



525 Junction Rd.
Madison, WI 53717

July 6, 2017

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: 2017 ETC Certification
Request for Certification Pursuant to WAC 480-123-060, 070 and 080

Dear Mr. King:

Pursuant to WAC 480-123-060, 070 and 080 **McDaniel Telephone Company**, d/b/a TDS Telecom ("Company") hereby requests that the Washington Utilities and Transportation Commission certify that the Company has met the requirements of 47 C.F.R. §54.314 for eligibility for continued receipt of federal high-cost funds. The certifications and reports that are specified in WAC 480-123-060, WAC 480-123-070 and WAC 480-123-080 are enclosed.

The Company apologizes for missing the July 3 due date. There was an internal miscommunication about who was making this particular filing. The Company respectfully requests the Commission accept this report as filed.

Please contact Gail Long at (541) 516-8210 or me at the number listed below if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink that reads "Bruce Schiefelbein".

Bruce Schiefelbein
Manager – Regulatory Compliance
TDS Telecom
(608) 664-5455

Enclosures

cc: Gail Long

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, 2017

McDaniel 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 2016 as follows:

The Company received \$796,321 in Federal USF support in 2016. Most of the support was used to help cover operating expenses necessary to maintain the Company's network in order to continue providing high quality voice and broadband services. As discussed below, some of the support was used for network capital additions.

For 2016 the Company's gross capital expenditures were \$88,084. The Company's 2016 operating expenses were \$2,944,372. Recent major projects include:

- Mossyrock – Battery Replacement	\$2,293
- Mossyrock – Buried Drop Additions	\$9,697
- Onalaska – Battery Replacement	\$5,646
- Onalaska – Line Extension for new service on St Hwy 508	\$1,658
- Onalaska – 100 Mbps SDI Service for Valley View Health	\$15,656
- Onalaska – Road Move - Hwy 508 Bridge Move	\$1,325
- Onalaska – Buried Drop Additions	\$5,529
- Salkum – Backhaul Upgrade – 1G Circuit	\$7,745
- Salkum – Battery Replacement	\$2,083
- Salkum – Upgrade Sandvine IP Traffic Management Equipment	\$7,201
- Salkum – Extend facilities off Cinebar Rd – 12-Lot Development	\$2,628
- Salkum – Augment DSA 41101	\$8,665
- Salkum – Replace 1 span of aerial cable along Hwy 12	\$5,017
- Salkum – Buried Drop Additions	\$8,682
- Salkum – Routine Field Service Closures and Circuits	\$3,976
Total	\$87,801

Per the direction of Commission Staff, the NECA -1 report will be provided as soon as it is available and no later than August 1, 2017.

2. Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and

expenses reported under Report 1, above, benefited the customers by maintaining and expanding the network to continue providing high quality telecommunications and broadband services. The support has allowed the company to sustain the current local technical support staff therefore avoiding delayed repairs and maintenance.

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 has expanded its network over the past several years so that it is capable of providing access to broadband services throughout most of the Company's 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. See also the responses to Report 1.

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

Outages are listed on the report labeled (200) Service Outage Reporting (Voice) of Form 481.

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

The Company had no unfulfilled voice service requests and sixteen unfulfilled broadband requests (see lines 300 and 320 on page 1 of Form 481).

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

The Company reports that it is aware of .6 voice service complaints per 1,000 customers made during calendar year 2016. One complaint was a voice service complaint to the FCC, while the other was a voice service complaint to the WUTC. The company had 2.01 broadband service quality complaints per 1,000 customers. Two complaints were placed to the FCC and three to the OAG. Both the voice and broadband complaints are concerning the services provided to its customers by the Company that are either subject to the regulatory jurisdiction of the Washington Utilities and Transportation Commission or among the services supported by the federal high-cost fund. (lines 410 and 440 on page 1 of Form 481).

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

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

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, 2018, through December 31, 2018, will include the estimated capital investment relating to the 30 projects opened in 2017 to improve broadband speeds relating to phase 1 of ACAM commitments that will be carried over into 2018. These projects are still in engineering with construction planned to begin in the 3rd or 4th quarter 2017 and will continue into 2018. The early estimated cost of phase 1 is \$2,000,000. The estimated operating expenses for 2018 are \$2,597,000. Major projects completed in 2016 are disclosed in Report 1 above. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2016, 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 operating expenses related to Washington state for the period January 1, 2018, through December 31, 2018, will remain relatively the same as those it experienced in calendar year 2016, 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. See also discussion relating to ACAM investments in Report 6. The Company does not anticipate major adjustments in staffing levels for the relevant period. 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.

**AFFIDAVIT CONTAINING CERTIFICATIONS
PURSUANT TO WAC 480-123-060 AND WAC 480-123-070**

I, Kevin G. Hess, being of lawful age, state that I am Executive Vice President of TDS Telecommunications Corporation, parent company of McDaniel Telephone Company, d/b/a TDS Telecom ("Company"), that I am authorized to execute this Affidavit on behalf of the Company, and that the facts set forth in this Affidavit are true to the best of my knowledge, information and belief. On this basis, I hereby certify to the Washington Utilities and Transportation Commission ("Commission") for use by the Commission in providing the certification to the Federal Communications Commission and Universal Service Administrative Company required by 47 C.F.R. §54.314, as follows:

(1) That the Company in 2016 used and in the coming calendar year will use federal high-cost universal service fund support provided to the Company in the State of Washington only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2016 calendar year, the Company met substantially the applicable service quality standard and consumer protection rules found in WAC 480-123-030(1)(h);

(3) That during the 2016 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2016 calendar year, the Company publicized the availability of its applicable telephone assistance programs in a manner reasonably designed to reach those likely to qualify for service and in a manner which, in the Company's judgment, included advertisements likely to reach those who are not current customers of the Company within the Company's designated service area.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 6th day of July, 2017, at Madison, WI.

Company: McDaniel Telephone Company, d/b/a TDS Telecom

By: 
Kevin G. Hess

Its: Executive Vice President