

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080
Contains Certifications Required by WAC 480-123-060 and 070
June 28, 2019

Asotin 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 USF in 2018 as follows:

The Company received \$819,500 in Federal USF support in 2018 which is made up of \$709,080 in ACAM and \$110,420 in ICC-CAF reform support. The support was for broadband investment and 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 2018 the Company's gross capital expenditures were \$503,000. The Company's 2018 regulated operating expenses excluding income taxes were \$941,000. Projects that are A-CAM related begin with "CAF." Recent major projects include:

- Anatone - Buried Drop Additions	\$5,277
- Anatone - CAFIO - DSA 13305 (Grouse Flats) Calix 1	\$9,746
- Anatone - CAFIO - DSA 0133033 (AD Node 33) Calix 1	\$11,585
- Anatone - CAFIO - DSA 13304 (Montgomery Ridge) Cal	\$12,334
- Anatone - CAFIO - DSA 0133015 (AD Node 46) Calix 1	\$11,624
- Anatone - CAFIO - DSA 0133009 (AD Node 13309) Cali	\$11,617
- Anatone - CAFIO - DSA 0133007 (AD Node 32) Calix 1	\$11,142
- Anatone - CAFIO - DSA 0133010 (AD Node 36) Calix 1	\$10,399
- Anatone - CAFIO - DSA 13301 (Bogans) Calix 10G OSP	\$10,735
- Asotin - 3M-Dynatel 2273 Cable Locate Set	\$4,450
- Asotin - Bond Prep - Buried	\$2,709
- Asotin - DSL Card Additions	\$6,444
- Asotin - CAFIO - DSA 0132016 (AD Node 13216) Cali	\$11,785
- Asotin - CAFIO - DSA 13203 (Hellar Bar) Calix 10G	\$15,412
- Asotin - CAFIO - DSA 0132026 (AD Node 26) Calix 1	\$11,675
- Asotin - CAFIO - DSA 0132014 (AD Node 13214) Cali	\$12,340
- Asotin - CAFIO - DSA 13205 (Masters & Nicklaus) C	\$13,289
- Asotin - CAFIO - DSA 0132019 (AD Node 43) Calix 1	\$11,470
- Asotin - CAFIO - DSA 0132010 (AD Node 13210) Cali	\$12,217
- Asotin - CAFIO - DSA 13202 (Cloverland) Calix 10G	\$12,493

- Asotin – CAFIO - DSA 13204 (10 Mile) ISP Calix 10	\$10,885
- Asotin - CAFIO - DSA 13300 (Anatone CO) Make Read	\$28,781
- Asotin - CAFIO - DSA 13208 (Snake River 6 Mile) C	\$11,716
- Asotin - CAFIO - DSA 13209 (River Bend) Calix 10G	\$12,474
- Asotin - CAFIO - DSA 0133023 (AD Node 27) Calix 1	\$10,846
- Asotin - CAFIO - DSA 0132017 (AD Node 33) Calix 1	\$14,648
- Asotin - CAFIO - DSA 0132011 (AD Node 52) Calix 1	\$11,555
- Asotin - CAFIO - DSA 0132007 (AD Node 48) Calix 1	\$11,706
- Asotin - CAFIO - DSA 13200 (Asotin CO) ISP Make R	\$80,948
- Asotin - CAFIO - DSA 13201 (Asotin Creek) Calix 1	\$12,608
- Asotin - CAFIO - DSA 0133008 (AD Node 13308) Cali	\$10,676
- Asotin - CAFIO - DSA 13302 (East Mountain Road) C	\$13,861
- Asotin - CAFIO - DSA 0132006 (AD Node 46) ISP Cal	\$32,099
- Asotin - CAF Install MS Gateway at Asotin	<u>\$29,085</u>
Total	\$500,628

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 reported under Report 1, above, benefited the customers by maintaining and expanding the network to continue providing high quality telecommunications and broadband services. The Company's serving area is very spread out covering 415 square miles including the bottom of the Grand Ronde Canyon, therefore repair calls for one or two customers can take all day and cost thousands of dollars each. 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 USF 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):

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

There were zero reportable outages in calendar year 2018.

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

The Company had no unfulfilled voice service requests in 2018 and 4 unfulfilled broadband service requests as of year-end 2018. Of those 4 requests, 1 has since been provisioned with the customer's requested speed. The remaining 3 customers have broadband service at speeds lower than requested. Those speeds will be increased when faster speeds become available.

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

The Company reports that it had no voice service quality complaints per 1,000 customers in calendar year 2018 and no broadband service complaints 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 federal USF.

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

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 include estimated capital investment relating to Phase 1 A-CAM projects currently underway and expected to go into 2020. The Company also anticipates a normal level of routine capital expenditures during 2020 relating to items such as buried drops and other projects as needed. The estimated operating expenses for 2020 are \$941,000. Major projects completed in 2018 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 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 local 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 operating 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 local staffing levels for the relevant period. See also Report 6 for capital expenditures relating to ACAM. The Company expects that the continued receipt of federal USF 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.