## 2022 ETC CERTIFICATION - ELIGIBLE TELECOMMUNICATIONS CARRIERS' ANNUAL RE-CERTICATION ON HIGH COST FUND SUPPORT PURSUANT TO WAC 480-123-060, 070, AND 080

INLAND TELEPHONE COMPANY - SAC 522423
DUE JULY 1, 2022

## 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, 2022

Inland Telephone Company (the "Company") herby 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 2021 as follows:

For 2021, the Company's gross capital expenditures, after any appropriate allocations to its Idaho operations, were approximately \$851,705. The Company's 2021 operating expenses, after any appropriate allocations to its Idaho operations were \$4,856,289, which includes depreciation and amortization expenses of \$1,443,818 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 NECA-1 Report for the collection period 2022 for the calendar year 2021 that was submitted to the National Exchange Carrier Association ("NECA"), is included after the 5 Year Forecast (522423 2021 NECA1.pdf).

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 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. 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>&</sup>lt;sup>1</sup> The term "ETC" is used in the same sense as te 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 2020 Report: WAC 480-123-070(2):

None.

4. Report 4: Report on Failure to Provide Service in 2020: 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 2021, 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. The Company did receive from the Consumer Protection Division of the Washington Utilities and Transportation Commission numerous complaints against the Company concerning the outages described in the attached file 522423 2021 OUTAGES.pdf; all were in the Company's favor.

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 investments and expenses related to Washington State for the period January 1, 2022, through December 31, 2022, are projected to be \$860,000 for gross capital expenditures and \$4,895,054 for operating expenses, which includes \$1,443,818 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 2021 levels. However, the effects of inflation and other commonly experienced changes in cost of labor and materials and availability of 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, 2023, through December 31, 2023, are projected to be \$695,000 for gross capital expenditures and \$4,929,566 for operating expenses, which includes \$1,443,818 of depreciation expense. The narrative

<sup>&</sup>lt;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).

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 or shortening loop lengths by adding additional VDSL cabinets. With the exception of depreciation expense created by capital projects, the Company expects that levels of expenses to slightly increase from the projected 2022 levels. However, the effects of inflation and other commonly experienced changes in cost of labor and materials and availability of 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 2021, 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 2021 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 2021 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 2021 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 21st day of June, 2022, at Roslyn, Washington.

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Company: Inland Telephone Company

James K. Brooks

Its: Treasurer/Controller

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

### **INLAND TELEPHONE COMPANY - SAC 522423**

				11/1C 400 123 000
INLAND TELEPHONE COMPANY				54.313(a)(1)
WASHINGTON OPERATIONS - SAC 522423				
FIVE YEAR FORECAST - NETWORK ADDITION	NS			

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, 2022 through December 31, 2026, 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 \$2,033,946 in federal high-cost support/model support for the calender year ended December 31, 2021; which includes \$606,222 of Connect America Fund ("CAF") Support, \$6 of CAF Intercarrier Support ("CAF-ICC"), -\$72,006 of Budget Control Mechinism (BCM) and \$1,349,649 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.

<u>DEWATTO</u> - The Company plans on replacing existing nodes (carrier cabinets) and adding additional nodes to decrease loop lengths in certain areas of the exchange and increase broadband speeds; upgrading from DSL to VDSL, placed an order for an Adtran TA5000 and two VDSL cabinets for the Dewatto exchange while beginning a phased build of fiber-to-the premise ("FTTP").

**PRESCOTT** - The Company plans on constructing FTTP when the Uniontown exchange is completed. The Company hopes to commence FTTP construction in 2024; The Company has purchased and installed the Adtran TA5000 to make FTTP possible. The first phase of leveraging the existing copper by upgrading to VDSL was accomplished in 2021; offering faster broadand speeds.

**ROSLYN** - The Company has completed the fiber transmission line extension that it had described in previous years to the Morgan Creek Area and installed a VDSL cabinet to replace what was previously served by a DSL cabinet; this will initially serve approximately 200 platted homesites; approximately 30 customers. The Company will eventually convert all of the homes/homesites passed on the fiber route from VDSL to FTTP.

<u>UNIONTOWN</u> - The Company completed fiber-to-the-premises ("FTTP") in the Towns of Uniontown and Colton. The Company is currently constructing FTTP in the outlying areas of the Uniontown exchange.

<b>GROSS PLANT ADDITIONS - CURRENT A</b>	ACTUAL AND	FUTURE ESTIMA	TED				
(NOTE: 2021 ACTUAL is after any allocations	ation to Idaho	and before any Pa	rt 64 allocations;	Future Estimates	do not include ei	ther allocations)	
		<b>2021 ACTUAL</b>	2022	2023	2024	<u>2025</u>	<u>2026</u>
DEWATTO (372)							
1.3 Working Loops @ 12/31/2021	266						
DSL Subscribers @ 12/31/2021	207						
Data Only Subscribers @ 12/31/2021	98						
Land & Support Assets							
Central Office Equipment		19,929	150,000	50,000	50,000	50,000	
Cable & Wire Facilties		58,313	350,000	350,000	350,000	350,000	
PRESCOTT (849)							
1.3 Working Loops @ 12/31/2021	116						
DSL Subscribers @ 12/31/2021	39						
Data Only Subscribers @ 12/31/2021	20						
Land & Support Assets							
Central Office Equipment		26,934	75,000	25,000	25,000	25,000	25,000
Cable & Wire Facilties			25,000	50,000	50,000	50,000	50,000
ROSLYN (649)							
1.3 Working Loops @ 12/31/2021	973						
DSL Subscribers @ 12/31/2021	752						
Data Only Subscribers @ 12/31/2021	967						
Land & Support Assets		87,379					
Central Office Equipment		270,160	50,000	50,000	25,000		
Cable & Wire Facilties		47,018	100,000	100,000	50,000		

									WAC 480-123-080
INL	AND TELEPHONE COMPANY								54.313(a)(1)
WAS	SHINGTON OPERATIONS - SAC 522423								
FIVE	YEAR FORECAST - NETWORK ADDITIO	NS							
UNIC	ONTOWN (229)								
1.3 V	Norking Loops @ 12/31/2021	274							
DSL S	Subscribers @ 12/31/2021	157							
Data	Only Subscribers @ 12/31/2021	138							
	Land & Support Assets		24,508						
	Central Office Equipment		194,194	60,000	20,000	20,000			
	Cable & Wire Facilties		123,270	50,000	50,000	50,000	30,000		
	TOTAL		851,705	860,000	695,000	620,000	505,000	75,000	
1.3 V	Working Loops @ 12/31/2021	1,629							
DSL S	Subscribers @ 12/31/2021	1,155							
Data	Only Subscribers @ 12/31/2021	1,223							
FOR	ECASTED OPERATING EXPENSES								
	PLANT SPECIFIC OPERATIONS		1,450,403	1,490,155	1,532,533	1,577,309	1,624,428	1,673,924	
	PLANT NON-SPECIFIC OPERATIONS		646,618	668,128	674,166	677,292	678,916	679,777	
	ACCUMULATED DEPRECIATION		1,443,818	1,443,818	1,443,818	1,443,818	1,443,818	1,443,818	
	CUSTOMER OPERATIONS EXPENSES		528,435	499,966	479,765	465,227	454,653	446,904	
i	CORPORATE OPERATIONS EXPENSES		787,015	792,986	799,284	805,909	812,861	820,139	
	TOTAL OPERATING EXPENSES		4,856,289	4,895,054	4,929,566	4,969,555	5,014,676	5,064,561	
	INTEREST ON SUMPER REST		224 200	204 724	402.070	467.644	452 707	420.272	
	INTEREST ON FUNDED DEBT		221,299	201,724	183,879	167,614	152,787	139,272	

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

Study Area: Contact:

Phone:

522423 James Brooks 509-649-2211 Name: INLAND TELEPHONE COMPANY - WA

Region: 5 Pacific

	Descripti	on	Latest View 2021-1 Amount	Pending View 2022-1 Amount	
II.	WORKIN	IG LOOPS			
	060	Total Loops (Cat 1.1, 1.2, and 1.3)	1,831	1,636	
	070	Category 1.3 Loops (Excluding Cat 1.3 TWX Loops)	1,824	1,629	
	090	Consumer Broadband Only loops [Part 54.901(g)]	939	1,223	
III.	INVEST	MENT, EXPENSE AND TAXES			
	NET PLA	ANT INVESTMENT			
	160	Acct 2001 - Telephone Plant in Service	29,460,012	30,015,526	
	170	Acct 1220 - Materials and Supplies	351,980	557,151	
	190	Acct 3100 - Accumulated Depreciation	15,546,441	16,646,878	
	195	Acct 3400 - Accumulated Amortization	1,628	1,764	
	210	Acct 4340 - Net Noncurrent Deferred Operating Income Tax	2,354,242	2,314,652	
	220	Net Plant Investment (Sum Ln160-Ln210)	11,909,681	11,609,383	
	SELECT	ED PLANT ACCOUNTS			
	230	Acct 2210 - Central Office Switching Equipment	1,256,318	1,293,217	
	235	Acct 2220 - Operator Systems Equipment	0	0	
	240	Acct 2230 - Central Office Transmission Equipment	5,099,757	5,322,018	
	245	Total Central Office Equipment	6,356,075	6,615,235	
	250	Circuit Equipment Category 4.13	1,611,891	1,293,972	

Study Area: Contact: Phone: 522423 James Brooks 509-649-2211 Name: INLAND TELEPHONE COMPANY - WA

Region: 5 Pacific

Descript	ion	Latest View 2021-1 Amount	Pending View 2022-1 Amount
255	Acct 2410 - Cable & Wire Facilities Total	18,294,801	18,532,499
260	Acct 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	645,143	757,727
265	Acct 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	0
270	Acct 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	2,813,721	3,042,525
275	Acct 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment	3,458,864	3,800,252
280	Acct 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	8,515,314	9,188,528
310	Acct 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	105,619	93,818
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	386,954	381,986
325	Acct 4340 (2210-2230) - Net Deferred Operating Income Taxes - Central Office Equipment (Sum of 4340 (2210) through	492,573	475,804
330	Acct 4340 (2410) - Net Deferred Operating Income Taxes - Cable and Wire Facilities	1,759,173	1,738,113

Study Area: Contact:

Phone:

522423 James Brooks 509-649-2211 Name: INLAND TELEPHONE COMPANY - WA

Region: 5 Pacific

Descripti	ion	Latest View 2021-1 Amount	Pending View 2022-1 Amount
PLANT :	SPECIFIC OPERATION EXPENSE		
335	Acct 6110 - Network Support Expense Total	23,811	23,412
340	Acct 6110 - Benefits Portion of Network Support Expense	1,889	1,488
345	Acct 6110 - Rents Portion of Network Support Expense	0	0
350	Acct 6120 - General Support Expense Total	247,921	205,653
355	Acct 6120 - Benefits Portion of General Support Expense	20,391	17,053
360	Acct 6120 - Rents Portion of General Support Expense	0	0
365	Acct 6210 - Central Office Switching Expense - Total	257,377	275,343
370	Acct 6210 - Benefits Portion of Central Office Switching Expense	11,507	16,129
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	272,572	274,333
400	Acct 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	11,601	17,736
405	Acct 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	0

Study Area: 5 Contact: Jam

Phone:

522423 James Brooks 509-649-2211 Name: INLAND TELEPHONE COMPANY - WA

Region: 5 Pacific

Descripti	ion	Latest View 2021-1 Amount	Pending View 2022-1 Amount
410	Acct 6210 - 6230 Central Office Equipment Expense Total	529,949	549,676
430	Acct 6410 - Cable & Wire Facilities Expense Total	534,113	622,135
435	Acct 6410 - Benefits Portion of Cable & Wire Facilities Expense	78,049	57,614
440	Acct 6410 - Rents Portion of Cable & Wire Facilities Expense	0	0
445	Total Plant Specific Expense	1,335,794	1,400,876
PLANT I	NON-SPECIFIC EXPENSE		
450	Acct 6530 - Network Operations Expense - Total	253,127	249,897
455	Acct 6530 - Benefits Portion of Network Operations Expense	32,496	35,348
DEPREC	CIATION & AMORTIZATION EXPENSE		
510	Acct 6560 (2210) - Depreciation and Amortization Expense-Central Office Switching Equipment	111,009	110,855
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	345,124	375,165
525	Acct 6560 (2210 - 2230) - Depreciation and Amortization - Central Office Equipment	456,133	486,020
530	Acct 6560 (2410) - Depreciation and Amortization Expense - Cable & Wire Facilities	670,107	703,938

Study Area: Contact:

Phone:

522423 James Brooks 509-649-2211 Name: INLAND TELEPHONE COMPANY - WA

Region: 5 Pacific

	Descripti	on	Latest View 2021-1 Amount	Pending View 2022-1 Amount
	CORPOR	RATE OPERATIONS EXPENSE		
	535	Acct 6710 - Executive & Planning Expense - Total	178,036	167,566
	540	Acct 6710 - Benefits Portion of Executive & Planning Expense	25,494	23,662
	550	Acct 6720 - General & Administrative Expense - Total	569,169	588,434
	555	Acct 6720 - Benefits Portion of General Administrative Expense	64,395	60,697
	565	Total Corporate Operations Expense	747,205	758,668
	OTHER	EXPENSE		
	600	Benefits Portion of all Operating Expenses - Total	290,218	269,823
	610	Rents Portion of all Operating Expenses - Total	0	0
	TAXES			
	650	Acct 7200 - Operating Taxes	1,160,957	829,479
IV.	PART 36	6 - COST STUDY DATA		
	700	Cable and Wire Facilities Acct 2410	18,294,801	18,532,499
	710	Cable and Wire Facilities Cat 1 - Total Exchange Line C&WF Excluding Wideband	12,296,164	10,894,224
V.	AMORTI	ZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS P	RIOR TO COMPLETING THIS SECTI	ON)
	800	Acct 2680 - Amortizable Tangible Assets	0	0

Study Area: Contact: Phone: 522423 James Brooks 509-649-2211 Name: INLAND TELEPHONE COMPANY - WA

Region: 5 Pacific

	Descripti	on	Latest View 2021-1 Amount	Pending View 2022-1 Amoun
	805	Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	
	810	Acct 2680 (2230) - Amortizable Tangible Assets-Central Office Transmission Equipment Allocated to Category 4.13	0	
	815	Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	
	820	Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	
	830	Acct 6560 (2680) Depreciation and Amortization Expense - Amortizable Tangible Assets	0	
[ <b>.</b>	OTHER A	ACCOUNTS		
	850	Acct 6310 - Information Origination/Termination Expense	0	
	860	Acct 6510 - Other Property Plant and Equipment Expense	636	2,59
	870	Acct 6610 - Customer Operations Expense: Marketing	238	16
	880	Acct 6620 - Customer Operations Expense: Services	355,738	326,62
II.	СОММЕ	NTS/SIGNIFICANT CHANGE EXPLANATION:		

### 2021 OUTAGES FOR INLAND TELEPHONE COMPANY - SAC 522423

INLAND	TELEPH	ONE CO	MPANY					
STUDY AREA	CODE (SAC) 5	22423						
OUTAGES								
FOR THE YEA	R ENDED DEC	EMBER 31, 2	021					
OUTAGE START DATE	OUTAGE START TIME	OUTAGE END DATE	OUTAGE END TIME	NUMBER OF CUSTOMERS AFFECTED	EXCHANGE NAME/WIRE CENTER	SERVICE OUTAGE DESCRIPTION	SERVICE OUTAGE RESOLUTION	PREVENTATIVE PROCEDURES
1/13/2021	8:22 AM	2/1/2021	12:00 PM	275	Dewatto	Interexchange facility down; customers cannot call 911 or long distance	Centurylink repaired their facilities	Unknown
9/28/2021	12:28 PM	9/28/2021	10:00 PM	105	Prescott	Interexchange facility trunk failure; customers cannot call 911 or long distance	Centurylink repaired their facilities	Unknown

Filename: 220621 522423 2021 OUTAGES.xlsx