Liabilities	0		0
15. Deferred Charges	21,255		21,255	48. Other Deferred Credits (C)	75,646		75,646
16. Jurisdictional Differences			0	49. Other Jurisdictional Differences			
17. Total noncurrent Assets (11 thru 16)	21,965		21,965	50. Total Other Liab. & Def. Credits (47 thru 49)	75,646	0	75,646
<b>PLANT, PROPERTY AND EQUIPMENT</b>				<b>EQUITY</b>			
18. Telecom Plant-in-Service	2,963,014		2,963,014	51. Cap. Stock Outstanding & Subscribed	262,582		262,582
19. Property Held for Future Use			0	52. Additional Paid-in-Capital	0		0
20. Plant Under Construction			0	53. Treasury Stock	0		0
21. Plant Adj., Monop Plant & Goodwill			0	54. Membership and cap. Certificates	0		0
22. Accumulated Depreciation (CR.)	(1,651,488)		(1,651,488)	55. Other Capital	0		0
23. Net Plant (18 thru 21 less 22)	1,311,526	0	1,311,526	56. Patronage Capital Credits	0		0
<b>TOTAL ASSETS (10+17+23)</b>	<b>1,654,031</b>	<b>0</b>	<b>1,654,031</b>	57. Retained Earnings or Margins (B2)	312,770		312,770
				58. Total Equity (51 thru 57)	575,352		575,352
				<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>1,654,031</b>	<b>0</b>	<b>1,654,031</b>

(A) - As reported on Form 481  
(B) - Part 64 adjustments to rate base from regulated to nonregulated.  
(B1) - Part 64 offset to nonreg. investment  
(B2) - Part 64 offset to retained earnings  
(C) - Part 64 Adj. for line 48 is only for deferred taxes

Company Name: (Below)  
Skyline Telecom Inc

ASSETS	Adjusted Prior Year Balance 2012	Adjusted Current Year Balance 2013	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2012	Adjusted Prior Year Balance 2013
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	204,129	236,095	25. Accounts Payable	91,916	62,608
2. Cash-RUS Construction Fund	0	0	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	67,728	79,417	28. Customer Deposits	670	410
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	165,828	173,879
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	0	0
a. Telecom, Accounts Receivable	0	0	32. Income Taxes Accrued	2,288	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	0	0
c. Notes Receivable	0	0	34. Other Current Liabilities	0	0
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	260,702	236,897
6. Material-Regulated	0	0	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	0	228	36. Funded Debt-RUS Notes	549,178	481,199
8. Prepayments	1,217	4,800	37. Funded Debt-RTB Notes	323,682	284,937
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	273,074	320,540	39. Funded Debt-Other	0	0
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Recquired Debt	0	0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	67,232	0
b. Nonrural Development	0	0	46. Total Long-Term Debt (36-45)	940,092	766,136
13. Nonregulated Investments	2,648	710	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	22,194	21,255	48. Other Deferred Credits (B)	73,223	75,646
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total noncurrent Assets (11 thru 16)	25,442	21,965	50. Total Other Liab. & Def. Credits (47 thru 49)	73,223	75,646
<b>PLANT, PROPERTY AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom Plant-in-Service	3,017,888	2,963,014	51. Cap. Stock Outstanding & Subscribed	262,582	262,582
19. Property Held for Future Use	0	0	52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	0	0	53. Treasury Stock	0	0
21. Plant Adj., Nonop Plant & Goodwill	0	0	54. Membership and cap. Certificates	0	0
22. Accumulated Depreciation (CR.)	(1,541,047)	(1,651,488)	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	1,506,841	1,311,526	56. Patronage Capital Credits	0	0
<b>TOTAL ASSETS (10+17+23)</b>	<b>1,805,357</b>	<b>1,554,031</b>	57. Retained Earnings or Margins	268,758	312,770
			58. Total Equity (51 thru 57)	531,340	575,352
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>1,805,357</b>	<b>1,554,031</b>

Note:  
Adjusted balances represents balances  
after current year Part 64 adjustments  
(B) - Provide Deferred Taxes on  
separate rate base schedule

2014 State USF Petition Filing Requirement - WAC 480-123-110(e)  
 Prior and Current Year Rate Base

Company Name: (Below)  
 Skyline Telecom Inc

Line #	Adj. Balance End of Year 2012	Adj. Balance End of Year 2013	Average Adj End of Year Balance
	Average Rate Base:		
18	3,047,888	2,963,014	3,005,451
19	0	0	0
22	(1,541,047)	(1,651,488)	(1,596,268)
6	0	0	0
	(73,273)	(75,646)	(74,435)
	1,433,618	1,235,880	1,334,749

Note:

1. Normal balance of deferred income taxes and accumulated depreciation is a credit
2. Adjusted balance includes current year Part (d) adjustments

2014 State USF Petition Filing Requirement - WAC 480-123-110(e)  
 Statistics - Prior and Current Year

Company Name: (Below)  
 Skyline Telecom Inc

Description	Prior Year End of Yr Balance - 2012	Current Year End of Yr Balance - 2013	Difference	% Change
<b>Access Lines:</b>				
Residential	136	124	(12)	-8.8%
Business	25	26	1	4.0%
<b>Total</b>	<b>161</b>	<b>150</b>	<b>(11)</b>	<b>-6.8%</b>
	End of Yr. Balance - 2012	End of Year Balance -2013	Difference	% Change
<b>Broadband Connections</b>	9	26	17	188.9%
	Prior Yr. 2012	Current Yr. 2013	Difference	% Change
<b>Total Annual Amount: Gross Capital Expenditures</b>	<b>821</b>	<b>16,033</b>	<b>15,212</b>	<b>1852.9%</b>

2014 State USF Petition Filing Requirement - WAC 480-123-110(e)  
 Prior year Adjusted Income Statement

FCC Form 481

Part B Statement of Income and Retained Earnings Statement

Company Name: (Below)  
 Skyline Telecom Inc

Line #	Item	Prior Year 2012 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2012
1	Local Network Services Revenues			33,093
2	Network Access Services Revenues	33,093		33,093
3	Long Distance Network Services Revenues	741,425		741,425
4	Carrier Billing and Collection Revenues			0
5	Miscellaneous Revenues			0
6	Uncollectible Revenues (Normal Balance is debit or in brackets)			0
7	Net Operating Revenues (1 thru 6)	310		310
8	Plant Specific Operations Expense	774,828	0	774,828
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort)	148,225		148,225
10	Depreciation Expense	4,532		4,532
11	Amortization Expense	211,664		211,664
12	Customer Operations Expense	1,540		1,540
13	Corporate Operations	22,326		22,326
13a	Less: Corporate Operations Adjustment (FCC 36 621) report in ( )	242,807		242,807
13b	Adjusted Corporate Operations Expense (line 13 minus line 13a)	0		0
14	Total Operations Expenses (8 thru 12 +13b)	242,807	0	242,807
15	Operating Income or Margins (7 less 14)	631,094	0	631,094
16	Other Operating Income and Expenses ( )	143,734	0	143,734
17	State and Local Taxes			0
18	Federal Income Taxes (A1)			0
19	Other Taxes	24,841		24,841
20	Total Operating Taxes (17+18+19)	9,007		9,007
21	Net Operating Income or Margins (15+16-20)	33,848	0	33,848
22	Interest on Funded Debt	109,886	0	109,886
23	Interest Expense - Capital Leases	48,367		48,367
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (CR)	13,308		13,308
26	Total Fixed Charges (22+23+24-25)			0
27	Nonoperating Net Income	61,675	0	61,675
28	Extraordinary Items	4,726		4,726
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)			0
31	Total Net Income or Margins (21+27+28+29+30-26)	(13,932)	0	(13,932)
32	Total Taxes Based on Income	39,005	0	39,005
33	Retained Earnings or Margins Beginning-of-Year	20,099		20,099
34	Miscellaneous Credits Year-to-Date	229,753		229,753
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	268,758	0	268,758
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments			0
45	Cash Ratio ((14+20-10-11)/7)	0.5830	#DIV/0!	0.5830
46	Operating Accrual Ratio ((14-20+26)/7)	0.9378	#DIV/0!	0.9378
47	TIER ((31+26)/26)	1.6324	#DIV/0!	1.6324
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!

Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

2014 State USF Petition Filing Requirement - WAC 480-123-110(e)  
Current Year Adjusted Income Statement

Company Name: (Below)  
Skyline Telecom Inc

Line #	Item	Prior Year 2013 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2013
1	Local Network Services Revenues	31,876		31,876
2	Network Access Services Revenues	787,200		787,200
3	Long Distance Network Services Revenues			0
4	Carrier Billing and Collection Revenues			0
5	Miscellaneous Revenues			0
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	182		182
7	Net Operating Revenues (1 thru 6)	819,258	0	819,258
8	Plant Specific Operations Expense	173,431		173,431
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	12,595		12,595
10	Depreciation Expense	211,348		211,348
11	Amortization Expense	1,540		1,540
12	Customer Operations Expense	14,336		14,336
13	Corporate Operations	221,281		221,281
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	221,281	0	221,281
14	Total Operations Expenses (8 thru 12 +13b)	634,531	0	634,531
15	Operating Income or Margins (7 less 14)	184,727	0	184,727
16	Other Operating Income and Expenses ( )			0
17	State and Local Taxes			0
18	Federal Income Taxes (A1)	41,750		41,750
19	Other Taxes	9,096		9,096
20	Total Operating Taxes (17+18+19)	50,846	0	50,846
21	Net Operating Income or Margins (15-16-20)	133,881	0	133,881
22	Interest on Funded Debt	43,694		43,694
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	7,209		7,209
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	50,903	0	50,903
27	Nonoperating Net Income	20,172		20,172
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(59,136)	0	(59,136)
31	Total Net Income or Margins (21+27+28+29+30-26)	44,014	0	44,014
32	Total Taxes Based on Income	21,678		21,678
33	Retained Earning or Margins Beginning-of-Year	268,758		268,758
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date	2		2
38	Transfers to Patronage Capital			0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)	312,770	0	312,770
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments			0
45	Cash Ratio ((14+20-10-11)/7)	0.5767	#DIV/0!	0.5767
46	Operating Accrual Ratio ((14+20+26)/7)	0.8987	#DIV/0!	0.8987
47	TIER ((31+26)/26)	1.8647	#DIV/0!	1.8647
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!

Notes

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

2014 State USF Petition Filing Requirement - WAC 480-123-110(e)  
 Prior and Current Year Income Statement

Company Name:  
 Skyline Telecom Inc

Line #	Item	Adjusted Prior Year 2012	Adjusted Current Year 2013
1	Local Network Services Revenues	33,093	31,876
2	Network Access Services Revenues	741,425	787,200
3	Long Distance Network Services Revenues	0	0
4	Carrier Billing and Collection Revenues	0	0
5	Miscellaneous Revenues	0	0
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	310	182
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>774,828</b>	<b>819,258</b>
8	Plant Specific Operations Expense	148,225	173,431
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	4,532	12,595
10	Depreciation Expense	211,664	211,348
11	Amortization Expense	1,540	1,540
12	Customer Operations Expense	22,326	14,336
13	Corporate Operations	242,807	221,281
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )	0	0
13b	<b>Adjusted Corporate Operations Expense (Line 13 minus Line 13a)</b>	<b>242,807</b>	<b>221,281</b>
14	<b>Total Operations Expenses (8 thru 12 +13b)</b>	<b>631,094</b>	<b>634,531</b>
15	Operating Income or Margins (7 less 14)	143,734	184,727
16	Other Operating Income and Expenses ( )	0	0
17	State and Local Taxes	0	0
18	Federal Income Taxes	24,841	41,750
19	Other Taxes	9,007	9,096
20	<b>Total Operating Taxes (17+18+19)</b>	<b>33,848</b>	<b>50,846</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>109,886</b>	<b>133,881</b>
22	Interest on Funded Debt	48,367	43,694
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	13,308	7,209
25	Allowance for Funds Used During Construction	0	0
26	<b>Total Fixed Charges (22+23+24-25)</b>	<b>61,675</b>	<b>50,903</b>
27	Nonoperating Net Income	4,726	20,172
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	(13,932)	(59,136)
31	<b>Total Net Income or Margins (21+27-28+29+30-26)</b>	<b>39,005</b>	<b>44,014</b>
32	Total Taxes Based on Income	20,099	21,678
33	Retained Earnings or Margins Beginning-of-Year	229,753	268,758
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	2
38	Transfers to Patronage Capital	0	0
39	<b>Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))</b>	<b>268,758</b>	<b>312,770</b>
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40-41-42)	0	0
44	Annual Debt Service Payments	0	0
45	Cash Ratio ((14+20-10-11)/7)	0.5830	0.5767
46	Operating Accrual Ratio ((14+20+26)/7)	0.9378	0.8987
47	TIER ((31+26)/26)	1.6324	1.8647
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!

Footnote (A1)

S Corporation Effective Tax Rate (2 decimal places):

2012      2013

2014 State USF Petition Filing requirement - WAC 480-123-110 (e)  
 Network Access Services Revenue  
 Prior and Current Year

Company Name: (Below)

Skyline Telecom Inc \_\_\_\_\_

Description	Part 32 Account	2012	2013
End User Revenue (SLC, ARC, etc.)	5081	15,803	15,964
Switched Access (excluding USF):	5082		
Intrastate		38,206	23,217
Interstate		365,490	395,215
Special Access:	5083		
Intrastate			
Interstate		12,874	56,015
Federal USF (ICLS/CAF/HCL/SN)	Varies	280,365	275,669
Total (must equal line 2 of Income Stmt.)		712,738	766,080
Line 2 of Income Stmt.		741,425	787,200
Difference		(28,687)	(21,120)