

1
2
3
4
5
6 **BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

7
8 IN RE

9 PETITION OF HAT ISLAND TELEPHONE
10 COMPANY TO RECEIVE SUPPORT
11 FROM THE STATE UNIVERSAL
12 COMMUNICATIONS SERVICES
PROGRAM

DOCKET NO.

PETITION FOR SUPPORT

13 COMES NOW Hat Island Telephone Company (the "Company") and, pursuant to Chapter
14 480-123 of the Washington Administrative Code ("WAC") including, but not limited to, WAC 480-
15 123-110, hereby petitions the Washington Utilities and Transportation Commission (the
16 "Commission") to receive support from the State Universal Communications Services Program
17 established in RCW 80.36.650 (the "Program") for the fiscal year ending June 30, 2017.
18

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)
25

26 PETITION OF HAT ISLAND TELEPHONE
COMPANY TO RECEIVE SUPPORT
FROM THE STATE UNIVERSAL
COMMUNICATIONS SERVICES
PROGRAM - 1

- 1 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange
2 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 3 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus
4 mandatory extended area service charges, are no lower than the local urban rate floor
5 established by the Commission as the benchmark rate based on the Federal Communications
6 Commission's national local urban rate floor pursuant to 47 C.F.R. Sec. 54.318 in effect on
7 the date of this Petition.
- 8 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an
9 eligible telecommunications carrier for purposes of receiving federal universal services
10 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost
11 Areas with respect to the service area for which the Company is seeking Program support.
12

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: Hat Island Telephone Company.
- 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, except individual officers and
18 directors, is attached hereto as Exhibit 1. A detailed description of any transactions between
19
20
21

1 the Company and the affiliates named in Exhibit 1, as well as officers and directors of the
2 Company,¹ recorded in the Company's operating accounts is attached hereto as Exhibit 2.

- 3 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet No.
4 19 of the Company's Tariff WN U-1.
- 5 4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate
6 instability or service interruption or cessation in the absence of support from the Program is
7 attached hereto as Exhibit 3.
- 8 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached hereto as
9 Exhibit 4, are copies of the Company's balance sheet as of December 31, 2015, and
10 December 31, 2014, and copies of the Company's statements of income and retained
11 earnings or margin for the years ended December 31, 2015 and December 31, 2014.
- 12 6. WAC 480-123-110(1)(e)(ii): A copy of the Company's consolidated annual financial
13 statements for the years ended December 31, 2015 and December 31, 2014, is attached
14 hereto as Exhibit 5.
- 15 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of
16 return on a total Washington unseparated regulated operations basis for each of the two prior
17 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.
- 18 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on
19 equity on a total company (regulated and non-regulated) Washington basis for each of the
20
21
22

23
24 ¹ Pursuant to agreement with the Commission Staff, Exhibit 2 is limited to transactions other than
25 employment compensation and benefits pursuant to employee benefit plans.

1 two prior years, calculated in the manner prescribed by the Commission, is provided in
2 Exhibit 4.

3 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
4 statements of income and retained earnings or margin in the same format and detail as is
5 required to complete RUS Form 479 for the prior two years is presented on Exhibit 6
6 attached hereto.

7
8 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company officer
9 with personal knowledge and responsibility certifying that no corporate operations
10 adjustment to existing high-cost loop and interstate common line support mechanisms
11 required by the Federal Communications Commission applied to the Company for the two
12 prior years is attached hereto as Exhibit 7.

13 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information
14 requested by the Commission.

15
16 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company
17 officer with personal knowledge and responsibility certifying that the Company complies
18 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to
19 incumbent local exchange companies is attached hereto as Exhibit 8.

20 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or
21 on its behalf with the Federal Communications Commission for the calendar year preceding
22 the current year has already been filed with the Commission. See the Company's filing in
23 Docket No. UT-160030 filed on or about July 1, 2016.
24

1 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
2 the Company as of December 31, 2015, was 55, all of which were within the geographic
3 area for which the Company is seeking support. The number of residential local exchange
4 access lines served by the Company as of December 31, 2014, was 59, all of which were
5 within the geographic area for which the Company is seeking support. The number of
6 business local exchange access lines served by the Company as of December 31, 2015, was
7 11, all of which were within the geographic area for which the Company is seeking support.
8 The number of business local exchange access lines served by the Company as of December
9 31, 2014, was 9, all of which were within the geographic area for which the Company is
10 seeking support. The monthly recurring rate charged by the Company for residential local
11 exchange access service on December 31, 2015, was \$16.00. The monthly recurring rate
12 charged by the Company for residential local exchange access service on December 31,
13 2014, was \$16.00. The rate charged by the Company for single line business local exchange
14 access service on December 31, 2015, was \$25.00. The rate charged by the Company for
15 single line business local exchange access service on December 31, 2014, was \$25.00. (The
16 Company has other business local exchange service rates, but the Company understands that
17 WAC 480-123-110(1)(g) is requesting the single line business local exchange access service
18 rate.)
19

20
21 15. WAC 480-123-110(1)(h): The specified statement is attached hereto as Exhibit 9.
22
23
24
25

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

2 17. The amount on line 4, titled "2011 ROR Carrier Base Period Revenue", of the CAF ICC

3 Data Collection Report for the period 7/1/16 – 6/30/17 has not changed from prior filings.

4
5
6 Respectfully submitted this 30th day of July, 2016.

7
8
9 HAT ISLAND TELEPHONE COMPANY

10
11 CERTIFICATION

12 I, Frank McIntyre, an officer of Hat Island Telephone Company (the "Company") that is
13 responsible for the Company's business and financial operations, hereby certify under penalty of
14 perjury that the information and representations set forth in the Petition, above, are accurate and the
15 Company has not knowingly withheld any information required to be provided to the Commission
16 pursuant to the rules governing the Program.

17 Dated at Langley, Washington this 30th day of July, 2016.

18 By:  _____

19 Title: Secretary/Treasurer