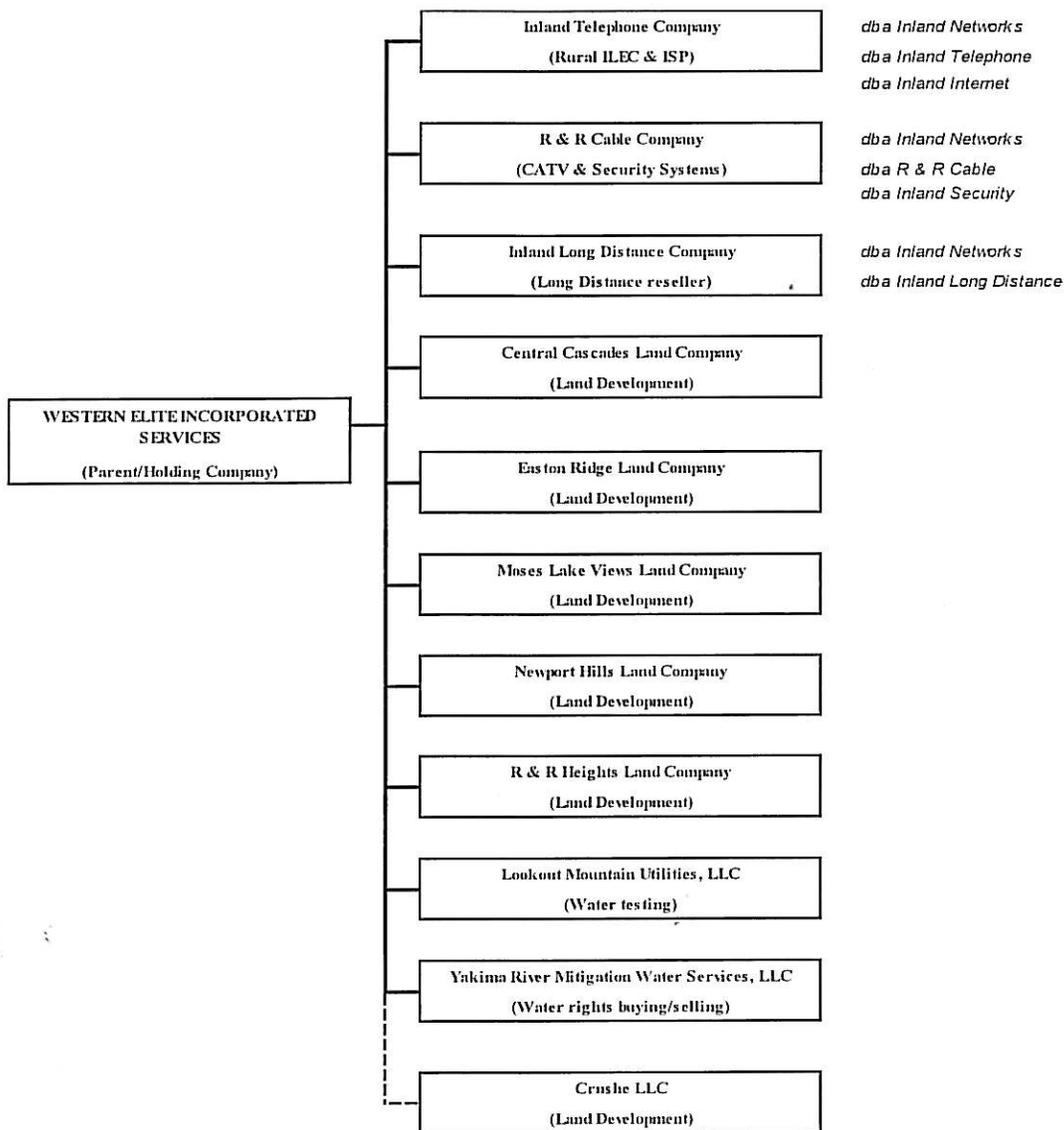


EXHIBIT 1

CORPORATE ORGANIZATION CHART  
AS OF DECEMBER 31, 2015



NOTE: All of the entities shown above are wholly owned subsidiaries of Western Elite Incorporated Services and are either C-Corporations or limited liability companies.

NOTE: Approximately 46% of the ownership shares of Western Elite Incorporated Service and member interests in Crushe LLC are held by the shareholders of Inland Cellular Telephone Company.

## EXHIBIT 2

### AFFILIATED TRANSACTIONS

Other than the purchase of tariffed services at tariffed rates, Inland Telephone Company reports the following affiliate transactions for the year ended December 31, 2015:

**Shareholders** – There are shareholders holding five percent or more of the stock, directly or indirectly, of the Company who are also employees of the Company and receive from the Company employment compensation together with employment associated benefits in accordance with the benefits plan that governs all employees.

**Related Party Transactions:**

R & R Cable Company – R & R Cable Company paid to ITC for contracted services for managing R & R Cable Company Internet service via cable modem outside of the ITC service area.

Inland Cellular LLC – Inland Cellular LLC paid to ITC rent for switch space, office space for their personnel, and storage yard space on land and in buildings owned by ITC in Uniontown, WA.

Inland Cellular LLC – Inland Cellular LLC paid to ITC rent for a building owned by ITC in Lewiston, ID.

Inland Cellular LLC – Inland Cellular LLC paid to ITC rent for locating equipment on a communications tower and land owned by ITC in Uniontown, WA.

Inland Cellular LLC – Inland Cellular LLC paid to ITC for contract labor when utilizing ITC employees.

### EXHIBIT 3

#### DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Company finds itself has created a climate of great financial uncertainty. The Company has been working over the past several years to address growing competition. The Company has taken steps to increase the availability and attributes of advanced services offered by the Company, including broadband. This has resulted in the Company making additional investments in regulated plant of approximately \$7,146,000 during the period January 1, 2011 through December 31, 2015. The Company has always strived at improving the network; service reliability and coverage. During the period, January 1, 2006 through December 31, 2010, the Company made additions to regulated plant of approximately \$6,880,000. These additions included replacing the switching equipment, adding new subscriber transmission equipment capable of providing broadband service as well as placing subscriber carrier equipment closer to subscribers, and adding fiber optic cable into the subscriber and interexchange network infrastructure. As a result, the Company has a substantial debt obligation to cover the investment that has been made.

The overall financial condition of the Company is detailed on other Exhibits to this Petition. What this information demonstrates is that, when adjusted to eliminate the support from the state Universal Communications Services Program that the Company received or accrued in 2015, the Company's total regulated revenue decreased by 27.5 percent from 2011 through 2015. The Company has looked for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as debt-related payments.

At the same time, the Company is seeing increased competition. For example, the Company has seen some migration of customers "cutting the cord" to move to wireless or other service as their sole method of telecommunications. Since 2011, the Company has lost 122 access lines; a decrease of approximately five percent. A loss of customers equates to a loss of revenue without a corresponding reduction in expenses or corresponding increase in rates. This trend of access line loss is exacerbated by the Federal Communications Commission's requirement that the Company increase its rates to remain eligible for full federal USF support. Since 2012, the Company has increased its local exchange service rates in order to be in compliance with the national urban rate floor prescribed by the Federal Communications Commission. However, those increases have been insufficient to fully replace the revenues that have been lost due to the reduction in access lines.

As an example of why state Program support is needed, the Company's receipt of revenue from the traditional Washington intrastate universal service access rate element and related pooling fund were terminated effective July 1, 2014. Since then, the loss of revenues derived from the traditional universal service access rate element has been off-set by revenues received by the Company as a result of its participation in the Program. Using 2012 as a base line, the Company is facing a loss of traditional universal service fund revenues of approximately \$79,875 per year if its participation in the Program is not renewed.

As another example, some of the financial uncertainty that the Company faces stems from the USF/ICC Transformation Order issued by the Federal Communications Commission.<sup>1</sup> The USF/ICC 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 terminating access and reciprocal compensation revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (from which the level of CAF support is derived) are reduced iteratively by five percent each year. "The CAF support reduction began in July 2012. Projecting through the year ending June 30, 2017, including reductions that will occur July 1, 2016, the Company has seen a reduction in support from the base line revenue of approximately \$276,738.

On top of all this, during the four-year period ended December 31, 2015, the Company has seen its total federal high loop cost support undergo a significant reduction, declining from \$525,636 in 2011 to \$397 in 2015.

These factors, among others, have led to the strained 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 communications services program, the Company may be faced with a choice of increasing rates further or reducing service in order to be able to match expenses to revenues. Neither choice presents a viable path for providing continued high quality 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.

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<sup>1</sup> *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 Fund*, 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*).

EXHIBIT 7

CORPORATE OPERATIONS EXPENSE ADJUSTMENT CERTIFICATE

I, James K. Brooks, an officer of Inland Telephone Company with personal knowledge and responsibility, under penalty of perjury, hereby certify that no corporate operations adjustment to existing high-cost loop and/or interstate common line support mechanisms, as required by the Federal Communications Commission, applied to the Company for 2015 and 2014.

Dated this 20<sup>th</sup> day of July, 2016 in Roslyn, Washington.

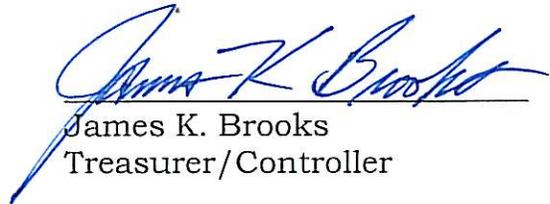
  
James K. Brooks  
Treasurer/Controller

EXHIBIT 8

FINANCIAL ACCOUNTING CERTIFICATE

I, James K. Brooks, an officer of Inland Telephone Company with personal knowledge and responsibility, based upon my discussions with Company staff, outside consultants retained by the Company to handle such matters, and legal counsel, under penalty of perjury, state that the Company complies with state and federal accounting, cost allocation and cost adjustment rules pertaining to incumbent local exchange companies.

Dated this 20<sup>th</sup> day of July, 2016 in Roslyn, Washington.

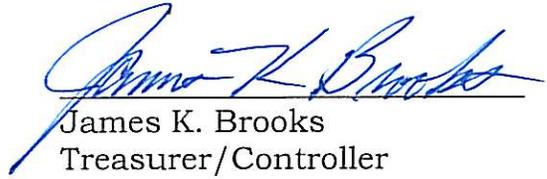
  
James K. Brooks  
Treasurer/Controller

EXHIBIT 9

CONTINUED OPERATIONS CERTIFICATE

I, James K. Brooks, an officer of Inland Telephone Company, under penalty of perjury, hereby certify that if the Company receives Program support, the Company will continue to provide communications services pursuant to its tariffs on file with the Commission throughout its service territory in Washington for which the company is seeking and receives Program support during the entirety of 2017.

Dated this 20<sup>th</sup> day of July, 2016 in Roslyn, Washington.

  
James K. Brooks  
Treasurer/Controller