

ETC ANNUAL REPORTS PER WAC 480-123-070 AND WAC 480-123-080

July 1, 2022

Western Wahkiakum County Telephone Company

Western Wahkiakum County Telephone Company ("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 the calendar year 2021 as follows: To support investments made by the Company in telecommunications plant used to provide voice services, broadband services, and other telecommunications services, and to defray operating expenses incurred by the Company in its provision of those services.

In the calendar year 2021, the Company's gross capital expenditures and operating expenses paid, in whole or in part, with support from the federal high-cost fund were \$540,360 and \$2,792,900, respectively.<sup>1</sup>

Major projects undertaken or completed in the calendar year 2021 include the following:

- (1) Purchase and deployment of Calix essential support for Calix electronic equipment (routing and transmission equipment, optical network terminals (ONTs) and equipment housings) to improve/maintain quality and reliability of the Company's network. This project serves both the Grays River and Naselle Exchanges and provides benefits to an estimated population in the Company's service area of 2,260. Payments to Calix for this project during this time period totaled \$9,216.14.
- (2) Purchase of third-party consulting services to migrate long distance, 9-1-1, and A-link circuit traffic from a Whiterock SONET optical transport system to a Fujitsu SONET optical transport system to enhance reliability of the Company's transport network. This system serves both the Grays River and Naselle Exchanges. Payment for these services was \$2,430.00.
- (3) Purchase and deployment of Ribbon/Genband essential support for C-15 central office soft switch and APMAX equipment to improve/maintain quality and reliability of the Company's network. This project serves both the Grays River and Naselle

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<sup>1</sup> The amounts shown in this sentence are prior to Part 64 adjustments, if any.

Exchanges and provides benefits to an estimated population in the Company's service area of 2,260. The cost of this support was \$28,197.09.

- (4) Repayment of principal, and payment of interest, with respect to Rural Utilities Service ("RUS") loans for construction of fiber-to-the-home and related network and switching improvements. The RUS financing to which these payments pertain supports service to both the Grays River and Naselle Exchanges and provides benefits to an estimated population in the Company's service area of 2,260 by facilitating the investment in such construction and switching improvements. Payments to RUS during this time period totaled \$239,535.24.
- (5) Purchase and deployment of Fujitsu essential support for Fujitsu electronic equipment to improve/maintain quality and reliability of the Company's network. This project serves both the Grays River and Naselle Exchanges and provides benefits to an estimated population in the Company's service area of 2,260. Payments to Fujitsu for this project during this time period totaled \$13,856.73.
- (6) Purchase and deployment of Tellabs essential support for Tellabs electronic equipment to improve/maintain quality and reliability of Company's network. This project serves both the Grays River and Naselle Exchanges and provides benefits to an estimated population in the Company's service area of 2,260. Payments to Tellabs for this project during this time period totaled \$8,830.00.
- (7) Optical network terminal (ONT) installation, activation, and cutover of service to fiber optical facilities for customers in the Grays River and Naselle Exchanges. The cost of this project was approximately \$54,594.33, and this project has enhanced service reliability and capacity for approximately 315 people in the Company's service area.

Attached are copies of the Company's NECA-1 Report<sup>2</sup> for the calendar year 2020 and the Pending View Report for the calendar year 2021.

2. Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses reported under Report 1, above, benefited consumers as follows:

Consumers served by the Company, as well as those consumers of other telecommunications service providers who may have communicated with the Company's customers utilizing telecommunications services provided by the Company, benefited from the use of high-cost fund support by continuing to receive high quality

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<sup>2</sup> The Company understands the reference to the "NECA-1 report" to refer to the values reported by the Company in response to the National Exchange Carrier Association, Inc. Universal Service Data Collection Form or its on-line equivalent pertaining to the subject year.

telecommunications services. Direct benefits within the Company's service area of specific projects are detailed in Report 1 above.

Through the expenditure of the federal high-cost support 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.<sup>3</sup> 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.

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

None

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):

None

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

As they are known to the Company at the date of filing of this Report, the Company's planned gross capital expenditures and operating expenses to be made or defrayed, in whole or in part, with federal high-cost support to be received by the Company during the coming calendar year (*i.e.*, 2023) are projected to be approximately \$175,000 and \$2,584,000, respectively.

Major projects planned to be undertaken or completed in the calendar year 2023 include the following:

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<sup>3</sup> The term "ETC" is used herein with the same meaning as the term is used in Chapter 480-123 WAC.

- (1) Purchase and deployment of Calix essential support for Calix electronic equipment (routing and transmission equipment, optical network terminals (ONTs), equipment housings) to improve/maintain quality and reliability of the Company's network. This project will serve both the Grays River and Naselle Exchanges and is expected ultimately to provide benefits to an estimated population in the Company's service area of 2,260. Payments to Calix for this project during this time period are estimated to be \$9,100.
- (2) Purchase and deployment of Ribbon/Genband essential support for C-15 central office soft switch and APMAX equipment to improve/maintain quality and reliability of the Company's network. This project will serve both the Grays River and Naselle Exchanges and is expected ultimately to provide benefits to an estimated population in the Company's service area of 2,260. Payments to Ribbon/Genband for this project during this time period are estimated to be \$31,000.
- (3) Repayment of, and payment of interest with respect to, RUS loans for construction of fiber to the home and related network and switching improvements. The RUS financing to which these payments pertain supports service to both the Grays River and Naselle Exchanges and is expected to provide benefits to an estimated population in the Company's service area of 2,260. It is estimated that such payments to be made during this period will be approximately \$240,000.
- (4) Purchase and deployment of Fujitsu essential support for Fujitsu electric equipment to improve/maintain quality and reliability of the Company's network. This project is expected to serve both the Grays River and Naselle Exchanges and to provide benefits to an estimated population in the Company's area of 2,260. Payments to Fujitsu for this project during this time period are estimated to be \$14,000.
- (5) Optical network terminal (ONT) installation and activation of service to fiber optic facilities for customers in the Grays River and Naselle Exchanges. The cost of this project is expected to be approximately \$70,000, and this project is expected to enhance service reliability and capacity for approximately 50 people in the Company's service area.

7. Report 7: Plan of Investments and Expenditures: WAC 480-123-080(2):

As they are known to the Company at the date of filing of this Report, apart from major projects, the planned investment and expenditures to be made with federal high-cost support related to Washington state for the calendar year 2023, are planned to remain relatively the same as those the Company experienced in calendar year 2021, 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 expects to increase staff in anticipation of near-term retirements, but overall, expects staffing levels to remain consistent with levels consistent with previous years.

Planned major projects are as described or referenced in Report 6, above. The Company has not completed its budgeting process for the calendar year 2023, so the investment and expense figures presented in Report 6, above, for calendar year 2023 are not yet final and may be affected by changes in federal high-cost support. The Company anticipates 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. Moreover, the major projects identified in Report 6, above, are expected to benefit customers as there described.