

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

ASOTIN TELEPHONE COMPANY,  
LEWIS RIVER TELEPHONE  
COMPANY, and MCDANIEL  
TELEPHONE CO., d/b/a TDS  
TELECOM,

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

DOCKET UT-230615

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).<sup>1</sup> 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.<sup>2</sup>

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<sup>1</sup> 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.”

<sup>2</sup> 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,<sup>3</sup> and it may distribute the \$5 million less the Commission’s administrative costs) to qualifying companies before June 30, 2024.<sup>4</sup>
- 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.<sup>5</sup>
- 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 adopted establish four different eligibility criteria.<sup>6</sup> 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.<sup>7</sup>
- 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.<sup>8</sup> It must also provide one of the following:

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<sup>3</sup> 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).

<sup>4</sup> 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, \$6,078,083 *is available* for distribution from the State USF Program.

<sup>5</sup> 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.

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

<sup>7</sup> 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.

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

- (i) A multiyear investment plan;

- 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.
- 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.

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(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 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.

- 6 On June 26, 2023, Asotin Telephone Company (Asotin) filed its State USF report. In the report, Asotin states that it has utilized State USF 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. The company reports that during the 2022 calendar year it deployed broadband speeds of 25/3 Mbps or faster to 46 ACAM locations and 30 non-ACAM locations. Prior to 2022 these locations had speeds less than 25/3 or were not able to get TDS broadband service. During the first six months of 2023, Asotin invested in 14 major projects to enhance, maintain, or expand its broadband services. Moving forward, the company plans to continue the deployment of their major projects and continue its routine capex projects including fiber drops, cards, and mandatory facility moves.
- 7 On June 26, 2023, Lewis River Telephone Company (Lewis River) filed its State USF report. In the report, Lewis River states that it has utilized State USF 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. The company reports that during the 2022 calendar year it deployed broadband speeds of 25/3 Mbps or faster to 133 ACAM locations and 259 non-ACAM locations. Prior to 2022 these locations had speeds less than 25/3 or were not able to get TDS broadband service. In the first six months of 2023, the company reports that it has invested in 27 major projects. Moving forward, Lewis River states that it will continue working on all major projects as needed.
- 8 On June 26, 2023, McDaniel Telephone Company (McDaniel) filed its State USF report. In the report, McDaniel states that it has utilized State USF 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. The company reports that during the 2022 calendar year it deployed broadband speeds of 25/3 Mbps or faster to 199 ACAM locations and 282 non-ACAM locations. Prior to 2022 these locations had speeds less than 25/3 or were not able to get TDS broadband service. During the first six months of 2023, McDaniel invested in 29 major projects to enhance, maintain, or expand its broadband services. Moving forward, McDaniel plans to continue the deployment of their major projects, routine maintenance, cable additions, and other projects as needed.

9 Based on Commission Staff’s (Staff) review and several conversations with Asotin, Lewis River, and McDaniel (collectively the TDS Companies or Company), Staff believes the reports meet the requirements of WAC 480-123-130.

10 Staff explains that Asotin, Lewis River, and McDaniel (collectively “TDS Companies”) filed a joint petition seeking State USF support on July 28, 2023 under eligibility criterion two, and they filed a revised petition on October 2, 2023. In their combined broadband plan, the companies will deploy broadband to 172 ACAM locations and 219 non-ACAM locations through 2023. These projects include pushing fiber deeper into the network, adding new nodes, upgrades to cabinet equipment and positions, and some vectoring. The TDS companies attest that these projects all play a role towards meeting the Washington State Broadband Office 2028 goal of 150 symmetrical and plan to further deploy broadband in the future.

11 Staff reviewed the TDS Companies’ 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 second eligibility criterion. Overall, Staff finds that the TDS Companies certified its commitment to deploy broadband services to the number of locations in the Adoption Order,<sup>9</sup> in addition to any locations required by the Federal Communications Commission (FCC). Furthermore, the Company provided a broadband plan to enhance broadband services to areas it does not currently serve 25/3 Mbps. Staff recommends the Commission find Asotin eligible for State USF Program support in the amount of \$73,080, Lewis River eligible for State USF Program support in the amount of \$173,032, and McDaniel eligible for State USF Program support in the amount of \$236,864 to be disbursed no later than December 31, 2023.

### DISCUSSION AND DECISION

12 We agree with Staff that the TDS Companies has demonstrated their eligibility for a distribution from the State USF Program for fiscal year ending June 30, 2024.

13 The TDS Companies have certified their commitment to continue to deploy broadband services to 2,010 locations as required in the Adoption Order in addition to locations

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<sup>9</sup> 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 year 2024.

required by the FCC. The TDS Companies provided a joint broadband plan to enhance broadband service to locations they do not currently serve with 25/3 Mbps speed. Furthermore, the TDS Companies have shown in their compliance reports the ability to provide and maintain services. The TDS Companies committed in their petition to deploy broadband services and to continue maintenance and enhancement of their services.

14 We find that a total distribution in the amount of \$482,976 from the State USF Program is in the public interest, consistent with the purposes underlying the regulation and applicable statutes, and should be granted.

### **FINDINGS AND CONCLUSIONS**

- 15 (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.
- 16 (2) The TDS Companies are local exchange companies as defined in WAC 480-120-021 and public service companies subject to Commission jurisdiction.
- 17 (3) The TDS Companies have certified their 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.
- 18 (4) The TDS Companies have provided a joint broadband plan to enhance broadband services to areas they do not currently serve with 25/3 Mbps.
- 19 (5) The TDS Companies are eligible to receive funding from the State USF Program in the amount of \$73,080 for Asotin, \$173,032 for Lewis River, and \$236,864 for McDaniel, to be disbursed no later than December 31, 2023.

### **ORDER**

#### **THE COMMISSION ORDERS:**

- 20 (1) Asotin Telephone Company, Lewis River Telephone Company, and McDaniel Telephone Co., d/b/a TDS Telecom request for funds from the State USF Program for fiscal year ending June 30, 2024, in the amount of \$482,976 is granted.

- 21 (2) The funds will be disbursed by December 31, 2023.
- 22 (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