REPORT OF KALAMA TELEPHONE COMPANY UNDER THE

WASHINGTON UNIVERSAL SERVICE COMMUNICATIONS PROGRAM

IN COMPLIANCE WITH WAC 480-123-130

July 1, 2016

Docket No. UT-151571

File electronically

1. WAC 480-123-130(1)(a) - Access Lines Served

January 1, 2015 December 31, 2015

Residential \_1734\_\_\_\_\_\_\_\_ \_1713\_\_\_\_\_\_\_\_

Business \_\_518\_\_\_\_\_\_\_\_ \_\_518\_\_\_\_\_\_\_\_

1. WAC 480-123-130(1)(b) - Use of Support

The funds received by the Company from the universal service communications program in calendar year 2015 represents monies that the Company formerly received through the Washington Exchange Carrier Association (WECA) pooling process and the reduction of support under the Federal Communications Commission’s (FCC’s) CAF ICC Program. As such, the funds from the universal service communications program contributed to the ongoing operation and maintenance expenses of the Company. The funds from the universal service communication program are contributing to the Company's ongoing provision of high-quality basic telecommunications service to customers residing in the area the Company serves.

In January 2015, the Company received $106,502 from the universal service communications program for the fiscal year ending June 30, 2015 representing the reduction in support from the CAF ICC Program.

During 2015 the Company undertook the following projects:

1. The Company installed backup power at two locations for its exchange line circuit equipment at a cost of approximately $24,000. This project will improve service for 350 customers.
2. The Company installed exchange line circuit equipment at a cost of approximately $81,800. This project will be used, in part, to provide a 10 gigabyte ring for the transport of voice and data. This project should improve service for 814 customers.
3. The Company installed exchange line circuit equipment at a cost of approximately $22,100. This project will provide VDSL2 service or 15mb ADSL2+ service to 48 customers.
4. The Company installed Gigabit Passive Optical Network fiber to the home at a cost of approximately $25,800. This project will improve voice service and increase broadband speeds for 32 customers.
5. The company replaced and upgraded it back-up power system. This project included replacing the existing 1978 70 KW generator with newer 80 KW generator and install new transfer panels to power all electrical panels. The approximate cost of this project is $41,500. This project will improve voice and data service reliability.

The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform that the those projects, including, without limitation, the repayment of loan funds.

In December 2015, the Company received $217,885 from the universal service communications program for the fiscal year ending June 30, 2016 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 2016 the Company undertook:

1. The Company installed exchange line circuit equipment at a cost of approximately $23,700. This project will provide VDSL2 service or ADSL2+ service to 48 customers and will improve both broadband speeds and data capacity.
2. The Company installed exchange line circuit equipment at a cost of approximately $36,400. This project will provide VDSL2 service or ADSL2+ service to 48 customers and will improve both broadband speeds and data capacity.
3. The Company plans to install Gigabit Passive Optical Network fiber to the home at a cost of approximately $36,400. This project will improve voice service and increase broadband speeds for 30 customers.

The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform that those projects including, without limitation, the repayment of loan funds. In the second half of 2016 the Company plans:

1. The Company plans to install Gigabit Passive Optical Network fiber to the home at a cost of approximately $64,000. This project will improve voice service and increase broadband speeds for 31 customers.
2. The Company plans to install a conduit system at a cost of approximate cost of $23,600. This project will allow for fiber installation for transport facilities for the company’s exchange line circuit equipment.
3. The Company plans to install a conduit system at a cost of approximate cost of $32,000. This project will allow for fiber installation for diverse transport facilities to the one of the company’s exchange line circuit equipment.
4. The Company plans to install exchange line circuit equipment at a cost of approximately $36,400. This project will provide VDSL2 service or ADSL2+ service to 48 customers and will improve both broadband speeds and data capacity.
5. The Company plans to install fiber between its central office and a remote at a cost of approximately $78,500. This project will improve voice service and increase broadband speeds for 960 customers.
6. The Company plans to install exchange line circuit equipment at a cost of approximately $33,400. This project will be used, in part, to provide a 10 gigabyte ring for the transport of voice and data. This project should improve service for 32 customers.
7. The Company plans to install exchange line circuit equipment at a cost of approximately $22,100. This project will provide VDSL2 service or ADSL2+ service to 48 customers and will improve both broadband speeds and data capacity.
8. WAC 480-123-130(1)(c) - Unfilled Consumer Requests for New Basic Telecommunications Service\*

None

\* Service requests that are ongoing but still within normal processing times are not counted as unfulfilled.

1. WAC 480-123-130(1)(e) - FCC Form 477

This form was previously filed on or about March 1, 2016 under Docket UT-160032.

1. WAC 480-123-130(1)(f) - Report on Operational Efficiencies/Business Plan Modifications

The Company continually reviews its operations to determine if efficiencies can be achieved. The Company already has a plan in place to concentrate on improving broadband service while continuing to provide high-quality basic telecommunications service to the customers that are located within the area that the Company serves. The funds received from the universal communications program can be viewed as assisting in the Company's efforts to obtain operational efficiencies.

1. WAC 480-123-130(1)(g) and (h) - Other information

Not Applicable

Certified Statement as required by WAC 480-123-130(1)(d):

I, Steve Hanson, am an officer of Kalama Telephone Company, and upon personal knowledge and with responsibility therefore, hereby certify under penalty of perjury, that Kalama Telephone Company materially complied with Commission rules under Chapter 480-120 WAC that are applicable to the Company and its provision of service within the area for which the Company received universal service communications program support.

Signed at Tenino, Washington this 28th day of June, 2016.

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President