

**2020 ETC CERTIFICATION - ELIGIBLE TELECOMMUNICATIONS  
CARRIERS' ANNUAL RE-CERTIFICATION ON HIGH COST FUND  
SUPPORT PURSUANT TO WAC 480-123-060, 070, AND 080**

**INLAND TELEPHONE COMPANY - SAC 522423  
DUE JULY 1, 2020**

**ETC ANNUAL REPORT**  
**PER WAC 480-123-070 AND WAC 480-123-080**  
**INLAND TELEPHONE COMPANY - SAC 522423**

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080  
(Certifications Required by WAC 480-123-060 and 070 enclosed)  
July 1, 2020

Inland 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 high-cost fund in 2019 as follows:

For 2019, the Company's gross capital expenditures, after any appropriate allocations to its Idaho operations, were approximately \$590,037. The Company's 2019 operating expenses, after any appropriate allocations to its Idaho operations were \$4,674,538, which includes depreciation and amortization expenses of \$1,372,888 and excludes Part 64 adjustments. Recent major projects are enumerated and/or described in the five (5) year forecast and narrative (522423 5 YEAR FORECAST.pdf) supplied for Report 6, WAC 480-123-080(1) and Report 7, WAC 480-123-080(2).

The Company's submitted NECA-1 Report for the collection period 2020 for the calendar year 2019, is included after the 5 Year Forecast.

2. 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 voice and broadband communications services. The projects and benefits are described in the 5 year forecast and narrative (522423 5 YEAR FORECAST.pdf) supplied for Report 6, WAC 480-123-080(1) and Report 7, WAC 480-123-080(2).

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 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 the Company's designated ETC service area. The Company offers

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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.

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 2019 Report: WAC 480-123-070(2):

None

4. Report 4: Report on Failure to Provide Service in 2018: WAC 480-123-070(3):

None

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

The Company reports that during calendar year 2019, the Company did not receive from the Federal Communications Commission or the Consumer Protection Division of the Office of the Attorney General of the State of Washington any complaints against the Company 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 high-cost fund.<sup>2</sup>

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, are projected to be \$1,082,000 for gross capital expenditures and \$4,683,744 for operating expenses, which includes \$1,372,888 of depreciation expense. Attached is a five year forecast and narrative (522423 5 YEAR FORECAST.pdf). With the exception of depreciation expense created by capital projects, the Company expects that levels of expenses to slightly increase from 2019 levels. However, the effects of inflation and other commonly experienced changes in cost of labor and materials cannot be anticipated. The Company does not anticipate major adjustments in 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 planned investment and expenses related to Washington State for the period January 1, 2021, through December 31, 2021, are projected to be \$1,120,000 for gross capital expenditures and \$4,683,945 for operating expenses, which includes \$1,372,888 of depreciation expense. The narrative on the attached five (5) year forecast, did not fully spell-out that the projected upgrades should increase bandwidth capacity to our subscribers in order to be in compliance with current Federal Communications Commission standards for broadband; it is implied when moving to fiber-to-the-premise. With the exception of depreciation

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<sup>2</sup> The references to the services supported by the federal high-cost fund is to the services designated for support as set forth in 47 C.F.R. §54.101(a).

expense created by capital projects, the Company expects that levels of expenses to similar as the projected 2020 levels. However, the effects of inflation and other commonly experienced changes in cost of labor and materials cannot be anticipated. The Company does not anticipate major adjustments in staffing levels for the relevant period. Enclosed is a five year forecast and narrative. 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 customer 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**

**INLAND TELEPHONE COMPANY - SAC 522423**

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

I, James K. Brooks, being of lawful age, state that I am the Treasurer/Controller of Inland Telephone Company (“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 2019, used and in the coming calendar years will use federal high-cost universal service fund 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 2019 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 2019 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 2019 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 22<sup>nd</sup> day of June, 2020, at Roslyn, Washington.

Company: Inland Telephone Company

By   
James K. Brooks

Its: Treasurer/Controller

**522423 5 YEAR FORECAST  
(SUPPORT FOR ETC ANNUAL REPORT)**

**INLAND TELEPHONE COMPANY - SAC 522423**



<b>INLAND TELEPHONE COMPANY</b>								54.313(a)(1)
<b>WASHINGTON OPERATIONS - SAC 522423</b>								
<b>FIVE YEAR FORECAST - NETWORK ADDITIONS</b>								

As they are known to the Company at the date of this Report, the planned investments and forecasted expenses related to Washington operations (Study Area Code 522423) for the period January 1, 2020 through December 31, 2024, are listed below. The Company expects to use all Universal Service Fund support received in order to fund the provisioning, maintenance and services provided over these upgraded facilities as well as existing facilities and to service the debt with the Rural Utility Service created in order to make previous years improvements; improving service quality, coverage and capacity for both voice and broadband services. The Company (SAC 522423) received \$2,842,363 in federal high-cost support for the calendar year ended December 31, 2019; which includes \$618,258 of Connect America Fund ("CAF") Support, \$1,078,723 of CAF Broadband Loop Support ("CAF-BLS"), \$146,685 of CAF-BLS Budget Control Mechanism ("CAF-BLS BCM") Refund, \$402,050 of High Cost Loop Support and \$596,647 of Alternative Connect America Cost Model II Support ("ACAM II"). The Company expects that the continued receipt of Universal Service Fund support will aid the Company's efforts to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas of which all customers and potential customers in the Company's designated ETC service area will benefit.

**DEWATTO** - In previous years submissions, the Company forecasted for replacing existing nodes (carrier cabinets) and adding an additional nodes to decrease loop lengths and increase broadband speeds; upgrading from ADSL2+ to VDSL2+. This has not occurred and the Company is re-evaluating the course of action for upgrading this exchange as the Company continues new fiber-to-the-premise ("FTTP") connections in its Roslyn exchange and is currently building FTTP in its Uniontown exchange.

**PRESCOTT** - The Company plans on constructing FTTP when the Uniontown exchange is close to completion. The Company hopes to commence construction in 2021; completed in 2022.

**ROSLYN** - The Company has not yet completed the fiber transmission line extension that it had described in previous years; constructing a fiber transmission line extension into a remote area of the exchange as well as a VDSL2+ cabinet that will initially serve approximately 200 platted homesites; approximately 20 customers. This plan has been re-evaluated since more homes are being constructed. The Company plans on extending FTTP past the initial planned cabinet site which will push the cabinet closer to subscribers served from the cabinet in order to be able to provide greater broadband speeds.

**UNIONTOWN** - The Company is currently constructing fiber-to-the-premises; the exchange may not be fully completed until 2021.

<b>GROSS PLANT ADDITIONS - CURRENT ACTUAL AND FUTURE ESTIMATED</b>							
(NOTE: 2019 Actual is after any allocation to Idaho and before any Part 64 allocations; Future Estimates do not include either allocations)							
		<b>2019 ACTUAL</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>DEWATTO (372)</b>							
1.3 Working Loops (@ 12/31/2019)	296						
DSL Subscribers (@ 12/31/2019)	221						
Data Only Subscribers (@ 12/31/2019)	19						
Land & Support Assets			150,000				
Switching		7,768					
<b>PRESCOTT (849)</b>							
1.3 Working Loops (@ 12/31/2019)	130						
DSL Subscribers (@ 12/31/2019)	50						
Data Only Subscribers (@ 12/31/2019)	6						
Land & Support Assets							
FTTP Transmission				30,000			
FTTP ONT/Home gateway				40,000	20,000		
FTTP Fiber Cable				350,000	150,000		
<b>ROSLYN (649)</b>							
1.3 Working Loops (@ 12/31/2019)	1,298						
DSL Subscribers (@ 12/31/2019)	1,038						
Data Only Subscribers (@ 12/31/2019)	404						
Land & Support Assets		166,538					
Switching							
FTTP Transmission			12,000				
FTTP ONT/Home gateway		245,616	100,000	100,000			
FTTP Fiber Cable		76,563	50,000	50,000			

<b>INLAND TELEPHONE COMPANY</b>								54.313(a)(1)
<b>WASHINGTON OPERATIONS - SAC 522423</b>								
<b>FIVE YEAR FORECAST - NETWORK ADDITIONS</b>								
<b>UNIONTOWN (229)</b>								
1.3 Working Loops (@ 12/31/2019)	334							
DSL Subscribers (@ 12/31/2019)	199							
Data Only Subscribers (@ 12/31/2019)	25							
Land & Support Assets		93,552						
Switching								
FTTP Transmission			55,000					
FTTP ONT/Home gateway			65,000	50,000				
FTTP Fiber Cable			650,000	500,000				
<b>TOTAL</b>			590,037	1,082,000	1,120,000	170,000	0	0
1.3 Working Loops (@ 12/31/2018)	2,058							
DSL Subscribers (@ 12/31/2019)	1,508							
Data Only Subscribers (@ 12/31/2019)	454							
<b>FORECASTED OPERATING EXPENSES</b>								
PLANT SPECIFIC OPERATIONS		1,520,609	1,528,177	1,531,720	1,533,267	1,533,860	1,534,020	
PLANT NON-SPECIFIC OPERATIONS		441,756	445,322	447,113	447,996	448,421	448,616	
ACCUMULATED DEPRECIATION		1,372,888	1,372,888	1,372,888	1,372,888	1,372,888	1,372,888	
CUSTOMER OPERATIONS EXPENSES		590,980	619,009	641,030	658,135	671,306	681,383	
CORPORATE OPERATIONS EXPENSES		748,305	718,348	691,194	666,512	644,010	623,434	
<b>TOTAL OPERATING EXPENSES</b>			4,674,538	4,683,744	4,683,945	4,678,797	4,670,485	4,660,341
INTEREST ON FUNDED DEBT		266,732	247,981	230,548	214,341	199,272	185,264	

**NECA1**  
**(AS SUBMITTED TO THE NATIONAL EXCHANGE CARRIER ASSOC.)**  
**FOR**  
**INLAND TELEPHONE COMPANY - SAC 522423**

**NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.  
UNIVERSAL SERVICE FUND  
2020 DATA COLLECTION FORM**

Study Area: 522423  
Contact: James Brooks  
Phone: 509-649-2211

Name: INLAND TELEPHONE COMPANY - WA  
Region: 5 Pacific  
Collection Period: For the Year Ended 12/31/2019

Description	Latest View 2019-1 Amount	Pending View 2020-1 Amount
<b>II. WORKING LOOPS</b>		
060 Total Loops (Cat 1.1, 1.2, and 1.3)	2,414	2,067
070 Category 1.3 Loops (Excluding Cat 1.3 TWX Loops)	2,405	2,058
090 Consumer Broadband Only loops [Part 54.901(g)]	1	454
<b>III. INVESTMENT, EXPENSE AND TAXES</b>		
<b>NET PLANT INVESTMENT</b>		
160 Acct 2001 - Telephone Plant in Service	27,677,800	27,600,057
170 Acct 1220 - Materials and Supplies	266,912	282,212
190 Acct 3100 - Accumulated Depreciation	13,420,746	14,289,947
195 Acct 3400 - Accumulated Amortization	1,357	1,492
210 Acct 4340 - Net Noncurrent Deferred Operating Income Tax	2,480,326	2,382,303
220 Net Plant Investment (Sum Ln160-Ln210)	12,042,283	11,208,527
<b>SELECTED PLANT ACCOUNTS</b>		
230 Acct 2210 - Central Office Switching Equipment	1,317,267	1,296,290
235 Acct 2220 - Operator Systems Equipment	0	0
240 Acct 2230 - Central Office Transmission Equipment	4,602,512	4,736,078
245 Total Central Office Equipment	5,919,779	6,032,368
250 Circuit Equipment Category 4.13	1,978,497	1,807,048

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Name: INLAND TELEPHONE COMPANY - WA  
Region: 5 Pacific  
Collection Period: For the Year Ended 12/31/2019

Description	Latest View 2019-1 Amount	Pending View 2020-1 Amount
255 Acct 2410 - Cable & Wire Facilities Total	16,893,488	16,923,036
260 Acct 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	478,039	570,011
265 Acct 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	0
270 Acct 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	2,321,269	2,529,779
275 Acct 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment	2,799,308	3,099,790
280 Acct 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	7,157,715	7,783,873
310 Acct 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	149,479	131,336
315 Acct 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator Systems Equipment	0	0
320 Acct 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	400,493	409,191
325 Acct 4340 (2210-2230) - Net Deferred Operating Income Taxes - Central Office Equipment (Sum of 4340 (2210) through	549,972	540,527
330 Acct 4340 (2410) - Net Deferred Operating Income Taxes - Cable and Wire Facilities	1,789,833	1,713,140

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Region: 5 Pacific  
Collection Period: For the Year Ended 12/31/2019

Description	Latest View 2019-1 Amount	Pending View 2020-1 Amount
<b>PLANT SPECIFIC OPERATION EXPENSE</b>		
335 Acct 6110 - Network Support Expense Total	20,801	21,978
340 Acct 6110 - Benefits Portion of Network Support Expense	1,826	1,655
345 Acct 6110 - Rents Portion of Network Support Expense	0	0
350 Acct 6120 - General Support Expense Total	343,956	392,249
355 Acct 6120 - Benefits Portion of General Support Expense	29,558	36,193
360 Acct 6120 - Rents Portion of General Support Expense	0	0
365 Acct 6210 - Central Office Switching Expense - Total	207,164	262,744
370 Acct 6210 - Benefits Portion of Central Office Switching Expense	8,502	10,630
375 Acct 6210 - Rents Portion of Central Office Switching Expense	0	0
380 Acct 6220 - Operator System Expense - Total	0	0
385 Acct 6220 - Benefits Benefits Portion of Operator System Expense	0	0
390 Acct 6220 - Rents Benefits Portion of Operator System Expense		
395 Acct 6230 - Central Office Expense - Transmission Equipment - Total	330,027	296,082
400 Acct 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	20,117	16,354
405 Acct 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	0

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Description	Latest View 2019-1 Amount	Pending View 2020-1 Amount
410 Acct 6210 - 6230 Central Office Equipment Expense Total	537,191	558,826
430 Acct 6410 - Cable & Wire Facilities Expense Total	474,605	447,904
435 Acct 6410 - Benefits Portion of Cable & Wire Facilities Expense	73,184	52,004
440 Acct 6410 - Rents Portion of Cable & Wire Facilities Expense	0	0
445 Total Plant Specific Expense	1,376,553	1,420,957
<b>PLANT NON-SPECIFIC EXPENSE</b>		
450 Acct 6530 - Network Operations Expense - Total	247,742	221,070
455 Acct 6530 - Benefits Portion of Network Operations Expense	40,307	27,680
<b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b>		
510 Acct 6560 (2210) - Depreciation and Amortization Expense-Central Office Switching Equipment	109,661	111,685
515 Acct 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	0	0
520 Acct 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	288,914	305,421
525 Acct 6560 (2210 - 2230) - Depreciation and Amortization - Central Office Equipment	398,575	417,106
530 Acct 6560 (2410) - Depreciation and Amortization Expense - Cable & Wire Facilities	623,299	625,814

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Name: INLAND TELEPHONE COMPANY - WA  
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Collection Period: For the Year Ended 12/31/2019

Description	Latest View 2019-1 Amount	Pending View 2020-1 Amount
<b>CORPORATE OPERATIONS EXPENSE</b>		
535 Acct 6710 - Executive & Planning Expense - Total	203,054	178,870
540 Acct 6710 - Benefits Portion of Executive & Planning Expense	23,319	26,018
550 Acct 6720 - General & Administrative Expense - Total	543,239	539,266
555 Acct 6720 - Benefits Portion of General Administrative Expense	57,625	59,257
565 Total Corporate Operations Expense	746,293	718,136
<b>OTHER EXPENSE</b>		
600 Benefits Portion of all Operating Expenses - Total	305,969	278,199
610 Rents Portion of all Operating Expenses - Total	0	0
<b>TAXES</b>		
650 Acct 7200 - Operating Taxes	1,284,094	1,149,474
<b>IV. PART 36 - COST STUDY DATA</b>		
700 Cable and Wire Facilities Acct 2410	16,951,784	16,923,263
710 Cable and Wire Facilities Cat 1 - Total Exchange Line C&WF Excluding Wideband	15,824,697	15,771,017
<b>V. AMORTIZABLE TANGIBLE ASSETS</b> (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)		
800 Acct 2680 - Amortizable Tangible Assets	0	0



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Name: INLAND TELEPHONE COMPANY - WA  
Region: 5 Pacific  
Collection Period: For the Year Ended 12/31/2019

Description	Latest View 2019-1 Amount	Pending View 2020-1 Amount
805 Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	0
810 Acct 2680 (2230) - Amortizable Tangible Assets-Central Office Transmission Equipment Allocated to Category 4.13	0	0
815 Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	0
820 Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	0
830 Acct 6560 (2680) Depreciation and Amortization Expense - Amortizable Tangible Assets	0	0
<b>VI. OTHER ACCOUNTS</b>		
850 Acct 6310 - Information Origination/Termination Expense	0	0
860 Acct 6510 - Other Property Plant and Equipment Expense	4,621	1,217
870 Acct 6610 - Customer Operations Expense: Marketing	1,059	1,255
880 Acct 6620 - Customer Operations Expense: Services	375,565	379,160

**VII. COMMENTS/SIGNIFICANT CHANGE EXPLANATION:**

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