

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

YCOM Networks, Inc. d/b/a Consolidated Communications (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 2017 as follows:

In 2017 the Company invested \$ 150,124 to upgrade its Outside Plant. These upgrades provided for a platform to deliver more reliable local service and advanced telecommunications services to customers in these exchanges. Additionally, the company invested \$ 102,633 in its IP Infrastructure IP Infrastructure (Clearwood Subdivision) plus continued the process to migrate customers to the installed soft switch.

In addition to the foregoing, the Company has invested \$ 146,105 in outside plant infrastructure due to the road project. With past and current growth the local state, county and city entities have begun upgrading the transportation infrastructure. With a majority of these road projects, the Company finds its telecommunication infrastructure in conflict with the road design.

For 2017 the Company's gross capital expenditures were \$ 493,453. The Company's 2017 operating expenses were \$ 4,728,502.

2. 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.

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 ETC¹. 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 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 area 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 480-123-080(4):

YCOM had 5 consumer complaints in 2017. The complaints were as follows:

- Attorney General Complaint – DSL Speeds/Stability

A technician was sent to the customer's location to swap the wireless modem for a wired modem and discovered that the customer was using his own wireless access point. The technician explained to the customer that the speed had to be tested at the modem directly and not through a wireless connection. A view of the ports showed the customer getting the correct speeds. The customer opened a second trouble ticket, but refused to allow the technician into the house to test the speeds. The customer stated he did not want them there. Further attempts to reach the customer via phone, email and US Mail went unanswered. The customer was advised via mail and email to please contact customer service with any further troubles. No further communication from the customer and the ticket was closed.

- Better Business Bureau – Pricing Concerns

The customer was unhappy with FairPoint pricing vs. Comcast pricing in his area. However, Comcast does not serve his location. Customer service reached out to speak with the customer to help determine the best product for his needs, but was unable to connect with the customer. Calls were never returned.

- FCC Complaint – Billing/Internet

Customer complained that prices were too high for services received. A review of the account showed that service was disconnected for non-payment just prior to the complaint. The reconnection charge for internet/TV services was applied to the account, plus a late charge for the missed payment. When contacted, customer complained that his speed was too slow. Network services tested the connection and found that the customer was receiving the speed he pays for.

- FCC Complaint – Unexpected Increase in Bill

The customer service manager contacted the customer regarding her account. The customer was just recently under a promotion that came to an end, thus ending a \$15 credit she had on her account, which she had forgotten about. The customer service

manager offered to see if the customer was eligible for Lifeline on her line, but the customer declined.

- **FCC Complaint – Fees and Charges**

The customer was disputing the Network Care charge on his account. She explained the network care policy to the customer and advised him of the possibility of upgrading his account, for which should would offer him a Network Care credit for 3 months. The customer declined and stated that he really just wanted to “voice his opinion”. The manager listened to him and was able to close the contact with the stating that “now he felt he’d been heard.”

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, 2018, through December 31, 2018 for Yelm are \$288,000.

Major projects for 2018 are currently being reviewed and planned; however, none have been approved yet. The Company expects that levels of expenses will remain relatively the same as those it experience 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.

7. Report 7: Plan of Investments and Expenditures: WAC 480-123-080(2):

Major projects are disclosed on the Company’s FCC Form 481 and additional detail of planned capital expenditures by category may be found in Table A, attached. 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.