

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080
Contains Certifications Required by WAC 480-123-060 and 070
July 1, 2019

Inland Cellular LLC Study Area Code 529003 (f/k/a Washington RSA No. 8 Limited Partnership) (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.

Report 1: Report on use of funds: WAC 480-123-070(1)(a):

The Company used support from the federal high-cost fund in 2018 as follows:

We are continuing the process of upgrading our network with next-generation LTE 4G technology. Those investments began in late 2014 with staff training, vendor identification and core switch investments. In 2015 we began a roll out of 4G throughout our network. In 2018, we invested \$912,038 in broadcast equipment in Washington during the year. This included 13 additional 4G LTE sites and microwave backhaul upgrades. The Company expects to use all Universal Service Fund support received in order to fund the expenses related to the provisioning, maintenance and services provided over these upgraded facilities as well as existing facilities and to service the debt created in order to make these improvements; improving service quality, coverage and capacity. The Company expects that the continued receipt of Universal Service Fund support will aid the Company's efforts to continue to upgrade its network and to provide the supported services to all customers and potential customers

For 2018 the Company's gross capital expenditures were \$1,944,807 in Washington. The Company's 2018 operating expenses for Washington were \$13,253,405.

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

The customers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services. The Company's investments in next generation mobile technology described above will bring the capability for increased network speeds and enable us to provide mobile broadband services in our service territory.

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

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

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.

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

On 8/11/2018, Inland Cellular experienced a network wide outage of all voice and data services.

i. Dates and times:

LTE data service: outage began at 4:04am on 8/11/18 and service was restored at approximately 2:00pm on 8/11/18.

Voice and 3G data service: outage began at 4:04am on 8/11/18. Service to most customers was restored throughout the afternoon of 8/18/18 and the morning of 8/19/18. The final customers were restored at 2:46pm on 8/22/18.

ii. Brief description of outage and its resolution

The CDMA switch core and LTE core failed due to the public utility (Avista) had a power outage which caused a standby generator to take over to supply AC power to Inland Cellular at our CO in Uniontown, Wa. This generator overheated and started fluctuating the hertz and voltage supplied to the rectifiers of Inland Cellular. This sent voltage and current spikes thru the core switching equipment causing the backup battery and multiple switch card failures. Both the batteries and core cards are set up in a redundant configuration, but the power spikes damaged both the active and standby cards.

The LTE core was able to be re-booted and the techs got it working that afternoon. Over the next 11 days, the issues with the damaged parts had to be diagnosed and fixes had to be identified. We used our own technicians, 3rd party engineers, and vendor provided emergency teams to do this.

iii. Services affected

Our voice, text, CDMA and LTE data services were affected throughout our service area.

iv. Geographic areas affected

Our entire service area was affected. In Washington, this includes the counties of: Adams, Asotin, Columbia, Garfield, Grant (eastern half), Lincoln, Walla Walla, and Whitman.

v. Steps taken to prevent similar situation in future

Inland Cellular has: repaired the generator; added a 2nd generator; tests generators weekly; purchased additional backup cards; and, keeps hard copies of backup files offsite. These steps should assure that another situation like this will not occur.

vi. The number of customers affected

All of our subscribers were affected; in August 2018 we had 35,929 total subscribers, of which 10,056 are in Washington.

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

None

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

None

Report 6: Certification of Compliance with Service Quality Standards and Consumer Protection Rules: WAC 480-123-070(5):

See “529003_WA_Certifications_500&600”

Report 7: Certification of Ability to Function in Emergency Situations: WAC 480-123-070(6):

See “529003_WA_Certifications_500&600”

Report 8: Advertising Certification, including Advertisement on Indian Reservations: WAC 480-123-070(7):

Company advertised Lifeline in a variety of ways, including: Company website; local newspapers; in-store displays; and, flyers distributed to local public assistance institutions and public areas. See Appendix 1 for a sample newspaper ad, and Appendix 2 for flyer sample.

There are no Indian reservations within the area of this SAC.

Report 9: 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 are projected to be \$1,950,000 for gross capital expenditures and \$14,250,000 for operating expenses. Planned major projects include: upgrading microwave links for increased backhaul capacity; and continuing to upgrade service to 4G LTE in rural areas, including expanding into southern Ferry and Stevens counties. 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 staffing levels for the relevant period.

Report 10: 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 investment and 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 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 staffing levels for the relevant period. Major projects are referenced in Report 9, above. The Company expects 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 will benefit from increased broadband speeds in the upgraded areas, and will have services available to them 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.

Report 11: Updated Map: WAC 480-123-080(3):

Updated maps are required once every three years, and updated maps will be submitted with this report.