

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, 2019

Skyline Telecom (“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 2018 as follows: Strictly to provide, maintain, and upgrade facilities and services for which the support is intended.

For 2018 the Company's gross capital expenditures were \$20,424. The Company's 2018 operating expenses were \$592,577. Recent major projects include the replacement of a portable generator at our Silverton exchange. In our MT Hull exchange, an additional Calix E3 was added in order to distribute broadband customers to achieve the maximum broadband speeds available at each customer location.

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, 2019.

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 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.

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

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

Local outages are disclosed on the FCC Form 481 as referenced in Report 6 below.

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):

No complaints were filed during 2018 regarding service quality as reported by the consumer service protection division of the Washington Utility and Transportation Commission. In addition, no complaints were received from the FCC for calendar year 2018.

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

The Company has not yet started the budgeting process for 2020 and therefore does not have the final numbers prepared for investments and expense levels for the period January 1, 2020, through December 31, 2020. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2018, 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 planned investment and expenses related to Washington state for the period January 1, 2020, through December 31, 2020, will remain relatively the same as those it experienced in calendar year 2018, 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. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2020. 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 customer 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.