

Agenda Date: November 12, 2021

Item Numbers: A3 through A18

Dockets: UT 210480 (Toledo), UT 210546 (Inland), UT 210575 Skyline, UT 210578 (Consolidated), UT 210579 (Asotin, Lewis River, and McDaniel), UT 210581 (Western Wahkiakum), UT 210582 (Pioneer), UT 210583 (Tenino), UT 210584 (Hat Island), UT 210585 (Kalama), UT 210586 (Whidbey), UT 210591 (St. John), UT 210594 (Hood Canal), UT 210597 (Pend Oreille), UT 210598 (Westgate), UT 210599 (Mashell Telecom)

Staff: Sean Bennett, Regulatory Analyst
Tim Zawislak, Senior Regulatory Analyst
Jing Roth, Assistant Director – Telecommunications

Recommendation

Enter an order in each of the 16 dockets, directing the distribution of \$4,850,000 from the state universal communications services program fund to the companies; and in the amounts listed in Attachment 1, no later than December 31, 2021.¹

I. Background

During 2019, the legislature revised RCW 80.36.610 through 700 to change the purpose of, and extend, the State Universal Communications Services Program (State USF Program or program).² The State USF Program provides direct financial support to Washington’s *small incumbent Class B Telecommunications companies* that have adopted a plan to provide, enhance, or maintain broadband services in high-cost rural areas of Washington. The Commission is allotted \$5 million each year over the remaining three-year term of the program.³

¹ RCW 80.36.650(2) allows that if less than five million dollars is expended in any fiscal year, the unexpended portion *must be carried over* to subsequent fiscal years and be available for program expenditures. This fiscal year, \$4,850,000 *is available* for distribution from the State USF Program based on the current appropriation and allotment.

² RCW 80.236.650(1) provides that “The purpose of the program is to support continued provision of basic telecommunications services under rates, terms, and conditions established by the commission and the provision, enhancement, and maintenance of broadband services, recognizing that, historically, the incumbent public network functions to provide all communications services including, but not limited to, voice and broadband services.”

³ This is the eighth year of the program (year eight) and the next two years (nine and ten) make up the final “three-year term” discussed in this memo and is consistent with the Commission’s rulemaking order which includes more of the details for reference. *See: General Order R-598 in Docket UT-190437, dated May 27, 2020.*

Under the State USF Program, a qualifying company must include in its petition a “broadband plan” that maintains, provides, or enhances broadband service within the provider’s service area.⁴ WAC 480-123-110 also requires a petitioning company to provide: a sworn statement that the company complies with accounting, cost allocation, and cost adjustment rules, a sworn statement that the company will continue to offer communications and broadband services, a sworn statement that it is in compliance with the FCC’s deployment obligation, and among other requirements, that it satisfies one of four eligibility criterion in order to be eligible to receive support.

In addition to the required information above, Commission staff (Staff) asked each company to provide its total number of serviceable locations (locations to which internet access (any speed) is or could be available) and the number of serviceable locations with 25/3 Mbps (or faster) broadband speed capability. With such information, Staff can better measure the progress made by the petitioning companies in reaching the goal of universal service. After setting a baseline for comparison, Staff expects that next year, we will be able to provide more and relevant information about each company’s progress in deploying broadband.⁵

In accordance with program rules, each company filed a petition and supporting information and exhibits, including a broadband plan, on or before August 2. Staff’s review and analysis of these requests are based on the completeness of a company’s petition, its selection and satisfaction of an eligibility criterion, and the company’s proposed plan to provide, maintain, or enhance broadband services in its service area. Staff prepared **Attachment 1** to show the number of deployment locations and the dollar amount of support each petitioning company may receive, based on fund availability and its pro rata share.

⁴ To the extent applicable, a company’s broadband plan to provide, maintain or enhance service should include:

- (i) Multiyear investment plan.
- (ii) Specific project(s) that are projected to provide or enhance broadband services at speeds required by the commission or the Federal Communications Commission. Project information will include an estimated timeline, geographic location, number of locations passed, and upload and download speeds.
- (iii) A plan for maintenance of broadband services in the provider's service area.
- (iv) A description for how the provider will enhance broadband services in its service area; and
- (v) Any supporting information that the commission requests to assist its review and analysis of the provider's broadband plan.

⁵ Based on staff’s conversations and discussion with several companies, there is the possibility that there may not be consensus about the definition of “serviceable location” and “broadband speed capability.” Staff, the companies, and WITA plan to meet and find consensus about this matter. If necessary, all parties will work together to set a new baseline with updated information.

II. Discussion

This year Staff's analysis is based on:

- i.) each company's petition,
- ii.) its selected eligibility criterion,
- iii.) its compliance report for the previous year,
- iv.) its broadband plan; and
- v.) its responses to staff's data requests.

This analysis requires Staff to verify and confirm each petitioner's eligibility annually. The review of the compliance reports provides insight into how and what each company acted on during the 2021 fiscal year in pursuit to maintain, enhance, and provide voice and broadband services.

The details of Staff's analysis of each petition are described below:

I. Eligibility Criterion One Analysis:

No companies filed a petition under criterion one. This is the only option that requires a rate of return analysis consistent with prior iterations of the program. The other three criteria are more focused on building out additional locations or maintaining existing infrastructure, as further explained below.

II. Eligibility Criterion Two Analysis:

Each of the eight companies listed in the table below filed a petition and certified its commitment to deploy broadband services to the number of locations as required by the Commission's order in UT-190437.⁶ Each of the companies filed their Compliance Reports on July 1, which included the specific coordinates where 25/3 Mbps (or faster) broadband speed capability became available during the 2021 fiscal year. Staff used this information to create deployment summaries and maps showing specific deployment locations as shown in **Attachment 2**.⁷ These locations are in addition to any locations required by the Federal Communications Commission (FCC). Staff calculated the proposed distribution amounts, as shown below, that are based on each company's pro rata share of the available support for the 2022 fiscal year.

⁶ Each company has a specific UTC Deployment Obligation based on their cost benchmark and the amount of anticipated support each company is potentially eligible to receive through June 30, 2024.

⁷ As this is not a grant program, these locations are not explicitly funded with SUSF support, however, SUSF support helps make it possible for these companies to deploy broadband consistent with their UTC broadband buildout requirement.

Company	FY2022 Annual Support
Consolidated	\$1,077,515
Inland	\$ 401,899
Pend Oreille	\$ 356,117
Asotin (TDS)	\$ 73,080
McDaniel (TDS)	\$ 236,864
Lewis River (TDS)	\$ 173,032
Kalama	\$ 245,324
Westgate	\$ 103,242

Staff's review of the companies' petitions showed that each petitioner provided a broadband plan to deploy broadband services to locations where 25/3 Mbps capability is not available by the company. Staff summary of the compliance reports and Staff's analysis of the proposed deployment plans for each company are described below:

Consolidated Communications of WA

On July 1, 2021, Consolidated filed its SUSF compliance report and stated that they have made significant progress on four projects for broadband deployment.⁸ The Company has completed all engineering and design work. The Company also informed staff that it has acquired all permits and secured all necessary contractor resources. Based on staff's review and several conversations with the Company, staff believes the report meets the requirements of WAC 480-123-130.

Consolidated filed its petition seeking SUSF support on July 27, 2021. After discussion with staff, the Company filed a revised petition on August 30, 2021.⁹ In its broadband plan, Consolidated has identified nine projects that will provide broadband to over 430 households. These projects include the deployment of fiber and copper facilities to new or upgraded remote terminals that will shorten the loop lengths of existing last mile copper. The Company will provide broadband services at speeds ranging from 25/5 Mbps to 50/10 Mbps, depending on the distance from the remote. Consolidated plans to deploy broadband to 175 locations by the end of 2021 and an additional 94 locations by the end of 2022.

⁸ The project areas are designated as confidential information under WAC 480-07-160. The company will provide coordinates for locations once the projects are complete.

⁹ Consolidated revised the petition to provide the company's total number of serviceable locations (locations to which internet access (any speed) is or could be available) and the number of serviceable locations with 25/3 Mbps (or faster) broadband capability.

Inland Telephone

On June 16, 2021, Inland filed its SUSF compliance report. Inland filed its final revised report on August 30, 2021.¹⁰ In the report, Inland states that it continues to enhance its broadband capability by completing a construction of fiber to the premise (FTTP) architecture in the Town of Colton and it is currently transitioning customers to Fiber. The Company has deployed to 196 locations within the City of Colton at broadband speeds faster than or equal to 25/3 Mbps. Additionally, the Company is in the process of constructing FTTP in its Uniontown exchange and 116 locations in Uniontown are currently capable of receiving 25/3 Mbps or faster. During the 2021 fiscal year the Company deployed broadband to 108 locations that are part of its UTC required broadband commitment of 254 locations. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Inland filed its petition seeking SUSF support on July 9, 2021, and the Company filed a revised petition on August 30, 2021.¹¹ In the Company's broadband plan, Inland states that it will continue construction of FTTP in the Town of Uniontown and will transition 90 locations (in the Uniontown Exchange) with digital subscriber line (DSL) to very high-speed digital subscriber line (VDSL) service as the deployment of Fiber is cost prohibitive. This service allows broadband capability with speeds up to 50/10 Mbps depending on how far the location is from the terminal. The Company is transitioning locations in the Prescott and Dewatto Exchanges to VDSL in the short-term and it is exploring financial feasibility to deploy a FTTP architecture in these more remote areas.

Pend Oreille

On June 30, 2021, Pend Oreille filed its initial SUSF report and filed a revised report on August 23, 2021.¹² In the report, Pend Oreille states that it has utilized SUSF Program funds to improve broadband service by placing fiber and continues to invest in equipment upgrades (i.e., new 10G E7 Ring from its Central Office in Cusick to Ione and then to Metaline Falls and upgrading 12 digital loop carrier system to Calix E8 or E3) to provide customers with VDSL and GPON services. These investments allowed the Company to deploy broadband to 228 locations, consistent with its entire UTC broadband buildout requirement during the 2021 Fiscal Year.

¹⁰ Inland corrected its residential access lines served in the revised report filed on June 22, 2021. On July 13, 2021, the company filed a revised report to include broadband subscribers and the coordinates for all of its locations. On July 27, 2021, the company filed a supplement that contained coordinates for locations that it recently deployed to. The company filed a corrected revised report on August 30, 2021, that corrected the number of locations to which it deployed during the 2021 fiscal year.

¹¹ Staff requested that Inland revise its petition to include additional detail in its broadband plan and provide the Company's total number of serviceable locations (locations to which internet access (any speed) is or could be available) and the number of serviceable locations with 25/3 Mbps (or faster) broadband capability.

¹² Pend Oreille filed a revised compliance report to include details about its "Use of Funds" and to indicate that coordinates for locations to which it deployed broadband are not currently available. The Company indicated that it would provide the coordinates in the next SUSF compliance report due July 1, 2022.

Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Pend Oreille filed its petition seeking SUSF support on August 2, 2021, and filed a revised petition on September 1, 2021, to provide the Company's total number of serviceable locations (locations to which internet access (any speed) is or could be available) and the number of serviceable locations with 25/3 Mbps (or faster) broadband capability. In the short-term, the Company will be concluding system upgrades (new or upgraded digital loop carrier systems at Riverbend Loop Road, Lenora, and the Usk, Penny Lane and Newsprint sites) to expand VDSL/FTTH broadband service in all three exchanges. Over the next two-three years, Pend Oreille plans to run fiber along State Highway 20, State Route 31 from Ione to Metaline and along State Route 31 to the US Border, this will provide FTTP to an additional 160-210 locations while also creating a full 10G Fiber ring around its service area.

Asotin, Lewis River, and McDaniel (TDS)

On June 29, 2021, Asotin filed its SUSF report. In the report, Asotin states that it has utilized SUSF Program funds to defray ongoing operation and maintenance expenses to maintain current services while also contributing to the company's ability to expand faster broadband service. Specifically, Asotin completed its all-fiber passive optical network in City of Asotin bringing FTTP to 549 locations. Asotin has a UTC broadband buildout requirement of 26 locations, however, Asotin deployed broadband to 326 locations (8 are capable of 25/3 Mbps and 318 are capable of 25/5 Mbps) in the 2021 fiscal year and these locations are supported by the SUSF Program.

On June 29, 2021, Lewis River filed its SUSF report. In the report, Lewis River states that it is bonding and vectoring its DSL connections.¹³ Lewis River has a UTC broadband buildout requirement of 264 locations, however, Lewis River deployed broadband to 411 locations (36 are 25/3 Mbps, 248 are 25/5 Mbps and 127 are 100/25 Mbps) in the 2021 fiscal year and are supported by the SUSF Program.

On June 29, 2021, McDaniel filed its SUSF report. In the report, McDaniel states that it has opened major projects to increase broadband speeds by copper bonding, vectoring, DSL cards, capacity upgrade and drops. McDaniel has a UTC broadband buildout requirement of 350 locations, however, McDaniel deployed broadband to 577 locations (74 are 25/3 Mbps and 503 are capable of 25/5 Mbps) in the 2021 fiscal year and these locations are supported by the SUSF Program.

Based on staff's review and several conversations with the companies, staff believes that the report meets the requirements of WAC 480-123-130.

¹³ Bonding is when two or more DSL lines (ADSL or VDSL) are connected. This process increases the maximum internet speed by aggregating both the upload and download bandwidth into a single connection. Vectoring reduces noise interference from other lines and allows the connection to provide a faster speed.

The TDS Companies (Asotin, Lewis River, and McDaniel) filed its joint petition seeking SUSF support on July 23, 2021, and filed a supplemental exhibit on August 18, 2021, to provide the number of serviceable locations with 25/3 Mbps (or faster) capability. In its combined broadband plan, the Company projects that it will provide broadband (25/3 Mbps or faster) to an additional 2,010 locations through 2022. The TDS Companies estimate that 181 of these locations will be in Asotin, 755 of these locations will be in Lewis River, and 1,074 of these locations will be in McDaniels

Kalama

On June 29, 2021, Kalama filed its SUSF report. In the report, Kalama states that it is utilizing SUSF Program support to provide telecommunications and broadband services. During the 2021 Fiscal year, the Company has deployed fiber optic-based infrastructure to 119 locations which nearly satisfies the UTC broadband buildout requirement of 122 locations. Based on staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Kalama filed its initial petition seeking SUSF support on July 28, 2021, and it later filed an amended petition on October 7, 2021.¹⁴ The Company plans to continue investing in fiber optic-based infrastructure and anticipates being able to serve broadband with speeds up to 200 Mbps symmetrical to an additional 177 locations in the near future. Kalama continues to maintain its voice and broadband network and expects ongoing expenses associated with equipment maintenance and support contracts, repair/replacement of cable and wire facilities, maintaining and repairing back-up power sources, ALIT testing which analyzes cable facilities for indication of trouble or poor performance and network performance testing to ensure operation at acceptable levels.

Westgate

On July 6, 2021, Westgate filed its SUSF compliance report, and it filed a revised report on August 9, 2021.¹⁵ In the revised report, Westgate states that although it has not deployed 25/3 Mbps to any of the 90 locations as required by the Commission's order for broadband buildout. The Company continues three major construction projects that will increase its broadband speed for service offerings. The first project consists of building two KU band satellite antennas that will increase data capacity from 12/3 Mbps to 25/3 Mbps. During the 2021 fiscal year, the Stehekin antenna was placed, radiation studies have been conducted, and the engineering and design have been completed and approved. Westgate has also engineered and designed a new Long-Term Evolution (LTE) radio site, and the lease has been signed by both parties to secure the radio site. The report also informed Staff that the tower, solar power plant, construction

¹⁴ Kalama revised the petition to include the Company's total number of serviceable locations (locations to which internet access (any speed) is or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, the number of locations with expected 25/3 Mbps or faster speed capability (locations designed to deliver 25/3 Mbps but may not be able to deliver this speed due to system degradation), corrected an administrative error and provided additional details within the Company's broadband plan.

¹⁵ Westgate revised its compliance report to include the number of broadband connections and provide more details about the "Use of Funds".

equipment, and supplies have been lifted by helicopter to the construction site. Based on Staff's review and several conversations with the Company, Staff believes that the report meets the requirements of WAC 480-123-130.

Westgate filed its petition seeking SUSF support on August 3, 2021, and the Company filed a revised petition on September 22, 2021.¹⁶ The Company's broadband plan states that it will activate the transponder lease for its satellite backhaul in Spring of 2022 and activation will make 25/3 Mbps available to 293 locations. The Company plans to construct a tower project (LTE) by the end of 2022 which will increase broadband speed capacity further (up to 300 Mbps for many locations) and will also increase the Company's reliability and redundancy. The Company further states that it is exploring the constructions of a tower to provide terrestrial backhaul to Chelan which will further reduce cost and increase available bandwidth. The Company does not have an exact time frame for this project but estimates that it will likely happen during the year of 2023 or 2024.

III. Eligibility Criterion Three Analysis:

There are five companies, requesting a distribution from the program. Staff calculated the proposed distribution amounts, as shown below, that are based on each company's pro rata share of the available support for the 2022 fiscal year.

Company	FY2022 Annual Support
Pioneer	\$149,271
Skyline	\$114,209
Mashell	\$161,648
Tenino	\$239,345
Whidbey	\$782,875

Each of the five companies filed a petition and certified that it has met the FCC's total deployment obligations associated with federal high-cost support as of the date of the petition. Each company certified that since January 1, 2018, it deployed broadband to the number of broadband locations required by the Commission's order in UT-190437. These companies invested recently, and substantially, to deploy broadband in a shorter timeframe than required by the FCC and by the Commission. While already meeting their state and federal buildout requirements, these companies have provided broadband plans to maintain current services while continuing to deploy broadband service throughout their service area.

Staff summary of the compliance reports and Staff's analysis of the proposed deployment plans for each company are described below:

¹⁶ Westgate revised the petition to include the Company's total number of serviceable locations (locations to which internet access (any speed) is or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, and a more detailed broadband plan.

Pioneer

On June 29, 2021, Pioneer filed its SUSF report. In the report, Pioneer states that it has completed its FTTP construction phase. The Company is in the process of converting subscribers from copper to fiber at a cost of approximately \$1.4 million over the 2021 fiscal year. Over the last fiscal year, the Company continued repairing and maintaining the current infrastructure while also making payments on the outstanding payable that was used to help fund the FTTP construction while maintaining and enhancing voice and broadband services. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Pioneer filed its petition seeking SUSF support on July 28, 2021, and it filed a revised petition on August 31, 2021.¹⁷ The Company's broadband plan shows that it anticipates ongoing capital expenditures, repair, and maintenance expenses (i.e., plant specific costs for outside plant and central office equipment, land, building and vehicle expenses). The Company claims that it continues making payments on the outstanding loan that was used to complete the FTTP project. The Company expects that it will be able to convert approximately 100 locations from copper to the FTTP plant during the fiscal year of 2022.

Skyline

On June 16, 2021, Skyline filed its SUSF compliance report and filed a revised report on July 29, 2021, to include the number of broadband connections. In the report, Skyline states that it completed Phase I of its broadband plan and deployed fiber to 17 locations during the 2021 fiscal year. Additionally, the Company undertook the engineering, secured the necessary permits, and has ordered the necessary materials for Phase II of its broadband plan. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Skyline filed its petition seeking SUSF support on July 26, 2021, and filed a revised petition on September 1, 2021.¹⁸ Skyline has provided a broadband plan that contains two remaining phases. Phase II will deploy fiber to 25 locations and was recently completed. Phase III is planned for 2022 and will bring fiber to an additional nine locations. These locations will be capable of speeds up to 1 Gbps.

¹⁷ Pioneer revised the petition includes the Company's total number of serviceable locations (locations to which internet access (any speed) is, or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, an expanded explanation within its certification of eligibility and a more detailed broadband plan.

¹⁸ Skyline revised the petition to include the Company's total number of serviceable locations (locations to which internet access (any speed) is, or could be available), number of serviceable locations with 25/3 Mbps (or faster) broadband capability and resigned the certifications electronically as there was an error when the previous electronic signatures were transmitted.

Mashell

On June 29, 2021, Mashell filed its SUSF compliance report, and filed a revised report on July 28, 2021.¹⁹ In the report, Mashell states that it continues to invest in tools, software, and hardware to install fiber service to additional locations. The Company has also invested in central office equipment and outside plant infrastructure to offer modern voice and broadband services throughout its service area. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Mashell filed its petition seeking SUSF support on August 3, 2021, and it filed a revised petition on September 15, 2021.²⁰ In its broadband plan, Mashell states that its FTTP network provides 1G symmetrical service and the Company currently offers 25/3 Mbps to 60 percent of its 4,066 serviceable locations. By the end of 2022, Mashell plans to deploy FTTP to an additional 7 percent of its locations and over the next five years, Mashell plans to expand its FTTP network to 28 percent of locations. The Company estimates that 5 percent of locations will not be eligible to FTTP due to cost constraints and will strategically place terminals to shorten loops and provide faster broadband service.

Tenino

On June 29, 2021, Tenino filed its SUSF compliance report. In the report, Tenino states that it incurred repairs and maintenance expenses necessary to maintain the existing infrastructure. In addition to these typical expenses, Tenino continued to construct fiber optic-based broadband infrastructure capable of 25/3 Mbps or faster to 111 locations. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Tenino filed its petition seeking SUSF support on July 28, 2021, and it later filed a revised petition on October 7, 2021.²¹ In its broadband plan, Tenino states that it will deploy fiber optic-based broadband with speeds up to symmetrical 200 Mbps to an additional 232 locations. The Company states that it will continue to incur and pay operational expenses associated with its voice and broadband network. These expenses include, but are not limited to, equipment maintenance and support contracts with equipment and software vendors, repair and replacement of cable and wire facilities, maintaining and repairing back-up power sources and locating

¹⁹ Mashell's revised compliance report updated administrative errors, provided the number of broadband connections, provided more detail about the Company's "Use of Funds", and added additional required language consistent with WAC 480-123-120(5).

²⁰ Mashell revised the petition to include the Company's total number of serviceable locations (locations to which internet access (any speed) is, or could be available), number of serviceable locations with 25/3 Mbps (or faster) broadband capability, provide additional detail within its broadband plan, and added required language to its continued operations certificate, see WAC 480-123-110(1)(h).

²¹ Tenino revised the petition to include its total number of serviceable locations (locations to which internet access (any speed) is, or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, the number of locations with expected 25/3 Mbps or faster capability (locations designed to deliver 25/3 Mbps but may not be able to deliver this speed due to system degradation), corrected an administrative error and provided additional details within the Company's broadband plan.

underground facilities, removing plant growth, ALIT testing which analyzes cable facilities for indication of trouble or poor performance.

Whidbey

On July 1, 2021, Whidbey filed its SUSF compliance report and filed a supplemental report on July 7, 2021, that included coordinates to the 3,887 locations that Whidbey has deployed to since 2016. In the report, Whidbey has stated that it continues its major fiber to the street project, drop work for new customers, and it has incurred operating expenditures (i.e., material and labor, equipment repair and maintenance, customer service requests, technical support, etc.) during the 2021 fiscal year. During this same period, Whidbey deployed 1 Gbps to 376 locations. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Whidbey filed its petition seeking SUSF support on July 28, 2021, and it filed a revised petition on September 16, 2021.²² The Company provided a broadband plan and states that over the next year it anticipates substantial capital expenditures to further expand fiber-based broadband capability to approximately 521 locations while also laying the groundwork to expand quickly and efficiently in future years. In addition to deploying broadband to new locations the Company plans to incur repair and maintenance expenses necessary to maintain and enhance voice and broadband services.

IV. Eligibility Criterion Four Analysis:

Five companies have filed petitions requesting support under Criterion Four. Each of the five companies has certified that broadband service is available to 100 percent of locations within its respective service areas and has committed to making broadband service available to any new locations. Staff calculated the proposed distribution amounts, as shown below, that are based on each company's pro rata share of the available support for the 2022 fiscal year.

Company	FY2022 Annual Support
Hood Canal	\$137,780
St. John	\$84,541
Toledo	\$291,054
Hat Island	\$ 1,314
Western Wahkiakum	\$220,890

Each petitioning company has provided a broadband plan to maintain its existing infrastructure while continuing to invest in capital improvements to make available broadband at speeds faster than 25/3 Mbps.

²² Whidbey revised the petition to include its total number of serviceable locations (locations to which internet access (any speed) is, or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, corrected an administrative error and provided additional details within the Company's broadband plan.

Staff summary of the compliance reports and Staff's analysis of the proposed deployment plans for each company are described below:

Hood Canal

On June 25, 2021, Hood Canal filed its SUSF compliance report. In the report, Hood Canal states that support from the SUSF program has contributed to the Company's ability to maintain and expand its voice and fiber services. In addition to working on FTTP projects and fiber drops, the Company has upgraded central office transmission equipment, upgraded core computer router, and optical network devices as well as purchased necessary tools and equipment. SUSF Program support allows the Company to maintain the offerings of voice and broadband services and enables the Company to enhance services where appropriate. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Hood Canal filed its petition seeking SUSF support on July 30, 2021, and it filed a supplemental revision to its petition on August 27, 2021.²³ In its broadband plan, the Company states that all locations are capable of receiving 25/3 Mbps, however, the Company plans to offer broadband services at faster speeds and will upgrade its remaining service area with FTTP within the next few years. The upgrade effort will allow 1,035 subscribers to convert from coax cable to fiber. Hood Canal anticipates that 200 of these locations will be converted in the year of 2022.

St. John

On June 29, 2021, St. John filed its SUSF compliance report. In the report, St. John states that it upgraded its central office transmission transport network, replaced obsolete optical network terminal equipment, and incurred operational expenses necessary to maintain its voice and broadband network. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

St. John filed its petition seeking SUSF support on July 29, 2021, and it filed a revised petition on September 2, 2021.²⁴ In its broadband plan, St. John states that it has deployed FTTP to 100 percent of the serviceable locations within its study area and it has made a commitment to deploy broadband to any new locations. The Company expects to purchase new work equipment and central office equipment necessary to install one to two fiber drops per year (and at significant cost considering the terrain and length of the drop). St. John will continue to have repair and maintenance expenses to maintain its infrastructure and will continue making payments on the loan that was used to complete its FTTP project.

Toledo

On August 6, 2021, Toledo filed its SUSF compliance report. In the report, Toledo states that over the last year, it constructed over a dozen new fiber drops and upgraded its core router to add increased middle mile capacity, parental control features, and greater redundancy. The

²³ Hood Canal revised the petition to include the number of serviceable locations with 25/3 Mbps (or faster) broadband capability and provided additional details within the Company's broadband plan.

²⁴ St. John revised the petition to include the number of serviceable locations with 25/3 Mbps (or faster) broadband capability and provided additional details within the Company's broadband plan.

Company's serviceable locations are capable of 1 Gbps symmetrical service. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Toledo filed its petition seeking SUSF support on June 28, 2021, and the Company filed a revised petition on September 22, 2021.²⁵ In its broadband plan, Toledo states it has deployed FTTP to 100 percent of the serviceable location within its study area and it made a commitment to deploy broadband services to any new locations. Over the last two years, the Company has built fiber to over 80 new homes and expects this trend to continue and anticipates at least an additional 15-20 additional fiber drops in the coming year. The Company claims that it will continue to have repair and maintenance expenses to maintain its network while also continuing to make payments on its RUS loan that was used to deploy FTTP.

Hat Island

On July 1, 2021, Hat Island filed its SUSF compliance report. In the report, Hat Island states that it utilizes the SUSF program funds toward the \$19,665 in operating expenses it incurred for maintenance of the network and provisioning voice and broadband services. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

Hat Island filed its petition seeking SUSF support on July 28, 2021, and it filed a revised petition subsequently on September 16, 2021.²⁶ In its broadband plan, the Company states that it is implementing a new OSS/BSS platform that will provide greater efficiencies in responding to customers. The company incurs repairs and maintenance expenses in connection with maintaining voice and broadband (25/3 Mbps) to 100 percent of its serviceable locations. The Company plans to explore additional funding sources to deploy fiber in the future.

Western Wahkiakum

On June 30, 2021, Western Wahkiakum filed its SUSF compliance report. In the report, Western Wahkiakum states that it utilized support towards the maintenance of the existing network while also making investments to provide more reliable and faster broadband service. The Company is currently 100 percent FTTP and continues to install, test, activate, and cutover service from copper to fiber optic facilities. Additionally, the Company continues to make principal and interest payments for the RUS loans that was used for the deployment of its FTTP. Based on Staff's review and several conversations with the Company, Staff believes the report meets the requirements of WAC 480-123-130.

²⁵ Toledo revised the petition to include the Company's number of serviceable locations with 25/3 Mbps (or faster) broadband capability, added Exhibit 2 that provides information about affiliate transactions, added a signed continued operations certificate, see WAC 480-123-110(1)(h), and retitled Exhibit 7.

²⁶ Hat Island revised the petition to include its total serviceable locations with 25/3 Mbps (or faster) broadband capability, the number of locations with expected 25/3 Mbps or faster capability, corrected an administrative error, changed its certification of eligibility from criterion three to criterion four, consistent with last year's petition, and provided additional details within the Company's broadband plan.

Western Wahkiakum filed its petition seeking SUSF support on July 28, 2021. In its broadband plan, Western Wahkiakum states that it continues transitioning locations from copper to fiber and this transition requires investment in both equipment and labor. All locations have access of broadband with speeds up to 300 Mbps, however, not all locations currently subscribe to this speed. Western Wahkiakum has opened and continues to maintain Wi-Fi hotspots for the community so that people have access to broadband service. The Company has entered into support contracts with its primary equipment vendors to ensure the maintenance of existing platforms and the enhancement of the existing platforms, as they become available.

III. Conclusion

Based on Commission Staff's review and analysis, all 18 petitioning companies have met the requirements of the State USF Program, as specified in WAC 480-123-100 and WAC 480-123-110. Commission Staff concludes and recommends that the Commission enter orders in each docket directing the distribution of \$4,850,000 from the State USF Program fund to the companies; and in the amounts listed in Attachment 1, no later than December 31, 2021.

Attachments (1) and (2)