

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080  
Contains Certifications Required by WAC 480-123-060 and 070  
June 20, 2024

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 USF in 2023 as follows:

The Company received \$650,715 in Federal USF support in 2023 which is made up of \$372,893 in ACAM and \$267,822 in ICC-CAF reform support. The support was used to upgrade its broadband network 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 2023 the Company's gross capital expenditures were \$855,499. The Company's 2023 operating expenses excluding income taxes were \$3,329,201. Projects related to A-CAM begin with "CAF." Recent major projects include:

• CAFO - OSP Build Phase 2 A2 - Salkum	\$1,249
• SHSD Mossyrock 0413-02 ISP OSP	\$6,406
• SHSD Mossyrock 0413-03 ISP OSP	\$8,962
• SHSD Onalaska 0412-01 ISP OSP	\$7,798
• SHSD Salkum 0411-01 ISP OSP	\$8,690
• CAP - 100G Wave Upgrade Salkum - Lumen	\$44,161
• CAP - Auman Road - Onalaska, WA	\$1,284
• CAP - Coyote Hollow Road - Onalaska WA	\$9,809
• CAP - EXP DSA0412011 (Deggler Rd) DSL P	\$3,411
• CAP - EXP Swigert Road Cable Exhaust -	\$10,397
• CAP - Leased Fiber - Lewis County Power	\$7,739
• CAP Cable Rte 3200 OSP Exhaust Onalaska	\$12,812
• CAP DSA 41200 ISP PON Add Onalaska, WA	\$16,108
• CAP EXP - Auman Road - Onalaska, WA	\$37,078
• CAP WA Onalaska 0412-Segment-01	\$8,402
• CAP-246 Smokey Ridge-Salkum, WA	\$5,547
• CAP - Madison-Salkum Cluster DS3 Pseudo	\$3,384

• LE - Schoen road - Salkum WA	\$13,901
• NB - Camille's Estates -- Onalaska WA	\$17,249
• NB - Twinflower lane - Salkum WA	\$159,117
• NB - Godfrey Road - Mossyrock WA	\$3,687
• NBJT - FTTH - Douglas Lane Subdivision	\$18,270
• Bond Prep – Aerial	\$5,167
• Bond Prep – Buried	\$59,413
• Buried Drop Additions	\$149,727
• Buried Optical Drop	\$1,673
• Finance Cable Locates	\$1,215
• Managed IP Install Equipment & Labor	\$1,325
• MDU/MTU Fiber Build Buried Drop	\$60,497
• Non-DSL Card Additions	\$8,026
• Optical Network Terminal	\$1,119
• MAN - Kruger Rd MP 1.2 Culvert replace	\$14,471
• McDaniel-2022 Ford F250 4X4 6.75'	\$53,225

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, 2024.

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.<sup>1</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 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):

There were 4 reportable outages in calendar year 2023.

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

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

The Company had 1 unfulfilled voice service requests in 2023 and 6 unfulfilled broadband requests as of year-end 2023. The 6 customers have broadband service at speeds lower than requested. Those speeds will be increased when faster speeds become available. The voice requests are E-ACAM locations and are currently in TDS engineering where the entire E-ACAM network design work is underway.

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

The Company reports that it is aware of 1.2 voice service complaints per 1,000 customers during calendar year 2023. Four complaints were made to the WA UTC- two regarding billing and two regarding service quality. The company had 0 broadband service quality complaints per 1,000 customers.

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, 2025, through December 31, 2025, will include the estimated capital investment relating to the projects opened to improve broadband speeds relating to E-ACAM commitments. In addition, the Company expects to experience a similar level of routine projects during 2025 relating to buried drops, line extensions, capacity improvements and new developments. The estimated operating expenses for 2025 are \$3,329,000. Major projects in 2023 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 2023 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 operating expenses related to Washington state for the period January 1, 2025, through December 31, 2025, will remain relatively the same as those it experienced in calendar year 2023, 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 E-ACAM investments in Report 6. The Company does not anticipate major adjustments in local staffing levels for the relevant period. 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.

