REPORT OF HAT ISLAND TELEPHONE COMPANY UNDER THE

WASHINGTON UNIVERSAL SERVICE COMMUNICATIONS PROGRAM

IN COMPLIANCE WITH WAC 480-123-130

July 1, 2016

Docket No. UT-151593

ELECTRONIC FILING

VIA WUTC WEB PORTAL

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

January 1, 2015 December 31, 2015

Residential 57 55

Business 11 11

1. 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.

The Company undertook projects in 2015 filed with FCC Form 481 filed with the Commission on August 1, 2014 in Docket No. UT-143042.

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| **Network Improvements/Upgrades – Voice Services – For Calendar Year 2015** | | | | |
| **Project Description**  **(Specific proposed improvements and/or upgrades)** | **Estimated Start Date** | **Estimated Completion Date** | **Service Area Name** | **Estimated Population** |
| Maintain/retire/replace existing end-of-life infrastructure hardware and software | 01/01/2015 | 12/31/2015 | Hat Island | 41 |

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| **Network Improvements/Upgrades – Broadband Services – For Calendar Year 2015** | | | | |
| **Project Description**  **(Specific proposed improvements and/or upgrades)** | **Estimated Start Date** | **Estimated Completion Date** | **Service Area Name** | **Estimated Population** |
| Maintain/retire/replace existing end-of-life infrastructure hardware and software | 01/01/2015 | 12/31/2015 | Hat Island | 41 |

In January 2015, the Company received $571 from the universal service communications program for the fiscal year ending June 30, 2015 representing the reduction in support from the CAF ICC Program. For the calendar year 2015, the Company’s related gross capital expenditures and operating expenses paid, in whole or in part, with support from federal and state sources were $4,294 and $57,192 respectively.

During 2015 the Company undertook a capital project to upgrade the ADSL blade to VDSL. VDSL technology improves capacity on our existing copper plant, the quality of all services, and allows the Company to offer higher broadband speeds on existing infrastructure.. The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform that project including, without limitation, the repayment of loan funds.

The Company undertook projects in 2016 filed with FCC Form 481 filed with the Commission on August 1, 2014 in Docket No. UT-143042.

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| **Network Improvements/Upgrades – Voice Services – For Calendar Year 2016** | | | | |
| **Project Description**  **(Specific proposed improvements and/or upgrades)** | **Estimated Start Date** | **Estimated Completion Date** | **Service Area Name** | **Estimated Population** |
| Maintain/retire/replace existing end-of-life infrastructure hardware and software | 01/01/2016 | 12/31/2016 | Hat Island | 41 |

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| **Network Improvements/Upgrades – Broadband Services – For Calendar Year 2016** | | | | |
| **Project Description**  **(Specific proposed improvements and/or upgrades)** | **Estimated Start Date** | **Estimated Completion Date** | **Service Area Name** | **Estimated Population** |
| Maintain/retire/replace existing end-of-life infrastructure hardware and software | 01/01/2016 | 12/31/2016 | Hat Island | 41 |

In December 2015, the Company received $2,771 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. Through April of 2015, the Company has incurred operating expenses of approximately $21K.

The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform the VDSL project from 2015, and 2016 operating expenses, including, without limitation, the repayment of loan funds.

1. 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.

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

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

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

The Company continually reviews its operations to determine if efficiencies can be achieved. The Company already has a plan in place to concentrate on improving broadband service while continuing to provide high-quality basic telecommunications service to the customers that are located within the area that the Company serves. The funds received from the universal communications program can be viewed as assisting in the Company's efforts to obtain operational efficiencies.

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

N/A

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

I, Frank McIntyre, am an officer of Hat Island Telephone Company, and upon personal knowledge and with responsibility therefore, hereby certify under penalty of perjury, that Hat Island 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 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Washington this \_\_\_ day of June, 2016.

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Secretary/Treasurer