

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080
Contains Certifications Required by WAC 480-123-060 and 070
July 1, 2020

Pend Oreille 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 2019 as follows:

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 addition, the Company undertook several construction and maintenance projects. The Company expanded its local area network by upgrading its field electronics and central office electronics to enable faster DSL services and also added additional fiber capacity to handle additional bandwidth.

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

For 2019, the Company's gross capital expenditures were [REDACTED]. The Company's 2019 operating expenses were [REDACTED].

Per the direction of Commission Staff, the NECA -1 report will be provided as soon as it is available.

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

Through the expenditure of these 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.¹ 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 offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

¹ The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

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

The Company had four outages. The details as reported to the NORS are as follows:

Exchange 3 digit #	NORS #	Outage Start DATE	Outage Start TIME	Outage End DATE	Outage End TIME	# Customers Affected	# Customers In Exchange	911 Facilities Affected Y or N	Outage Description	Did outage affect multiple exchanges Y or N	Outage Resolution
445		4/22/2019	6:30 a.m.	4/28/2019	12:30 a.m.	225	600	Y	No LD calls in or out of exchanges	N	electronic system failure. New electronic cards purchased and installed.
446		8/12/2019	10:00 a.m.	8/14/2019	2:45 p.m.	720	720	Y	No LD calls in or out of exchanges	Y	Switch failure. Electrical power bump. Circuits were replaced.
445		9/12/2019	2:00 p.m.	9/12/2019	4:30 p.m.	1200	1200	Y	E-911 calls failed.	Y	E-911 Trunks failed. Reset trunks.
		10/17/2019	10:30 a.m.	10/18/2019	11:45 a.m.	200	600	y	System failure. No local, long distance or E-911 in or out	N	Switch failure. Electrical power bump. Circuits were replaced.

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

The Company had no unfulfilled service requests and three unfulfilled broadband requests. The unfulfilled broadband requests were due to the customers not on facilities that could accommodate DSL level of service. Each of these customers were offered the option of satellite internet and did not elect that option, but decided to wait until new facilities were available so they could get broadband.

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

There was one complaint addressed to the Attorney General for voice and one DSL to the FCC. No PUC complaints for 2019.

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

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2021, through December 31, 2021, are projected to be [REDACTED] for gross capital expenditures and [REDACTED] for operating expenses. Major projects are disclosed on the five year plan included with FCC Form 481 filed with the Commission in 2016.

The Company expects that levels of expenses will increase as those it experienced in calendar year 2019, 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, the planned investment and expenses related to Washington state for the period January 1, 2021, through December 31, 2021, will remain relatively the same as those it experienced in calendar year 2019, 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. All customers in the Company's designated ETC service area will benefit from the enhanced broadband service expected from the level of support and other factors, such as support from the state fund, continuing to aide efforts to have available to the customer services that are comparable to the telecommunications services offered in urban areas.