CONFIDENTIAL PER WAC 480-07-160

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, 2026

St. John Telephone, Inc. (the "Company") herby 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 2025 as follows:

   For 2025 the Company's gross capital expenditures were [redacted]. The Company's 2025 operating expenses were [redacted]. The Company's 2025 loan payments were [redacted].

   The Company has completed a fiber-to-the-home project in recent years. This project enabled the provision of improved telecommunications and broadband services to the Company's customers. A significant portion of operating costs in 2025 were to repay portions of the loan that funded the fiber-to-the-home project. In addition, in 2025, the Company purchased a new main office air conditioner in the amount of [redacted], acquired testing equipment in the amount of [redacted], updated channel system for 10gig capacity to increase bandwidth to customers in the amount of [redacted], continue to install equipment and broadband services to customers in the amount of [redacted], purchased core transport router equipment in the amount of [redacted], and installed fiber drops in the amount of [redacted].

   Per the direction of Commission Staff, the NECA -1 report for the calendar years 2024 and 2025 are included in this filing.

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:

   The customers 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 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 (as noted above) 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 all of the Company's designated ETC service area. The

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

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

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 planned investment and expenses related to Washington State for the period January 1, 2027, through December 31, 2027, are projected to be [redacted] for gross capital expenditures and [redacted] for operating expenses. The major projects consist of additions to general support assets for [redacted], replacing computers and billing server for [redacted], upgrading DC power for remote central offices and core router for [redacted], and installing new fiber drops for [redacted].

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, 2027, through December 31, 2027, will remain relatively the same as those it experienced in calendar year 2025 except as noted below, 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. Major projects are disclosed as referenced in Report 6 above. The Company has not completed its budgeting process and does not have final figures prepared for investment and expense levels for 2027. 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.