

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

**July 1, 2024
Kalama Telephone Company**

I, Steve Hanson, being of lawful age, state that I am President of Kalama 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 2023 used and in the coming calendar year 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 2023 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 2023 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 2023 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 25th day of June, 2024, at Tenino, Washington.

Company: Kalama Telephone Company

By: 

Type Name: Steve Hanson
Its: President

ETC ANNUAL REPORTS PER WAC 480-123-070 AND WAC 480-123-080

July 1, 2024

Kalama Telephone Company

Kalama 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 the calendar year 2023 as follows: To support investments made by the Company in telecommunications plant used to provide voice services, broadband services and other telecommunications services, and to defray operating expenses incurred by the Company in its provision of those services.

For the calendar year 2023, the Company's gross capital expenditures and operating expenses paid, in whole or in part, with support from the federal high-cost fund were \$1,086,005 and \$2,414,934, respectively. Major projects undertaken and completed in the calendar year 2023 include the following:

- 1) The Company purchased a vehicle to be used in engineering and construction of underground cable and wire facilities at an approximate cost of \$68,000.
- 2) The Company purchased a Vacuum Trailer to be used in construction of underground cable and wire facilities at an approximate cost of \$44,400.
- 3) The Company installed Dense Wavelength Division Multiplexing (DWDM) fiber-optic transmission equipment at a cost of approximately \$106,000. This project will provide increased speed and capacity for the Company's transport network and for the Company's internal computer network. This project will improve broadband speeds and will provide growth capacity for all broadband customers. This project will also increase operational efficiency for the company computer's network.
- 4) The Company relocated a portion of its cable and wire facilities at a cost of approximately \$36,600. This project was required to accommodate street improvement project.
- 5) The Company constructed an addition to its conduit systems facilities at a cost of approximately \$59,500. This project will allow the Company to extend Gigabyte Passive Optical Network for fiber to the premise to 12 locations and will provide growth capacity in the area served. This project was a joint construction with a local utility.

- 6) The Company installed innerduct and fiber optic facilities in preparation for a fiber to the premise project at a cost of approximately \$31,200. This project will allow the Company to extend Gigabyte Passive Optical Network for fiber to the premise to 110 locations and will provide growth capacity in the area served.
- 7) The Company installed a conduit system and fiber optic cable facilities at a cost of approximately \$46,000. This project will allow the Company to construct a Gigabyte Passive Optical Network for fiber to the premise to 7 locations and will provide growth capacity in the area served. This project was a joint construction with a local utility.
- 8) The Company installed fiber optic cable innerduct in joint construction with a local utility at an approximate cost of \$45,100. This project was constructed in preparation for the Company's ReConnect Round 3 required buildout.
- 9) The Company installed fiber optic cable innerduct in joint construction with a local utility at an approximate cost of \$26,000. This project was constructed in preparation for the Company's ReConnect Round 3 required buildout.

Per instructions from Commission Staff a copy of the Company's NECA-1 Report¹ for the calendar year 2023 that, as of the date of that report, the Company will have reported as the basis for support from the federal high-cost fund, will be provided to the Commission when it becomes available and no later than August 1, 2024.

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

Consumers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications and broadband services.

Through the expenditure of federal high-cost support 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.² 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 most of the Company's designated ETC service area. The Company

¹ The Company understands the reference to the "NECA-1 report" to refer to the values reported by the Company in response to the National Exchange Carrier Association, Inc. Universal Service Data Collection Form or its on-line equivalent pertaining to the subject year.

² The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

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

None

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

None

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

None

6. Report 6: Annual Plan: WAC 480-123-080(1):

As they are known to the Company at the date of this Report, the Company's planned gross capital expenditures and operating expenses related to Washington State to be made, in whole or in part, with federal high-cost support to be received by the Company, during the calendar year 2025 are projected to be \$2,685,000 and \$2,145,000, respectively.

Major projects completed in the calendar year 2024 include the following:

- (1) The Company purchased a 20-year indefeasible right to use (IRU) for fiber optic cables from the Westin Building in Seattle, Washington to Hillsboro, Oregon. The project was done jointly with two of the Company's affiliates. The Company share of the IRU cost was approximately \$163,300. This project will allow the Company to increase capacity for both the Company's transport network and the Company's computer network.

Major projects that are planned to be undertaken or completed in the calendar year 2024 are as follows:

- (1) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$51,000. This project will provide service to 90 locations. This project will improve broadband speeds and will provide growth capacity in the area served.
- (2) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$71,000. This project will provide service to 45 locations. This project will improve broadband speeds and will provide growth capacity in the area served.

- (3) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$51,000. This project will provide service to 40 locations. This project will improve broadband speeds and will provide growth capacity in the area served.
- (4) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$56,000. This project will provide service to 40 locations. This project will improve broadband speeds and will provide growth capacity in the area served.
- (5) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$180,000. This project will provide service to 120 locations. This project will improve broadband speeds and will provide growth capacity in the area served.
- (6) The Company plans to install exchange line circuit equipment at a cost of approximately \$180,000. This project will provide 10 gigabyte transport for voice and data backhaul. This project will improve broadband speeds for 62 locations and will provide growth capacity in the area served.
- (7) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$120,000. This project will provide service to 125 locations. This project will improve broadband speeds and will provide growth capacity in the area served.
- (8) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$110,000. This project will provide service to 75 locations. This project will improve broadband speeds and will provide growth capacity in the area served.
- (9) The Company plans to install Gigabyte Passive Optical Network for fiber to the premise at a cost of approximately \$60,000. This project will provide service to 90 locations. This project will improve broadband speeds and will provide growth capacity in the area served.

The Company finalized its ReConnect award agreement with United States Department of Agriculture Rural Utility Service in February 2023. The Company is currently working with an engineering consultant to complete the required construction plan. Construction should begin in 2025 and will be completed by the end of 2028. This project will provide next generation Gigabyte Passive Optical Network for fiber to the premise and customer premise equipment to 1,300 locations. The total project cost for this project is \$11,516,000 of which \$2,879,000 will be provided by the Company and the balance of \$8,637,500 will be provided by a grant from Rural Utility Service. Other than the ReConnect project, the Company has not determined any additional major projects to be undertaken in the calendar year 2026 or beyond.

The Company expects that levels of expenses in 2024 and 2025, respectively, will remain relatively the same as those it experienced in calendar year 2023, 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.

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, apart from major projects, the planned investment and expenses to be made with federal high-cost support related to Washington state for the calendar year 2025 are planned to remain relatively the same as those it experienced in calendar year 2023, 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. The Company has not completed its budgeting process for 2025, so the investment and expense figures presented in Report 6, above, for the calendar year 2025 are not yet final. 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 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.