

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

July 1, 2016  
Western Wahkiakum County Telephone Company

Western Wahkiakum County 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 2015 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.

In the calendar year 2015, the Company's gross capital expenditures and operating expenses paid, in whole or in part, with support from the federal high-cost fund were \$829,200 and \$2,958,284, respectively.<sup>1</sup>

Major projects undertaken or completed in the calendar year 2015 include the following:

- (1) Construction, including new, buried fiber optic routes within the Grays River Exchange, along the far end of Lower Altoona Pillar Rock Rd. The total footage came to approximately 21,554 on this project. This project serves an area of approximately 3 square miles, with an estimated population of 68. This project cost approximately \$169,366. This project has enhanced service reliability and capacity for approximately 68 people in the Grays River Exchange.
- (2) Construction, including new, buried fiber optic routes within the Grays River Exchange, along Hoikka Road (approximately 5,444 feet) and Fossil Creek Road (approximately 6,848 feet) and Altoona Pillar Rock Rd. (approximately 14,706 feet). The total footage on this project came to approximately 26,998 feet. This project serves as area of approximately 6 square miles, with an estimated population of 75. This project cost approximately \$160,933. This project has enhanced service reliability and capacity for approximately 75 people in the Grays River Exchange.
- (3) In addition to the above-described projects, the Company completed work on plowing or boring fiber drops and placing ONT's at homes, businesses and

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<sup>1</sup> The amounts shown in this sentence are prior to Part 64 adjustments, if any.

institutions in the Naselle Exchange. This project's cost came to approximately \$229,677. It will allow the Company to make fiber connections to these homes, businesses and institutions, thereby enhancing service reliability and capacity to an estimated population of 263.

Attached is a copy of the Company's NECA-1 Report<sup>2</sup> for the calendar year 2014. Per direction of Commission Staff, a copy of the Company's NECA -1 report for the calendar year 2015, that, as of the date of the 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, 2016.

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

Consumers served by the Company, as well as those consumers of other telecommunications service providers who may have communicated with the Company's customers utilizing telecommunications services provided by the Company, benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services. Direct benefits within the Company's service area of specific projects are detailed in Report 1 above.

Through the expenditure of the 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.<sup>3</sup> 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

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<sup>2</sup> 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.

<sup>3</sup> The term "ETC" is used herein with the same meaning 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 to be made or defrayed, in whole or in part, with federal high-cost support to be received by the Company during the coming calendar year (*i.e.*, 2017) are projected to be approximately \$242,000 and \$3,138,443, respectively.

Major projects planned to be undertaken or completed in the calendar year 2017 include the following:

2017:

- (1) Construction, including a new, buried fiber optic route south of KM Hill to a radio repeater site in support of Wahkiakum County emergency management. This project will require obtaining rights-of-way. The project cost is estimated to be approximately \$70,000. This project will serve Wahkiakum County emergency management, enabling or enhancing radio coverage of the westerly end of Wahkiakum County. This project is expected to provide substantial portions of the Grays River Exchange (and possibly a portion of the Naselle Exchange) with improved emergency service.
- (2) Construction and relocation of buried facilities on Shannon Road to accommodate Wahkiakum County's road repairs in an area subject to landslides. The project cost is estimated to be approximately \$7,000, and the project is expected to improve service reliability for approximately 24 people in the Grays River Exchange.
- (3) Construction and relocation of aerial fiber optic facilities on Parpala Road to accommodate Pacific County's road relocation in an area subject to landslides. The project cost is estimated to be approximately \$50,000, and the project is expected to improve service reliability for approximately 420 people in the Naselle Exchange.
- (4) Construction and relocation of both buried fiber optic facilities and buried copper facilities on Altoona Pillar Rock Road to accommodate Wahkiakum County's replacement of a large fish culvert. The project cost is estimated to be approximately \$25,000, and the project is expected to improve service reliability for approximately 237 people in the Grays River Exchange.

- (5) Construction and relocation of facilities on Parpala Road to accommodate Pacific County's replacement of two fish culverts. The project cost is estimated to be approximately \$30,000, and the project is expected to improve service reliability for approximately 105 people in the Naselle Exchange.
- (6) Construction and relocation of both buried fiber optic facilities and buried copper facilities on State Route 4, in the vicinity of the Hull Creek crossing, to accommodate a potential Washington State Department of Transportation project. The Company's project cost is estimated to be approximately \$20,000, and the Company's project is expected to improve service reliability for approximately 288 people in the Grays River Exchange.

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 expenditures to be made with federal high-cost support related to Washington state for the calendar year 2017, are planned to remain relatively the same as those the Company experienced in calendar year 2015, 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. Planned major projects are as described or referenced in Report 6, above. The Company has not completed its budgeting process for the calendar year 2017, so the investment and expense figures presented in Report 6, above, for calendar year 2017 are not yet final and may be affected by changes in federal high-cost support. The Company anticipates 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. Moreover, the major projects identified in Report 6, above, are expected to benefit customers as there described.