

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

July 1, 2016

Docket No. UT-151501

Filed electronically

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

	January 1, 2015	December 31, 2015
Residential	<u>1,719</u>	<u>1,755</u>
Business	<u>624</u>	<u>631</u>

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 \$174,476 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 cooper and fiber maintenance projects totaling approximately \$46,200, installed firewalls to protect the network totaling approximately \$206,300, made additions to the Central Office switches totaling approximately \$102,000 and capitalized the fiber termination equipment for the Roslyn Fiber-to-the-Home ("FTTH") project totaling \$170,340. Although the Roslyn FTTH project is not completed in 2015, as the Company draws money from the RUS, the Company immediately begins payment on the draws on the loan from the RUS. With that said, the Company has borrowed approximately \$4,896,000 for the Roslyn FTTH project which is still under construction in 2015. The funds received from the universal service communications program can be viewed as contributing to the Company's ability to

perform those projects, including, without limitation, the repayment of previous loan funds.

In December 2015, the Company received \$306,793 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 is continuing the Roslyn FTTH project and started the Fiber-to-the-Node upgrade in its Dewatto exchange. The Company is also in the process of installing a new switch at its Roslyn location and faced with replacing the other three switches. The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform those projects, including, without limitation, the repayment of loan funds. In the second half of 2016, the Company will close its RUS loan (must be closed by October 15, 2016); closing the Dewatto Fiber-to-the-Node project and the Roslyn FTTH project. The Company does not anticipate that the Roslyn FTTH project will be fully completed and therefore, the Company will be expending its own funds to complete this project as well as the other three switch replacements.

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 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. 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, James K. Brooks, am an officer of Inland Telephone Company, and upon personal knowledge and with responsibility therefore, hereby certify under penalty of perjury, that Inland 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 Roslyn, Washington this 29th day of June, 2016.



James K. Brooks
Treasurer/Controller