

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

Lewis River 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 \$821,619 in Federal USF support in 2018 which is made up of \$524,235 in ACAM and \$297,384 in ICC-CAF reform support. Most of the support was for broadband investment and the remaining 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 \$737,300. The Company's 2018 operating expenses excluding income taxes were \$3,853,000. Projects that are A-CAM related begin with "CAF." Recent major projects include:

- Amboy- Bond Prep – Buried	\$5,135
- Amboy- Buried Drop Additions	\$11,563
- Amboy- DSL Card Additions	\$2,901
- Amboy- CAFI - DSA 41401 (Amboy CO) Adtran 10G U	\$12,133
- Amboy- CAP - DSA 41404 (Elliot) Calix 10G Upgrade	\$22,333
- Amboy- CAP WA DSA 41400 VDSL ports	\$10,869
- Cougar - CAP - DSA 41502 (Swift Dam) Calix 10G Up	\$29,562
- LaCenter - Bond Prep – Buried	\$1,796
- LaCenter - Buried Drop Additions	\$45,869
- LaCenter - DSL Card Additions	\$12,102
- LaCenter - CAP - DSA 41600 (LaCenter CO) CPM5 card	\$5,368
- LaCenter - CAFIO - DSA 41602 (Highland) Calix C7 10	\$52,350
- LaCenter - CAFIO - DSA 41601 (Lyons) Calix C7 10G U	\$54,406
- LaCenter - CAFIO - DSA 41607 (Pup Creek) CAFROR ISP	\$2,678
- LaCenter - CAFO - OSP Build A9	\$21,246
- LaCenter - CAFIO - DSA 41623 (Grantham Road) ISP OS	\$50,227
- LaCenter - LE - 3340 Stoughton Rd	\$2,189
- LaCenter - FTTH Kays Subdivision	\$115,769
- LaCenter - CAFI LaCenter DSA 41600 CAFROR ISP Make	\$7,368
- LaCenter - MAN paradise point fiber and copper move	\$54,459
- LaCenter - LE Grantham rd line ext.	\$6,075
- LaCenter - RM La Center Roundabout 4th st	\$13,214

- LaCenter - FTTH Sunrise Terrace	\$110,132
- LaCenter - NB PON Gorden Crest Phase 2	\$17,332
- LaCenter - 2018 Chevy 4x	\$51,816
- LaCenter - Dynatel 2273 Cable Locate Set – LaCenter	\$4,763
- Yale - Buried Drop Additions	\$6,013
- Yale - CAP lewis river rd cable reinforcement	<u>\$5,437</u>
 Total	 \$735,107

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 funds received from the universal communications services program contributed to the Company's ability to complete those projects. The support has also 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):

There was 1 reportable outage 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 38 unfulfilled broadband service requests as of year-end 2018. Of those 38 requests, 6 have since been provisioned with the customer's requested speed. The remaining 32 customers have

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

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 is aware of 0.47 voice complaints per 1,000 customers in calendar year 2018. One voice complaint was to the FCC and one to the BBB. The company had 0.94 broadband service quality complaints per 1,000 customers. Three of the broadband complaints were to the FCC and one to the OAG. The voice complaint was related to billing and the 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.

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 the estimated capital investment relating to projects opened to improve broadband speeds relating to Phase 1 of A-CAM commitments. The estimated operating expenses for 2020 are \$3,900,000. In addition, the Company expects to experience a similar level of routine projects during 2020 relating to buried drops, line extensions, capacity improvements and new developments. 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 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. See also discussion relating to A-CAM 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.