

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

MASHELL TELECOM, INC., d/b/a
RAINIER CONNECT OR THE
RAINIER GROUP,

Requesting distribution of funds from the
state universal communications services
program created in RCW 80.36.650

DOCKET UT-230616

ORDER 01

GRANTING DISTRIBUTION OF
FUNDS FROM THE STATE
UNIVERSAL COMMUNICATIONS
SERVICES PROGRAM

BACKGROUND

- 1 On May 13, 2019, the Governor signed Second Substitute Senate Bill (SSSB) 5511, which addresses broadband service issues by: (a) creating the Governor’s State Broadband Office, (b) establishing a broadband grant and loan program administered by the Public Works Board, (c) revising the conditions in which a port district can offer telecommunication services, and (d) extending and revising the purpose of the State Universal Communications Services Program (State USF Program or Program).¹ The State USF Program is primarily intended to provide direct financial support to Washington’s small incumbent Class B Telephone companies that have adopted a plan to provide, enhance, and maintain broadband services in high-cost rural areas of Washington.²

¹ RCW 80.36.650(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.”

² The legislation described above in (a) through (d) creates other opportunities for broadband expansion in addition to this program.

- 2 The Washington Utilities and Transportation Commission (Commission) is allotted \$5 million for the 2024 program year,³ and it may distribute the \$5 million (less the Commission’s administrative costs) to qualifying companies before June 30, 2024.⁴
- 3 On May 27, 2020, the Commission entered General Order R-598 (Adoption Order) in Docket UT-190437 amending and adopting rules in Chapter 480-123 WAC to reconfigure the State USF Program in accordance with SSSB 5511.⁵
- 4 Paragraph 14 of the Adoption Order states that an “[e]ligible provider may now receive a distribution from the Program if they have adopted a plan to provide, enhance, or maintain broadband services in their service areas.” The Adoption Order and the rule it adopts establish four different eligibility criteria.⁶ To receive a distribution, a provider must meet at least one of those eligibility requirements and also comply with the prerequisites in WAC 480-123-100.⁷
- 5 A company, accordingly, must include in its petition a broadband plan for maintaining, providing, or enhancing broadband service within the provider’s service area.⁸ It must also provide one of the following:

³ This is the tenth and final year of the program. *See In re Amending WAC 480-123*, Docket UT-190437, Gen. Order R-598, (May 27, 2020) (General Order R-598)

⁴ 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.

⁵ The Adoption Order established minimum standards of 25 megabits per second download and 3 megabits per second upload (25/3 Mbps) for service to be considered high-speed broadband for the purpose of the State USF Program.

⁶ General Order R-598 at 4-7 ¶¶ 16-22; WAC 480-123-110(1)(j)(i)-(iv).

⁷ WAC 480-123-100 sets forth various criteria for requesting program support for wireline, wireless, and other communications providers. Wireline communications providers must: (a) be local exchange companies that serve fewer than 40,000 access lines within the state, (b) be an incumbent local exchange carrier, (c) offer basic residential and business telecommunications services, (d) have an established plan to provide, maintain, or enhance broadband service, and (e) be designated by the Commission as an ETC for the purposes of receiving federal universal service support.

⁸ To the extent applicable, a company’s broadband plan to provide, maintain or enhance service should include:

- (i) A 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 should include

- 1) An unsworn statement made by a company officer certifying that the provider commits to the deployment of broadband to the number of locations the Commission has determined by order. Such deployment obligations are in addition to any Federal Communications Commission deployment requirements. Additionally, a provider that elects to petition the program for support under this category is subject to review of its rate of return and financial reporting requirements;
- 2) An unsworn statement by a company officer certifying that the provider commits to the deployment of broadband to the number of locations the Commission has determined by order. Such deployment obligations are in addition to any Federal Communications Commission deployment requirements;
- 3) An unsworn statement by a company officer certifying that the provider has already met the Federal Communications Commission's total deployment obligations associated with federal high-cost program support as of the date of the petition, and that, since January 1, 2018, the provider has deployed broadband to the number of locations the Commission has determined by order. If a company has deployed broadband to a number of locations less than the number required by Commission order, the company must certify that it will deploy broadband to the remaining number of locations; or
- 4) An unsworn statement by a company officer certifying that broadband service is available to 100 percent of locations within the provider's service area, and that the company commits to making broadband service available to any new locations.

6 On June 28, 2023, Mashell Telecom, Inc., d/b/a Rainier Connect or the Rainier Group (Mashell or Company) filed its State USF compliance report, and filed a revised report on October 11, 2023.⁹ In the report, Mashell states that it continues to invest in tools and

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.

⁹ Mashell's revised compliance report includes an update on its use of funds.

other work equipment to install fiber service, circuit equipment upgrades to transport network to improve broadband service, and fiber installations to upgrade to fiber from DSL. These investments gave Mashell the capability to provide gigabyte broadband speeds to 57 of its current customers.¹⁰ During the second half of 2023, the company intends to continue to invest in general purpose, central office equipment, and outside plant infrastructure to further drive network upgrades. Based on Commission Staff's (Staff) review and several conversations with the company, Staff believes the report meets the requirements of WAC 480-123-130.

7 Mashell filed its petition seeking State USF support under eligibility criterion three on July 28, 2023, and it filed a revised petition on October 13, 2023.¹¹ In its broadband plan, Mashell states that its fiber to the premises (FTTP) network provides 1G symmetrical service and the Company currently offers 25/3 Mbps to 49 percent of its 3,755 serviceable locations. Mashell plans to deploy FTTP to 52 percent of its locations by the end of 2023, 59 percent by the end of 2024 and 80 percent of its locations by 2027.¹² Mashell will continue to deploy fiber and work to ensure that all addresses are contained within the company's reporting.

8 Staff reviewed Mashell's Petition, supporting exhibits, including a broadband plan, and has determined that the Company meets the prerequisites for requesting program support set forth in WAC 480-123-100 and the third eligibility criterion. Overall, Staff believes that Mashell certified its commitment to deploy broadband services to the number of locations required by the Adoption Order in addition to any locations required by the Federal Communications Commission (FCC).¹³ Staff recommends the Commission find

¹⁰ The number of locations passed is based on the number of actual drops completed and does not consider locations where this broadband is "available" based on the FCC's definition of availability. Mashell continues to work on truing up its location database and estimates that broadband is "available" to an additional 12 percent of the locations within its study area.

¹¹ Mashell revised the petition to include additional detail within its broadband plan.

¹² Broadband availability deployment goals are lower than the previous goal for several reasons. First, Mashell realized that non-ILEC locations were included within prior estimates. Second, location goals include all locations within a project area, however, Mashell currently only reports on locations to which it completed a drop, this method does not account for approximately 12 percent of the locations within Mashell's study area. Third, Mashell underestimated the resources necessary to deploy fiber to the premise and based on this experience, revised its forward-looking projections.

¹³ Each company has a specific UTC Deployment Obligation based on its cost benchmark and the amount of anticipated support each company is potentially eligible to receive through June 30, 2024. For these calculations, Staff calculated that \$4,850,000 would be available annually for fiscal years 2022-2024.

the Company eligible for State USF Program support in the amount of \$161,648 to be disbursed no later than December 31, 2023.

DISCUSSION

- 9 We agree with Staff that Mashell has demonstrated its eligibility for a distribution from the State USF Program for fiscal year ending June 30, 2024.
- 10 The Company has certified its commitment to continue to deploy broadband services to the number of locations required in the Adoption Order in addition to locations required by the FCC. Mashell provided a broadband plan to enhance broadband service to locations they serve with faster broadband speed and enhanced availability. Furthermore, the Company has shown in its compliance report the ability to provide and maintain services. Mashell committed in its petition to deploy broadband services, continue maintenance, and enhance its services.
- 11 We find that a distribution in the amount of \$161,648 from the State USF Program is in the public interest, is consistent with the purposes underlying the regulation and applicable statutes, and it should be granted.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate public service companies, including local exchange companies.
- 13 (2) Mashell is a local exchange company as defined in WAC 480-120-021 and a public service company subject to Commission jurisdiction.
- 14 (3) Mashell has certified its commitment to deploy broadband services to the number of locations required by the Commission's Adoption Order in Docket UT-190437 in addition to locations required by the FCC.
- 15 (4) Mashell has certified its commitment to deploy broadband services to the number of locations required by the Commission's Adoption Order in Docket UT-190437 in addition to locations required by the FCC.
- 16 (5) This matter came before the Commission at its regularly scheduled meeting on November 22, 2023.

- 17 (6) Rainer Connect is eligible to receive funding from the State USF Program in the amount of \$161,648 to be disbursed no later than December 31, 2023.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Mashell Telecom, Inc., d/b/a Rainier Connect or the Rainier Group's request for funds from the State USF Program for fiscal year ending June 30, 2024, in the amount of \$161,648 is granted.
- 19 (2) The funds will be disbursed by December 31, 2023.
- 20 (3) The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Lacey, Washington, and effective November 22, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner