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April 14, 2017

VIA E-FILING

Mr. Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Hat Island Telephone Company - Fourth Revision of Sheet No. 21 Canceling
Third Revision of Sheet No. 21

Dear Mr. King:

Attached you will find the above-referenced tariff sheet. The purpose of this filing is to increase the monthly Residential individual line service station to \$20.00 from its current rate of \$18.00 (11.11%). These changes will be effective June 1, 2017.

The overall annual revenue effect from this filing is an increase in revenue of approximately \$1008.

This filing conforms the Company's tariff to the "urban rate floor" provisions of FCC Order No. 11-161 and subsequent rules. In the course of that Order, the Federal Communications Commission adopted new rules concerning the universal service program. The effect of those rules is to penalize any company whose residential rate is less than \$20.00 on June 1, 2017. The penalty is a dollar-for-dollar reduction in universal service support for the Company's operations.

In Docket UT-160962, the Company filed financial information concerning its operations. In discussion with Commission Staff, this filing is based upon the information that the Company has filed in Docket UT-160962. As a result of using the financial information filed by the Company in Docket UT-160962, the Company believes the filing complies with the requirements of WAC 480-120-339.

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This filing is somewhat unusual in that efforts are underway to request that the FCC waive, stay or not enforce the urban rate floor requirements for this iteration of the rule. The history with the FCC is that in taking action of requests of this sort, it usually occurs at the last moment. Company representatives have previously alerted Commission Staff to this possibility. Based on discussions with Commission Staff, Commission Staff has asked that the company not include any qualifying language in its tariff, but instead include an explanation in the advice letter. Therefore, if the FCC takes any action which renders moving to a \$20.00 rate not a requirement, the company commits to expeditiously as possible reinstating the \$18.00 per month rate. Depending on the timing of the FCC's action, if any it taken, this may mean charging less than the tariffed rate for June or moving the rate back down to \$18.00 beginning in July. This will all depend upon the timing of the FCC's action and the ability to adjust billing systems. Commission Staff has assured the company that if they are able to revert to the \$18.00 rate for June, the fact that the tariff states a rate of \$20.00 will not lead to any fines or penalties for failure to charge the tariff rate.

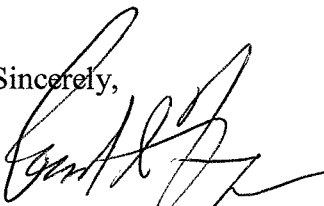
In addition, because of the unusual nature of this situation, the company has provided customers with more than thirty days notice. The company respectfully request that this matter be put on the May 11, 2017 agenda. Please note that the customer notice does explain that it is a possibility that the rates may revert to \$18.00 per month.

The Notice to customers is attached and includes additional information concerning the filing. The Notice was mailed to customers prior to the date of this letter.

Mr. Burns has authority to issue tariff sheets for Hat Island Telephone Company. The undersigned has authority to file said sheets on behalf of Hat Island Telephone Company.

Thank you for your attention to this matter.

Sincerely,



RICHARD A. FINNIGAN

RAF/cs
Enclosures

cc: Client (via e-mail)