

ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080
Contains Certifications Required by WAC 480-123-060 and 070
June 23, 2020

Lewis River 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 USF in 2019 as follows:

The Company received \$797,119 in Federal USF support in 2019 which is made up of \$519,164 in ACAM and \$277,955 in ICC-CAF reform support. Most of the support was for broadband investment and the remaining to help cover operating expenses necessary to maintain the Company's network in order to continue providing high quality voice and broadband services. As discussed below, some of the support was used for network capital additions.

For 2019 the Company's gross capital expenditures were \$719,000. The Company's 2019 operating expenses excluding income taxes were \$3,304,000. Projects that are A-CAM related begin with "CAF." Recent major projects include:

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| - Amboy- Bond Prep – Buried | \$2,800 |
| - Amboy- Managed IP Install Equipment & Labor | \$5,000 |
| - Amboy- Buried Drop Additions | \$24,300 |
| - Amboy- DSL Card Additions | \$5,700 |
| - Amboy- CAFI - DSA 41401 (Amboy CO) Adtran 10G U | \$46,000 |
| - Amboy- CAP - DSA 41404 (Elliot) Calix 10G Upgrade | \$8,800 |
| - Amboy- LE - Chelatchie Farms subdivision – Ambo | \$15,500 |
| - Amboy- CAFIO - DSA 41402 (Camps) CAFROR ISP | \$21,000 |
| - Amboy- CAFIO - DSA 41405 (Frasier) CAFROR ISP A | \$9,600 |
| - Amboy- CAFIO - DSA 41403 (Cheletchie) CAFROR I | \$7,000 |
| - Amboy- LE - Ham rd/highway 503 8 lot development | \$14,600 |
| - Amboy- CAP Vector friendly T1 Solution (Pinch) | \$1,400 |
| - Amboy- NS - CAF ROR - Spares Program - Lewis River | \$11,600 |
| - Cougar- Bond Prep – Buried | \$1,400 |
| - Cougar- CAP - DSA 41502 (Swift Dam) Calix 10G Up | \$60,000 |
| - Cougar- CAA Lone Fir Resort - Cougar - 50mb DIA | \$16,400 |
| - Cougar- LE - Dog Creek Road cable reinforcement | \$15,700 |
| - Cougar- CAFIO - DSA 41501 (Cougar CO) CAFROR ISP | \$35,700 |
| - LaCenter- Bond Prep – Buried | \$4,800 |
| - LaCenter- Buried Drop Additions | \$37,000 |
| - LaCenter- Buried Optical Drop | \$1,800 |
| - LaCenter- DSL Card Additions | \$1,400 |

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|--|-----------------|
| - LaCenter- CAP - Cable reinforcement 186th ave – La | \$10,600 |
| - LaCenter- CAP - DSA 41600 (LaCenter CO) CPM5 card | \$19,700 |
| - LaCenter- CAFIO - DSA 41623 (Grantham Road) ISP OS | \$25,000 |
| - LaCenter- CAFIO - DSA 41607 (Pup Creek) CAFROR ISP | \$21,100 |
| - LaCenter- CAFO - OSP Build A9 - LaCenter, WA | \$123,500 |
| - LaCenter- MR - Clark County PUD Pole Project – LaC | \$4,100 |
| - LaCenter- FTTH Kays Subdivision | \$5,200 |
| - LaCenter- NB - FTTH Riverside Estates - LaCenter, | \$18,000 |
| - LaCenter- NB - Holley Park Subdivision - LaCenter, | \$8,500 |
| - LaCenter- CAFIO - DSA 41603 (View) CAFROR ISP Cali | \$7,300 |
| - LaCenter- LaCenter-McManus-3/4 Ton Chevy | \$51,000 |
| - LaCenter- LaCenter-Shearer-3/4 Ton Chevy | \$51,000 |
| - LaCenter- CAP - Vector friendly T1 Solution (Fargh | \$1,400 |
| - Yale- Buried Drop Additions | \$3,200 |
| - Yale- CAFIO - DSA 41701 (Yale) CAFROR ISP Adtr | <u>\$21,700</u> |
| Total | \$718,800 |

Per the direction of Commission Staff, the NECA-1 report will be provided as soon as it is available and no later than August 1, 2020.

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 by maintaining and expanding the network to continue providing high quality telecommunications and broadband services. The funds received from the universal communications services program contributed to the Company's ability to complete those projects. The support has also allowed the company to sustain the current local technical support staff therefore avoiding delayed repairs and maintenance.

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 USF 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.

See also the responses to Report 1.

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

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

There was 1 reportable outage in calendar year 2019.

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

The Company had no unfulfilled voice service requests in 2019 and 38 unfulfilled broadband service requests as of year-end 2019. Of those 38 requests, 2 have since been provisioned with the customer's requested speed. The remaining 36 customers have broadband service at speeds lower than requested. Those speeds will be increased when faster speeds become available.

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

The Company reports that it is aware of 0.10 voice complaints per 1,000 customers in calendar year 2019. Two voice complaints were to the FCC, one to the Office of Attorney General (OAG) and one to the Utilities and Transportation Commission. The company had 2.17 broadband service quality complaints per 1,000 customers. Six of the broadband complaints were to the FCC, two to the Better Business Bureau and one to the OAG. Two voice and one broadband complaint were related to billing. Two voice and eight broadband complaints were 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 USF.

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, 2021, through December 31, 2021 will include the estimated capital investment relating to projects opened to improve broadband speeds relating to Phase 1 of A-CAM commitments. The estimated operating expenses for 2021 are \$3,304,000. In addition, the Company expects to experience a similar level of routine projects during 2021 relating to buried drops, line extensions, capacity improvements and new developments. Major projects completed in 2018 are disclosed in Report 1 above. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2019, 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 local 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 operating expenses related to Washington state for the period January 1, 2021, through December 31, 2021, will remain relatively the same as those it experienced in calendar year 2019, 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. See also discussion relating to A-CAM investments in Report 6. The Company does not anticipate major adjustments in local staffing levels for the relevant period. The

Company expects that the continued receipt of federal USF 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.