

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, 2018

Inland Cellular LLC Study Area Code 529004 (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 2017 as follows:

We are continuing the process of upgrading our network with next-generation LTE 4G 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. In 2017, we invested \$384,277 in broadcast equipment in Washington during the year. This included 11 additional 4G LTE sites and microwave backhaul upgrades. 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 2017 the Company's gross capital expenditures were \$429,200 in Washington. The Company's 2017 operating expenses for Washington were \$14,973,921.

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 will bring the capability for increased network speeds and enable us to provide mobile 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

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

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 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: Certification of Compliance with Service Quality Standards and Consumer Protection Rules: WAC 480-123-070(5):

See "529004_WA_Certifications_500&600"

Report 7: Certification of Ability to Function in Emergency Situations: WAC 480-123-070(6):

See "529004_WA_Certifications_500&600"

Report 8: Advertising Certification, including Advertisement on Indian Reservations: WAC 480-123-070(7):

Company advertised Lifeline in a variety of ways, including: Company website; local newspapers; in-store displays; and, flyers distributed to local public assistance institutions and public areas. See Appendix 1 for a sample newspaper ad, and Appendix 2 for flyer sample.

There are no Indian reservations within the area of this SAC.

Report 9: 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, 2018 through December 31, 2018 are projected to be \$500,000 for gross capital expenditures and \$15,000,000 for operating expenses. Planned major projects include: upgrading microwave links for increased backhaul capacity; and continuing to upgrade service to 4G LTE in rural areas,

such as Coulee City, Grand Coulee, Keller Ferry and Seven Bays in northern Grant and Lincoln counties, as well as 4G LTE upgrades in Starbuck and Washtucna. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2017, 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 10: 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, 2018, through December 31, 2018, will remain relatively the same as those it experienced in calendar year 2017, 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 referenced in Report 9, above. 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 will benefit from increased broadband speeds in the upgraded areas, and will have services available to them 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 11: Updated Map: WAC 480-123-080(3):

Updated maps are required once every three years, and updated maps were submitted in 2016; therefore, maps are not required this year and were not supplied for this report.