



525 Junction Rd.  
Madison, WI 53717

June 26, 2018

Mr. Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

Re: 2018 ETC Certification  
Request for Certification Pursuant to WAC 480-123-060, 070 and 080

Dear Mr. Johnson:

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.

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  
June 22, 2018

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 2017 as follows:

The Company received \$684,853 in Federal USF support in 2017 which is made up of \$348,497 in ACAM and \$336,356 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 2017 the Company's gross capital expenditures were \$1,451,000. The Company's 2017 operating expenses excluding taxes were \$2,384,000. Recent major projects include:

- Mossyrock – Battery Replacement	\$3,832
- Mossyrock – Buried Drop Additions	\$11,641
- Mossyrock - CAFIO DSA 41304 ISP Make Ready AFC Replacement	\$16,279
- Mossyrock - CAFIO DSA 41300 ISP Make Ready AFC Replacement	\$147,672
- Mossyrock - CAFIO DSA 41306 ISP Make Ready AFC Replacement	\$33,977
- Mossyrock - CAFIO DSA 41302 ISP Make Ready AFC Replacement	\$18,321
- Mossyrock - CAFIO Mossy Rock Node 22 Placement – ISP	\$13,737
- Mossyrock - CAFIO DSA 41310 ISP Make Ready AFC Replacement	\$29,138
- Mossyrock - CAFIO Mossy Rock Node 13 Placement – ISP	\$13,850
- Mossyrock - CAFIO Mossy Rock Node 14 Placement	\$13,648
- Mossyrock - CAFIO Mossy Rock Node 12 Placement – ISP	\$28,369
- Mossyrock - CAFIO DSA 41308 ISP Make Ready AFC Replacement	\$46,318
- Mossyrock - CAFO OSP Build A1	\$36,016
- Mossyrock - CAFO OSP Build A2	\$10,301
- Onalaska – Buried Drop Additions	\$17,420
- Onalaska – Line Ext - New Service Hwy 508	\$12,895
- Onalaska – Cable Exhaust new service	\$13,189
- Onalaska – Line Ext Kimerling – new service	\$5,257
- Onalaska – CAFIO DSA 41214 ISP Make Ready CALIX-E7	\$18,564

- Onalaska – CAFIO DSA 41213 ISP Make Ready AFC Replacement	\$20,906
- Onalaska – CAFIO Onalaska Node 47 Placement – ISP/O	\$16,539
- Onalaska – CAFIO Onalaska Node 30 Placement – ISP	\$28,557
- Onalaska – CAFIO DSA 41212 ISP Make Ready AFC Replacement	\$38,210
- Onalaska – CAFIO Onalaska Node 40 Placement – ISP/O	\$33,498
- Onalaska – CAFIO Onalaska Node 34 Placement	\$38,473
- Onalaska – CAFIO DSA 41204 ISP Make Ready ANY_MEDIA	\$62,333
- Onalaska – CAFIO DSA 41203 ISP Make Ready ANY_MEDIA	\$52,475
- Onalaska – CAFIO DSA 41200 ISP Make Ready E Sequence	\$150,072
- Onalaska – CAFIO DSA 41207 ISP Make Ready AFC – A4	\$35,094
- Onalaska – CAFIO OSP Build A1	\$19,357
- Salkum – Battery Replacement (\$2,083 incurred in 2016)	\$35,563
- Salkum – Buried Drop Additions	\$12,631
- Salkum – DSL Card Additions	\$5,143
- Salkum – NB Cinebar Rd 12 Lot Development	\$7,775
- Salkum – CAFIO Node 47 Placement - ISP	\$14,230
- Salkum – CAFIO OSP Build A1	\$56,374
- Salkum – CAFIO Node 40 Placement - ISP	\$17,288
- Salkum – CAFIO DSA 41109 ISP Make Ready AFC Replacement	\$29,221
- Salkum – CAFIO DSA 41110 ISP Make Ready Seiscor Replacement	\$14,544
- Salkum – CAFI DSA 41100 ISP Make Ready E Sequence	\$124,615
- Salkum – CAFIO Node 25 Placement - ISP	\$30,772
- Salkum – CAFIO DSA 41108 ISP Make Ready AFC Replacement	\$28,193
- Salkum – CAFIO DSA 41105 ISP Make Ready AFC Replacement	\$34,657
- Salkum – Chevy 4x4 DC-BFX Utility	\$50,484
- Salkum – Routine FS Closures and Circuits	\$1,567
Total	\$1,448,995

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, 2018.

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

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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.

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 was 1 reportable outage relating to long distance services in calendar year 2017.

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

The Company had no unfulfilled voice service requests and twenty two unfulfilled broadband requests. Three of those twenty two have since been provisioned with broadband at speeds of at least 25 mbps.

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

The Company reports that it is aware of .63 voice service complaints per 1,000 customers made during calendar year 2017. One complaint was a voice service complaint to the OAG while the other was a voice service complaint to the WUTC. The company had .83 broadband service quality complaints per 1,000 customers. One complaint was placed to the FCC and one 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 USF fund.

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, 2019, through December 31, 2019, will include the estimated capital investment relating to the projects opened in 2017/18 to improve broadband speeds relating to Phase 1 of ACAM commitments that will be carried over into 2019. Construction on phase 1 began in 2017 and will continue into 2019. The current estimated cost of phase 1 is \$3,996,000. In addition, the Company expects to experience a similar level of routine projects during 2019 relating to buried drops, line extensions, capacity improvements and new developments. The estimated operating expenses for 2019 are \$2,400,000. Major projects in 2017 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 2017, 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, 2019, through December 31, 2019, will remain relatively the same as those it experienced in calendar year 2017, 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 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.

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

I, Joel Dohmeier, being of lawful age, state that I am Vice President 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 2017 used and in the coming calendar year will use federal universal service fund (USF) 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 2017 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 2017 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 2017 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 25<sup>th</sup> day of June, 2018, at Madison, WI.

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

By:   
Joel Dohmeier

Its: Vice President