**Kalama Telephone – Year 3 – Funds distributed in 2016 – Reported use of funds by July 1, 2017 – Docket UT-160966**

In December 2016, the Company received $248,296 from the universal services communications program for the fiscal year ending June 30, 2017 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 2017 the Company completed the following projects:

1. The Company installed exchange line circuit equipment at a cost of approximately $22,000. This project will provide VDSL2 service or ADSL2+ service to 31 customers. This project will improve broadband speeds, increase data capacity and will provide growth capacity in the area served.
2. The Company installed exchange line circuit equipment at a cost of approximately $16,500. This project will provide VDSL2 service or ADSL2+ service to 48 customers. This project will improve broadband speeds and increase data capacity.
3. The Company installed Gigabit Passive Optical Network fiber to the premise to a new residential subdivision at a cost of approximately $17,900. This project will provide voice and broadband service to 32 potential customers.
4. The Company installed fiber optic facilities between its central office and a remote at a cost of approximately $78,500. This project improved voice and broadband service for approximately 960 customers.

The funds received from the universal communications services program can be viewed as contributing to the Company's ability to perform the projects above.

In the second half of 2017 the Company anticipates performing the following projects:

1. The Company plans to install Gigabit Passive Optical Network fiber to the premise to a new residential subdivision at a cost of approximately $10,000. This project will provide voice and broadband service to 31 potential customers.
2. The Company plans to install exchange line circuit equipment at a cost of approximately $48,000. This project will provide VDSL2 service or ADSL2+ service to 96 customers. This project will improve both broadband speeds and increase data capacity.
3. The Company plans to install exchange line circuit equipment at a cost of approximately $36,000. This project will provide VDSL2 service or ADSL2+ service to 48 customers. This project will improve both broadband speeds and increase data capacity.
4. The Company plans to install exchange line circuit equipment at a cost of approximately $22,000. This project will provide VDSL2 service or ADSL2+ service to 36 customers. This project will improve both broadband speeds, increase data capacity and will provide growth capacity in the area served.
5. The Company plans to install exchange line circuit equipment and fiber optic transport at a cost of approximately $83,000. This project will provide a 10 gigabyte transport of voice and data. This project should improve voice service, broadband speeds and increase data capacity for approximately 200 customers.