

**AFFIDAVIT CONTAINING CERTIFICATIONS
PURSUANT TO WAC 480-123-060 AND WAC 480-123-070**

**July 1, 2017
Kalama Telephone Company**

I, Steve Hanson, being of lawful age, state that I am President of Kalama Telephone Company (“Company”), that I am authorized to execute this Affidavit on behalf of the Company, and that the facts set forth in this Affidavit are true to the best of my knowledge, information and belief. On this basis, I hereby certify to the Washington Utilities and Transportation Commission (“Commission”) for use by the Commission in providing the certification to the Federal Communications Commission and Universal Service Administrative Company required by 47 C.F.R. §54.314, as follows:

(1) That the Company in 2016 used and in the coming calendar year will use federal high-cost universal service fund support provided to the Company in the State of Washington only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2016 calendar year, the Company met substantially the applicable service quality standard and consumer protection rules found in WAC 480-123-030(1)(h);

(3) That during the 2016 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2016 calendar year, the Company publicized the availability of its applicable telephone assistance programs in a manner reasonably designed to reach those likely to qualify for service and in a manner which, in the Company’s judgment, included advertisements likely to reach those who are not current customers of the Company within the Company’s designated service area.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 28th day of June, 2017, at Tenino, Washington.

Company: Kalama Telephone Company

By: 

Type Name: Steve Hanson
Its: President

ETC ANNUAL REPORTS PER WAC 480-123-070 AND WAC 480-123-080

July 1, 2017
Kalama Telephone Company

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

1. Report 1: Report on use of funds: WAC 480-123-070(1)(a):

The Company used support from the federal high-cost fund in the calendar year 2016 as follows: To support investments made by the Company in telecommunications plant used to provide voice services, broadband services and other telecommunications services, and to defray operating expenses incurred by the Company in its provision of those services.

For the calendar year 2016, the Company's gross capital expenditures and operating expenses paid, in whole or in part, with support from the federal high-cost fund were \$536,173 and \$2,390,881, respectively. Major projects undertaken and completed in the calendar year 2016 include the following:

- 1) The Company installed exchange line circuit equipment at a cost of approximately \$45,200. This project will provide VDSL2 service or ADSL2+ service to 48 customers. This project will improve broadband speeds and increase data capacity.
- 2) The Company installed exchange line circuit equipment at a cost of approximately \$48,700. This project will provide VDSL2 service or ADSL2+ service to 16 customers. This project will improve broadband speeds, increase data capacity and will provide growth capacity in the area served.
- 3) The Company installed exchange line circuit equipment at a cost of approximately \$16,500. This project will provide VDSL2 service or ADSL2+ service to 48 customers. This project will improve broadband speeds and increase data capacity.
- 4) The Company installed exchange line circuit equipment at a cost of approximately \$33,000. This project will be used, in part, to provide 10 gigabyte transport of voice and broadband data. This project should improve service for 32 customers.
- 5) The Company installed Gigabit Passive Optical Network fiber to the premise at a cost of approximately \$25,000. This project will improve voice service, improve broadband speeds and increase data capacity for 30 customers.
- 6) The Company installed an extension to its conduit system at a cost of approximate cost of 25,000. This project will allow for fiber installation for diverse transport facilities to the one of the company's exchange line circuit equipment.

7) The Company installed fiber optic facilities between its central office and a remote at a cost of approximately \$18,100. This project established diverse transport routing and improved service for approximately 450 customers.

8) 

Per instructions from Commission Staff a copy of the Company's NECA-1 Report¹ for the calendar year 2016 that, as of the date of that report, the Company will have reported as the basis for support from the federal high-cost fund, will be provided to the Commission when it becomes available and no later than August 1, 2017.

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

Consumers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services.

Through the expenditure of federal high-cost support 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 quality telecommunications services to customers in the service area for which the Company is designated as an ETC.² 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. Those 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 ETC service area. The Company has expanded its network over the past several years so that it is capable of providing access to broadband services throughout most of the Company's designated ETC service area. The Company offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

3. Report 3: Local Services Outage Report: WAC 480-123-070(2):

None

¹ The Company understands the reference to the "NECA-1 report" to refer to the values reported by the Company in response to the National Exchange Carrier Association, Inc. Universal Service Data Collection Form or its on-line equivalent pertaining to the subject year.

² The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

4. Report 4: Report on Failure to Provide Service: WAC 480-123-070(3):

None

5. Report 5: Report on Complaints per 1000 Connections: WAC 480-123-070(4):

None

6. Report 6: Annual Plan: WAC 480-123-080(1):

As they are known to the Company at the date of this Report, the Company's planned gross capital expenditures and operating expenses related to Washington State to be made, in whole or in part, with federal high-cost support to be received by the Company, during the calendar year 2018 are projected to be \$395,000 and \$2,726,000, respectively.

Major projects are planned to be undertaken or completed in the calendar years 2017 are as follows:

(1) The Company installed exchange line circuit equipment at a cost of approximately \$22,000. This project will provide VDSL2 service or ADSL2+ service to 31 customers. This project will improve broadband speeds, increase data capacity and will provide growth capacity in the area served.

(2) The Company installed exchange line circuit equipment at a cost of approximately \$16,500. This project will provide VDSL2 service or ADSL2+ service to 48 customers. This project will improve broadband speeds and increase data capacity.

(3) [REDACTED]

(4) The Company installed fiber optic facilities between its central office and a remote at a cost of approximately \$78,500. This project improved voice and broadband service for approximately 960 customers.

(5) [REDACTED]

(6) [REDACTED]

(7) [REDACTED]

[REDACTED]

[REDACTED]

The Company has not determined the major projects to be undertaken in the calendar year 2018.

The Company expects that levels of expenses in 2017 and 2018, respectively, will remain relatively the same as those it experience in calendar year 2016, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period.

7. Report 7: Plan of Investments and Expenditures: WAC 480-123-080(2):

As they are known to the Company at the date of this Report, apart from major projects, the planned investment and expenses to be made with federal high-cost support related to Washington state for the calendar year 2018 are planned to remain relatively the same as those it experienced in calendar year 2016, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company has not completed its budgeting process for 2018, so the investment and expense figures presented in Report 6, above, for the calendar year 2018 are not yet final. The Company expects that the continued receipt of federal high-cost support will allow the Company to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas. All customers in the Company's designated ETC service area will benefit from the expected level of support by continuing to have available to them services that are comparable to the telecommunications services offered in urban areas at rates that are comparable to the rates for such services in urban areas.