REPORTS AS REQUIRED BY WAC 480-123-070
AND WAC 480-123-080

Ellensburg Telephone Company (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.

Report 1: WAC 480-123-070(1)(a): Attached is a copy of the Company's NECA-1 Report for the calendar year 2010, that, as of the date of the report, the Company has reported as the basis for support from the federal high-cost fund.

Report 2: WAC 480-123-070(1)(b): The company reports that the investments and expenses reported under Report 1, above, benefited customers as follows:

Through the expenditure of these funds, the Company was able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C. §254 of providing high quality telecommunications services to customers in the service area for which the Company is designated as an ETC. The Company has made substantial investments over the past several years which allow it to provide quality telecommunications services to its customers in its designated ETC service area. These expenditures and investments, including those reflected in Report 1, above; generally benefit all customers receiving the federal high-cost fund supported services from the Company within its designated service area. In addition, during 2010, the Company was engaged in a major investment project within its designated ETC service area as described below.

In 2010 the Company invested $[redacted] to upgrade its Outside Plant network in the [redacted] Exchanges. These upgrades provided for a platform to deliver more reliable local service and advanced telecommunications services to customers in these exchanges.

In addition to the foregoing, the Company completed an important [redacted] project in 2010. That project added [redacted] to the Company's backbone infrastructure at a cost of $[redacted]. This project extended [redacted] from the [redacted] Central Office to [redacted] which is a [redacted] site for [redacted] in the area. This has allowed for improved service to the wireless carriers and associated customers in the immediate area.

Report 3: WAC 480-123-070(4): The Company reports that during the calendar year 2010, the Company received one complaint from the Federal Communications Commission, and received one complaint from the Consumer Protection Division of the Office of the Attorney General of the State of Washington made by the Company's customers.

- *The FCC complaint related to a customer's inability to receive calls in Ellensburg's area when the customer was using "Magic Jack" VoIP service.*

REDACTED

Ellensburg investigated the issue, and determined that it related the nationwide and growing problem with least cost routing being used by some CLECs and underlying toll providers, and that the problem was not within Ellensburg's purview to resolve. Ellensburg communicated this to the customer, and continues to seek a resolution to these so-called call termination issues along with the rest of the telecommunications industry.

- *The Washington AG complaint related to the discontinuation of an Internet Service Provider in Ellensburg's area, and the process used to notify the affected customers of the change and the options available for continuing Internet access. Ellensburg determined its methods of communication were proper.*

Report 4: WAC 480-123-080(1)(b): The Company reports as follows:

As they are known to the Company at the date of this Report, the present and planned investment and expenses related to Washington state for the calendar year 2011, that the Company expects to use as a basis to request federal high-cost support are expected to be relatively similar to those investments and expenses the Company has set forth in its information filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will increase as the level of Construction activity has increased in relation to what was experienced in calendar year 2010, subject to the effects of inflation and other commonly experienced changes in cost of labor and materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company expects that it will have relatively the same level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2010.

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service. As to the specific investment project identified above, it is expected that customers will benefit by increased reliability of service and the increased availability of a broader range of telecommunications services, including, but not limited to, advanced services.

Report 5: WAC 480-123-080(2): The Company reports as follows:

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2012, through December 31, 2012, that the Company expects to use as a basis to request federal high-cost support are expected to be relatively similar to those investments and expenses the Company has set forth in its information filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will increase as the level of construction activity has increased in relation to what was experienced in calendar year 2010, subject to the effects of inflation and other commonly experienced changes in cost of labor and materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company expects that it will have relatively the same level of investment related to maintenance,

replacement and minor upgrades of equipment and plant as occurred in calendar year 2010. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2012.

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service. As to the specific investment project identified above, it is expected that customers will benefit by increased reliability of service and the increased availability of a broader range of telecommunications services, including, but not limited to, advanced services.

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