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

RE: UT-143047 Petition of Westgate Communications LLC dba WeavTel to receive support from the Universal Service Communications Program

Dear Mr. King:

Westgate Communications, LLC dba WeavTel respectfully submits replacement documents for its petition to receive support from the State Universal Service Fund submitted July 31, 2014. These documents were crafted with comments and suggestions offered in Roger Hahn's company review of WeavTels original petition to receive support from the State Universal Service. The following lists a description of pages along with sections changed:

Petition – Page 3 section II number 6
Exhibit – 3 All pages
Exhibit – 4 Page 1: Part A Balance Sheet (PY)
Page 2: Part A Balance Sheet (CY)
Page 3: Part A Balance Sheet (Summary)
Page 5: Statistics
Page 6: Part B Income Stmt (PY)
Page 7: Part B Income Stmt (CY)
Page 8: Part B Income Stat Summary
Page 9: Access Rev Detail

Sincerely,

Richard J. Weaver
General Manager

1 attached as Exhibit 3.

- 2 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4,
3 are copies of the Company's balance sheet as of December 31, 2013, and December 31,
4 2012, and copies of the Company's statements of income and retained earnings or margin for
5 the years ended December 31, 2013, and December 31, 2012.
- 6 6. WAC 480-123-110(1)(e)(ii): Copies of the Company's financial statements for the years
7 ended December 31, 2013, and December 31, 2012 that were reviewed by a certified public
8 accountant for completing the company's federal income tax returns, are attached as
9 Exhibit 5.
- 10 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of
11 return on a total Washington unseparated regulated operations basis for each of the two prior
12 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.
- 13 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on
14 equity on a total company (regulated and non-regulated) Washington basis for each of the
15 two prior years, calculated in the manner prescribed by the Commission, is provided in
16 Exhibit 4.
- 17 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
18 statements of income and retained earnings or margin section of RUS Form 479 for the prior
19 two years is attached as Exhibit 6.
- 20 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company with
21 personal knowledge and responsibility certifying that no corporate operations adjustment to
22 existing high-cost loop and interstate common line support mechanisms required by the
23 Federal Communications Commission applied to the Company for the two prior years is
24 attached hereto as Exhibit 7.
- 25
26

EXHIBIT 3

DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Company finds itself is one of great financial uncertainty. In large part, this financial uncertainty stems from the Transformation Order issued by the Federal Communications Commission.¹ The Transformation Order has built in an automatic decline in the Company's intrastate and interstate access revenues. The intercarrier compensation portion of the Transformation Order introduces a concept of a base line year for calculating revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (i.e. CAF support) are reduced by five percent each year. The Company had been exploring ways of addressing access bypass to increase access revenues. However, any increase in access revenues under the Transformation Order would simply be a reduction in CAF support and no new net revenues would be produced. The CAF support reduction began July 2012. Projecting through the calendar year 2015, including additional reductions that will occur July 1, 2015, the Company has seen a reduction in support from the base line revenue amount of approximately \$ 51,555.

In addition, by order of this Commission, the traditional universal service access rate element and related pooling fund have been terminated effective July 1, 2014. Using 2012 as a base line, which is the latest year with final pool numbers, the Company is facing a loss of WECA pool settlement revenues of approximately \$9,122 per year.

In addition, during the fiscal-year period ended December 31, 2013, the Company has seen its Federal high cost loop support (HCL) undergo a significant reduction – declining from \$196,476 in 2012 to \$133,083 in 2013. The Company is experiencing similar reductions in 2014 to both HCL and Interstate Common Line Support (ICLS) as the FCC's Part 54.302 *Rules* complete the transition to a monthly support cap of \$250 per line per study area.

These factors have led to the risky financial condition of the Company, as reflected in the financial reports that are part of the Petition.

The combination of factors noted above creates a situation in which, without support from the state universal service communications program, the Company may be faced with a choice of increasing rates further, which may drive more customers away, or cutting service in order to

¹ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fun*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*).

be able to match expenses to revenues. Neither choice presents a viable path for providing good service to customers. The dilemma presented by these choices reflects the risk of rate instability or service interruption or cessation to which the Company is subject.