

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080
Contains Certifications Required by WAC 480-123-060 and 070
June 30, 2016

Inland Cellular LLC Study Area Code 529003 (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 2015 as follows:

We are in the process of upgrading our network with next-generation 4G LTE 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. We invested almost \$1.1MM in broadcast equipment in SAC 529003 during the year. 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 2015 the Company's gross capital expenditures were \$1,095,000. The Company's 2015 operating expenses were \$9,523,841.

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 are bringing the capability for increased network speeds and they also enable us to provide fixed 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 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

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

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):

None

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: 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, 2016, through December 31, 2016, are projected to be \$450,000 for gross capital expenditures and \$9,619,080 for operating expenses. Major projects are disclosed on FCC Form 481 filed with the Commission on June 30, 2016 in Docket No. UT-150063. The Company expects that levels of expenses will remain close to the same as those it experienced in calendar year 2015, 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 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, 2016, through December 31, 2016, will remain relatively the same as those it experienced in calendar year 2015, 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 disclosed on FCC Form 481 as referenced in Report 6, above. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2016. 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.

Report 8: Updated Map: WAC 480-123-080(3):

Attached find an updated map of the company's coverage area.