**Kalama Telephone – Year 2 – Funds distributed in 2015 – Reported use of funds by July 1, 2016 – Docket UT-151571**

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.