

Agenda Date: December 8, 2022

Item Numbers: A1 through A16

Dockets: **UT-220539 (Inland), UT-220546 (Mashell), UT-220558 (Whidbey), UT-220559 (Western Wahkiakum), UT-220562 (Hat Island), UT-220567 (Asotin, Lewis River, and McDaniel), UT-220570 (Kalama), UT-220571 (Hood Canal), UT-220572 (Tenino), UT-220573 (Pioneer), UT-220576 (St. John), UT-220578 (Westgate), UT-220581 (Pend Oreille), UT-220584 (Consolidated), UT-220598 (Skyline), and UT-220634 (Toledo)**

Staff: Sean Bennett, Senior Regulatory Analyst  
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### **Recommendation**

Enter an order in each of the 16 dockets, directing the distribution from the state universal service fund to each of the companies; and in the amounts listed in Attachment 1, no later than December 31, 2022.<sup>1</sup>

For Westgate and Consolidated, condition the distribution on a requirement that those companies must return to the Commission the distribution for 2023 and 2024, prorated for each UTC broadband location to which it has not deployed 25/3 Mbps or faster broadband availability by June 30, 2024.

### **Background**

During 2019, the legislature revised RCW 80.36.610 through .700 to change the purpose of, and extend, the State Universal Communications Services Program (State USF Program or program).<sup>2</sup> The State USF Program provides direct financial support to Washington's *small incumbent Class B Telecommunications companies* that have adopted a plan to provide, enhance, or maintain broadband services in high-cost rural areas of Washington. The Commission is allotted \$5 million each year over the remaining two-year term of the program.<sup>3</sup>

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<sup>1</sup> RCW 80.36.650(2) allows that if less than five million dollars is expended in any fiscal year, the unexpended portion *must be carried over* to subsequent fiscal years and be available for program expenditures. This fiscal year, \$4,850,000 *is available* for distribution from the State USF Program based on the current appropriation and allotment.

<sup>2</sup> RCW 80.236.650(1) provides that "The purpose of the program is to support continued provision of basic telecommunications services under rates, terms, and conditions established by the commission and the provision, enhancement, and maintenance of broadband services, recognizing that, historically, the incumbent public network functions to provide all communications services including, but not limited to, voice and broadband services."

<sup>3</sup> This is the ninth year of the program (year nine) and the next two years (nine and ten) make up the final

Under the State USF Program, a qualifying company must include in its petition a “broadband plan” that maintains, provides, or enhances broadband service within the provider’s service area.<sup>4</sup> WAC 480-123-110 also requires a petitioning company to provide: a sworn statement that the company complies with accounting, cost allocation, and cost adjustment rules, a sworn statement that the company will continue to offer communications and broadband services, a sworn statement that it is in compliance with the FCC’s deployment obligation, and among other requirements, that it satisfies one of four eligibility criterion in order to be eligible to receive support.

In accordance with program rules, each company filed a petition and supporting information and exhibits, including a broadband plan, on or before August 2, 2022. Commission staff’s (Staff) review and analysis of these requests are based on the completeness of a company’s petition, its selection and satisfaction of an eligibility criterion, and the company’s proposed plan to provide, maintain, or enhance broadband services in its service area. Staff prepared **Attachment 1** to summarize the locations and detail the amount of support each petitioning company may receive, based on fund availability and its pro rata share.

## Discussion

This year Staff’s analysis is based on i.) each company’s petition, ii.) its selected eligibility criterion, iii.) its compliance report for the previous year, iv.) its broadband plan, and v.) its responses to Staff’s data requests. This analysis requires Staff to verify and confirm each petitioner’s eligibility annually. The review of the compliance reports verified the number of deployment locations (for eligibility criterion two companies) and provides insight into how each company acted to maintain, enhance, and provide voice and broadband services during the 2022 fiscal year. Both the number of locations and the amount of support are subject to the amount of funds appropriated for the current fiscal year ending on June 30, 2023.

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“two-year term” discussed in this memo and is consistent with the Commission’s rulemaking order which includes more of the details for reference. *See: General Order R-598 in Docket UT-190437, dated May 27, 2020.*

<sup>4</sup> To the extent applicable, a company’s broadband plan to provide, maintain or enhance service should include:

- (i) Multiyear investment plan.
- (ii) Specific project(s) that are projected to provide or enhance broadband services at speeds required by the commission or the Federal Communications Commission. Project information will include an estimated timeline, geographic location, number of locations passed, and upload and download speeds.
- (iii) A plan for maintenance of broadband services in the provider's service area.
- (iv) A description for how the provider will enhance broadband services in its service area; and
- (v) Any supporting information that the Commission requests to assist its review and analysis of the provider's broadband plan.

The details of Staff’s analysis are described below:

I. Eligibility Criterion One Analysis:

No companies filed a petition under criterion one. This is the only option that requires a rate of return analysis consistent with prior iterations of the program. The other three criteria are more focused on building out additional locations or maintaining existing infrastructure, as further explained below.

II. Eligibility Criterion Two Analysis:

Each of the seven companies listed in the table below filed a petition and certified its commitment to deploy broadband services to the number of locations as required by the Commission’s order in UT-190437.<sup>5</sup> Each of the companies filed its annual Compliance Reports on July 1, which included the specific coordinates where 25/3 Mbps (or faster) became available during the 2022 fiscal year. Staff used this information to understand and visualize each company’s deployment progress by creating deployment summaries and maps showing specific deployment locations as shown in **Attachment 2**.<sup>6</sup> These locations are in addition to any locations required by the Federal Communications Commission (FCC). Staff calculated the proposed distribution amounts, as shown below, that are based on each company’s pro rata share of the available support for the 2022 fiscal year.

<b>Company</b>	<b>UTC Required Broadband Service Locations FY21-24</b>	<b>Remaining UTC Broadband Obligation</b>	<b>FY2023 Annual Support</b>
Consolidated	398	184	\$1,077,515
Inland	254	Satisfied	\$ 401,899
Pend Oreille	228	Satisfied	\$ 356,117
Asotin (TDS)	26	Satisfied	\$ 73,080
McDaniel (TDS)	350	Satisfied	\$ 236,864
Lewis River (TDS)	264	Satisfied	\$ 173,032
Westgate	70	70	\$ 103,242

Staff’s review of the companies’ petitions showed that each petitioner provided a broadband plan to deploy broadband services to locations where 25/3 Mbps capability is not available by the company.

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<sup>5</sup> Each company has a specific UTC Deployment Obligation based on its cost benchmark and the amount of anticipated support each company is potentially eligible to receive through June 30, 2024.

<sup>6</sup> As this is not a direct grant program, these locations are not explicitly funded with SUSF support, however, SUSF support helps make it possible for these companies to deploy broadband consistent with their UTC broadband buildout requirement.

Each company is responsible for meeting their UTC broadband buildout obligation.<sup>7</sup> Five of the companies have already met their UTC broadband buildout obligation. However, Consolidated and Westgate have not met their June 30, 2024, UTC broadband commitment.

Out of an abundance of caution, Staff recommend, and both Consolidates and Westgate agreed, that the Commission impose a condition in its order approving the distribution that the company must return a portion of the distribution in the event it fails to meet its UTC broadband buildout obligation during the 9 and 10 year of the program.<sup>8</sup> That portion would be a prorated amount for the 2023 and 2024 SUSF distributions, with the company returning a proportional share based on the percentage of obligated UTC broadband locations to which the company did not deploy broadband.<sup>9</sup> Each of these two companies have filed compliance reports illustrating the work that they have undertaken to deploy broadband and filed broadband plans that specify how they will continue to advance broadband availability and achieve their commitment prior to June 30, 2024.

Staff summary of the compliance reports and Staff's analysis of the proposed deployment plans for each company are described below:

#### **Consolidated Communications of Washington Company, LLC**

On July 7, 2022, Consolidated filed its SUSF compliance report and filed a revised report on August 5, 2022.<sup>10</sup> In its report, Consolidated indicated that it has deployed broadband to 214 of its UTC broadband buildout requirement locations. 158 of these locations now have 25/3 Mbps broadband availability and 56 locations now have 50/5 Mbps broadband availability. The company has indicated that it has three projects scheduled to be completed by the end of 2022. The company is still in the process of burying conduit, distributing fiber, acquiring material, and finalizing permitting. Based on Staff's review and several conversations with the company, Staff believes the report meets the requirements of WAC 480-123-130.

On August 2, 2022, Consolidated filed its petition seeking SUSF support. The company's broadband plan provides a revised and updated look at the nine projects that were proposed in last year's petition. Each project details the construction of buried and/or aerial conduit and distribution fiber to a new/existing VDSL2 capable remote. The plan details three projects that

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<sup>7</sup> RCW 80.36.650(2).

<sup>8</sup> WAC 480-123-140 allows that "Any eligible providers authorized to receive program support that fail to comply with public interest obligations under federal or Washington law or any other terms and conditions established by the commission may be subject to further action, including the commission's existing enforcement procedures and penalties, reductions in program support amounts, potential revocation of program eligibility designation, and suspension from, or disentitlement to future participation in <sup>th</sup>e program.

<sup>9</sup> Put mathematically, the amount the company would return is equal to the dollar amount of the distributions for 2023 and 2024 multiplied by the number of locations to which the company fails to deploy broadband divided by the total number of deployment locations in the company's broadband plans.

<sup>10</sup> Consolidated's revised compliance report includes the locations used to meet its UTC broadband buildout obligation, administrative corrections, and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

are scheduled for completion by the end of 2022, reaching a total of 155 locations that count towards its 398 UTC broadband buildout obligation. Lastly, the broadband plan outlines two projects scheduled to begin in the second quarter of 2023 and one scheduled to begin in the first quarter of 2024. These final three projects are expected to reach another 104 locations. Additionally, the company is in the process of deploying 2-gig fiber to the city of Ellensburg which will connect 3,000 homes and business by the first quarter of 2023. Consolidated continues work to meet its UTC broadband buildout obligation prior to the program's expiration on June 30, 2024.

### **Inland Telephone Company**

On June 21, 2022, Inland filed its SUSF compliance report. Inland filed its final revised report on August 4, 2022.<sup>11</sup> In the report, Inland states that it continues to enhance its broadband capability by completing a construction of fiber to the premise (FTTP) architecture in the Town of Colton and Uniontown. The company is continuing to expand to more remote customers and has replaced firewalls in all exchanges, replaced two servers, replaced core routers, converted DSL to VDSL, and continues to lay FTTP transmission and fiber drops where appropriate. During the 2021 fiscal year the company deployed broadband to 108 locations that are part of its UTC required broadband commitment of 254 locations. During the 2022 fiscal year Inland deployed broadband to an additional 218 locations and has now met its UTC broadband buildout obligation. Based on Staff's review and several conversations with the company, Staff believes the report meets the requirements of WAC 480-123-130.

On July 15, 2022, Inland filed its petition seeking SUSF support. The company's broadband plan details how it will enhance and provide broadband within its study area. The company continues to execute its multi-phase plan within the Dewatto Exchange. Phase 1 consists of FTTP conversion that is projected to be completed by June 30, 2023, and is expected to add approximately 60 locations that will be capable of 1 Gbps symmetrical.<sup>12</sup> Where cost prohibitive, this phase includes transitioning locations with DSL to VDSL allowing them to potentially receive broadband speeds as fast as 50/10 Mbps, depending on the degradation of their existing copper lines. Inland continues to explore ways that it can further enhance broadband availability throughout its study area.

### **Pend Oreille Telephone Company**

On July 12, 2022, Pend Oreille filed its initial SUSF report and filed a revised report on August 15, 2022, to include the specific locations used to meet the company's UTC broadband buildout obligation. Since early 2020, Pend Oreille deployed 25/3 Mbps broadband service to 708 non-ACAM locations. In the report, Pend Oreille states that it has utilized SUSF Program funds to cover maintenance costs, upgrade electronic equipment for fiber to the home and placed fiber into service. Pend Oreille is planning to install a second 10G circuit at the Ione central office for added redundancy. These upgrades allowed the company to maintain and enhance voice and

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<sup>11</sup> Inland's revised compliance report includes an update to the format of the locations used to meet its UTC broadband buildout obligation and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

<sup>12</sup> All current FTTP construction utilizes 16-way splits which will allow 1,000/1,000 Mbps broadband.

broadband service. Based on Staff's review and several conversations with the company, Staff believes the report meets the requirements of WAC 480-123-130.

Pend Oreille filed its petition seeking SUSF support on August 2, 2022, and filed a revised broadband plan. on November 7, 2022. In the broadband plan, the company details that it will make 100/20 Mbps service available to 58 locations with upgraded equipment and will deploy 1G service to 60 locations during the current fiscal year. During the 2024 fiscal year, Pend Oreille plans three other projects that will bring fiber to more than 283 locations and the company plans on continuing to place fiber runs throughout its study area to further enhance broadband capability.

**Asotin, Lewis River, and McDaniel Telephone Companies (TDS)**

On June 24, 2022, Asotin filed its SUSF report and filed a revised report on July 19, 2022, to indicate that it will file its Broadband Data Collection no later than September 15, 2022. In the report, Asotin states that it has utilized SUSF Program funds to defray ongoing operation and maintenance expenses to maintain current services while also contributing to the company's ability to expand faster broadband service. In the previous fiscal year, Asotin already met its UTC Broadband Buildout requirement, however, the company reports that during the 2022 fiscal year it deployed to an additional 324 locations that are supported in part by SUSF support.

On June 24, 2022, Lewis River filed its SUSF report and filed a revised report on July 19, 2022, to indicate that it will file its Broadband Data Collection no later than September 15, 2022. In the report, Lewis River states that it has utilized SUSF Program funds to defray ongoing operation and maintenance expenses to maintain current services while also contributing to the company's ability to expand faster broadband service. In the previous fiscal year, Lewis River already met its UTC Broadband Buildout requirement, however, the company reports that during the 2022 fiscal year it deployed to an additional 171 locations that are supported in part by SUSF support.

On June 24, 2022, McDaniel filed its SUSF report and filed a revised report on July 19, 2022, to indicate that it will file its Broadband Data Collection no later than September 15, 2022. In the report, McDaniel states that it has utilized SUSF Program funds to defray ongoing operation and maintenance expenses to maintain current services while also contributing to the company's ability to expand faster broadband service. In the previous fiscal year, McDaniel already met its UTC Broadband Buildout requirement, however, the company reports that during the 2022 fiscal year it deployed to an additional 356 locations that are supported in part by SUSF support.

Based on Staff's review and several conversations with the companies, Staff believes the report meets the requirements of WAC 480-123-130.

The TDS companies (Asotin, Lewis River, and McDaniel) filed its joint petition seeking SUSF support on July 28, 2022. In its combined broadband plan, the companies will deploy broadband to 972 locations with speeds greater than or equal to 25/3Mbps through 2023. This estimate consists of 69 locations in Asotin, 151 locations in Lewis River, and 752 locations in McDaniel. These projects include pushing fiber deeper into the network, adding new nodes, upgrades to cabinet equipment and positions, and some vectoring. The TDS companies attest that these

projects all play a role towards meeting the Washington State Broadband Office 2028 goal of 150 symmetrical and plan to further deploy broadband in the future.

### **Westgate Communications LLC**

On July 1, 2022, Westgate filed its SUSF compliance report and filed a revised report on July 19, 2022, to provide more detail on the use of support.<sup>13</sup> Westgate states that it has not deployed 25/3 Mbps to any of the 70 locations as required by the Commission's order for broadband buildout due to unforeseen complications. Westgate was finalizing its two KU satellite stations to provide sufficient backhaul for 25/3 Mbps broadband service. Westgate leases transponder space from SES World Skys and the satellite components that they provided for provisioning backhaul service were faulty causing delay in the satellite backhaul project. The company reports that this project is now complete and being tested at beta sites. In addition, the company experienced snowstorms during the new year that collapsed and destroyed its snow shed along with a company vehicle and damaged the Stehekin workshop and warehouse building. Due to the mountainous terrain in Stehekin Valley the company determined that three Long-Term Evolution (LTE) LTE radio towers would be necessary to meet its broadband obligations and meet federal performance testing requirements. One 40-foot tower will be installed at the Stehekin central office, one 60-foot tower will be on Buehler's Bluff, while the third will be located at Westgate headquarters property. Westgate states these towers will be installed and operational by the end of December 2022. Based on Staff's review and several conversations with the company, Staff believes the report meets the requirements of WAC 480-123-130.

Westgate filed its petition seeking SUSF support on August 1, 2022, and filed a revised petition on November 9, 2022.<sup>14</sup> The company's broadband plan states that the new KU-band satellite uplink will make 25/3 Mbps broadband service available to 121 locations (93 high-cost and 28 UTC locations) on January 1, 2023. The new satellite provides the necessary backhaul for Westgate to provide 25/3 Mbps broadband. Three LTE towers will be operational on January 1, 2023, and this infrastructure will provide fixed wireless broadband to all of the remaining locations. Westgate plans to deploy to the remaining 181 required locations (139 high-cost and 42 UTC) on a rolling basis throughout 2023. The company further states that it is exploring the construction of two towers to provide terrestrial back haul to Chelan which will further reduce cost, increase broadband speeds, provide redundancy, and increase available bandwidth. The company does not have an exact time frame for this project but estimates its completion by the end of 2024.

### III. Eligibility Criterion Three Analysis:

There are six companies, requesting a distribution from the program under criterion three. Staff calculated the proposed distribution amounts, as shown below, that are based on each company's pro rata share of the available support for the 2023 fiscal year.

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<sup>13</sup> Westgate revised its compliance report to include the number of broadband connections and provide more details about the "Use of Funds."

<sup>14</sup> Westgate revised the petition to include the company's total number of serviceable locations (locations to which internet access (any speed) is, or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, and a more detailed broadband plan.

<b>Company</b>	<b>FY2023 Annual Support</b>
Kalama*	\$245,324
Pioneer	\$149,271
Skyline	\$114,209
Mashell	\$161,648
Tenino	\$239,345
Whidbey	\$782,875

\*Kalama filed under eligibility criterion two the first two years. This year, Kalama filed under eligibility criterion three.

Each of the five companies filed a petition and certified that it has met the FCC's total deployment obligations associated with federal high-cost support as of the date of the petition. Each company certified that since January 1, 2018, it deployed broadband to the number of broadband locations required by the Commission's order in UT-190437. These companies invested recently, and substantially, in order to deploy broadband in a shorter timeframe than required by the FCC and by the Commission. While already meeting its state and federal buildout requirements, these companies have provided broadband plans to maintain current services while continuing to deploy broadband service throughout its service area.

Staff summary of the compliance reports and staff's analysis of the broadband plan for each company are described below:

### **Kalama Telephone Company**

On June 28, 2022, Kalama filed its SUSF compliance report, and filed a revised report on August 5, 2022.<sup>15</sup> In the report, Kalama states that it is utilizing SUSF Program support to provide telecommunications and broadband services. During the previous fiscal year, the company deployed fiber optic-based infrastructure to 71 geolocated locations and deployed to an additional 52 geolocated locations (100/25 Mbps) and has now met its UTC broadband buildout obligation in addition to meeting its federal obligation prior to the 2024 deadline. Although the company has already met its federal high-cost and SUSF program obligation it continues to invest in infrastructure to expand its fiber optic-based services and anticipates deploying to an additional 297 locations by year end. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Kalama recently deployed to its UTC broadband buildout obligation and has deployed to the FCC's total high-cost buildout requirement and is now eligible under criterion II or III. Kalama filed its initial petition seeking SUSF support on July 28, 2022. The company plans to continue investing in fiber optic-based infrastructure and anticipates being able to serve broadband with speeds up to 200 Mbps symmetrical to an additional 353 locations in the future. Kalama continues to maintain its voice and broadband network and expects ongoing expenses associated with equipment maintenance and support contracts, repair/replacement of cable and wire

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<sup>15</sup> Kalama's revised compliance report includes an updated list including the locations used to meet its UTC Broadband Buildout obligation and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.



facilities, maintaining and repairing back-up power sources, ALIT testing which analyzes cable facilities for indication of trouble or poor performance and network performance testing to ensure operation at acceptable levels.

### **Pioneer Telephone Company**

On June 29, 2022, Pioneer filed its SUSF compliance report, and filed a revised report on August 11, 2022.<sup>16</sup> Pioneer previously completed its fiber to the premise (FTTP) construction phase. In the report, Pioneer states that it is in the process of converting subscribers from copper to fiber and converted 83 locations in 2021. Over the last fiscal year, the company continued repairing and maintaining the current infrastructure while also making payments on the outstanding payable that was used to help fund the FTTP construction. The company continues to invest in resources that will maintain and enhance voice and broadband services, including but not limited to: FCC mandatory performance testing equipment, computer and SIP equipment related to robocalling mitigation, and ongoing plant under construction. Based on staff's review and conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Pioneer filed its petition seeking SUSF support on July 29, 2022.<sup>17</sup> In its Broadband Plan, the company remains committed to converting existing subscribers from copper to fiber. The Broadband Plan also provides an estimate of the repair and maintenance expenses (i.e., plant specific costs for outside plant and central office equipment, land, building and vehicle expenses) necessary to maintain the current level of service. The company continues making payments on the outstanding loan that was used to complete the FTTP project. Company expects that it will be able to convert approximately 75 locations from copper to the FTTP plant during the 2023 fiscal year and will increase the maximum available speed once all locations have been converted.

### **Skyline Telecom, Inc.**

On June 7, 2022, Skyline filed its SUSF compliance report and filed a revised report on August 3, 2022.<sup>18</sup> In the report, Skyline states that it completed Phase II of its broadband plan and deployed fiber to 15 locations in late 2021. Additionally, the company undertook the engineering, secured the necessary permits, and has ordered the necessary materials for Phase IIIA of its broadband plan which will bring fiber to an additional 22 locations. The company has indicated that it recently secured alternative T-1 circuits into its Silverton exchange. Without a new backbone into the exchange, the bandwidth remains limited. Based on staff's review and

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<sup>16</sup> Pioneer's revised compliance report includes an updated sworn statement and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

<sup>17</sup> Pioneer revised the petition includes the Company's total number of serviceable locations (locations to which internet access (any speed) is, or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability, an expanded explanation within its certification of eligibility and a more detailed broadband plan.

<sup>18</sup> Skyline's revised compliance report includes the addition of missing sections, an updated sworn statement, and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Skyline filed its petition seeking SUSF support on July 26, 2022. Skyline is actively executing Phase IIIA of its broadband plan, which will deploy fiber to 22 potential subscribers. Phase IIIC is slated to begin construction in 2023 and will deploy fiber to 12 potential subscribers. These fiber locations will be capable of speeds up to 1 Gbps. Skyline continues to explore funding opportunities to the 63 locations within the Silverton area for constructing 12 miles of fiber for the backbone of this exchange. Currently, this broadband project is cost prohibitive.

### **Mashell Telecom, Inc.**

On June 30, 2022, Mashell filed its SUSF compliance report, and filed a revised report on August 2, 2022.<sup>19</sup> In the report, Mashell states that it continues to invest in tools and other work equipment to install fiber service, circuit equipment upgrades to transport network to improve broadband service, and fiber installations to an additional 82 locations. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Mashell filed its petition seeking SUSF support on July 21, 2022, and filed a revised petition on October 27, 2022.<sup>20</sup> In its broadband plan, Mashell states that its fiber to the premises (FTTP) network provides 1G symmetrical service and the company currently offers 25/3 Mbps to 62 percent of its 4,427 serviceable locations. Mashell plans to deploy FTTP to 72 percent of its locations by the end of 2023 and 95 percent of its locations by 2025. The company estimates that 5 percent of locations will not be eligible to FTTP due to cost constraints and will strategically place terminals to shorten loops and provide faster broadband service.

### **Tenino Telephone Company**

On June 28, 2022, Tenino filed its SUSF compliance report, and filed a revised report on August 4, 2022.<sup>21</sup> In the report, Tenino states that it incurred repairs and maintenance expenses necessary to maintain the existing infrastructure. In addition to these typical expenses, Tenino continued to construct fiber optic-based broadband infrastructure capable of 25/3 Mbps or faster to 176 locations. In its response to an informal data request Tenino has indicated that they have already completed substantial investments to continue expanding fiber optic-based broadband infrastructure and is set to deploy to an additional 644 locations by the end of 2022. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Tenino filed its petition seeking SUSF support on July 28, 2022. In its broadband plan, Tenino states that it will deploy fiber optic-based broadband with speeds up to symmetrical 200 Mbps to

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<sup>19</sup> Mashell's revised compliance report includes an updated sworn statement and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

<sup>20</sup> Mashell revised the petition to include additional detail within its broadband plan.

<sup>21</sup> Tenino's revised compliance report includes the addition of language that the company will file its Broadband Data Collection lists or polygons with the Commission no later than September 15, 2022.

an additional 378 locations. Tenino will continue investing and placing fiber backbone to alleviate congestion and provide capacity for future growth. The company states that it will continue to incur and pay operational expenses associated with its voice and broadband network. These expenses include, but are not limited to, equipment maintenance and support contracts with equipment and software vendors, repair and replacement of cable and wire facilities, maintaining and repairing back-up power sources and locating underground facilities, removing plant growth, and ALIT testing which analyzes cable facilities for indication of trouble or poor performance.

### **Whidbey Telephone Company**

On June 30, 2022, Whidbey filed its SUSF compliance report, and filed a revised report on August 11, 2022.<sup>22</sup> In the report, Whidbey has stated that it continues its major fiber to the street project, drop work for new customers, and it has incurred operating expenditures (i.e., material and labor, equipment repair and maintenance, customer service requests, technical support, etc.) during the 2023 fiscal year. Whidbey reports that it deployed 100/25 Mbps to 618 additional locations and deployed 1 Gbps / 500 Mbps to 318 locations. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Whidbey filed its petition seeking SUSF support on July 26, 2022, and filed a revised petition on October 24, 2022.<sup>23</sup> The company provided a broadband plan and states that over the next year it anticipates substantial capital expenditures to further expand fiber-based broadband capability to approximately 662 locations while also expanding fiber along main corridors to expand quickly and efficiently in future years. In addition to deploying broadband to new locations the company plans to incur repair and maintenance expenses necessary to maintain and enhance voice and broadband services.

### IV. Eligibility Criterion Four Analysis:

Five companies have filed petitions requesting support under Criterion Four. Each of the five companies has certified that broadband service is available to 100 percent of locations within its respective service areas and has committed to making broadband service available to any new locations. Staff calculated the proposed distribution amounts, as shown below, that are based on each company's pro rata share of the available support for the 2022 fiscal year.

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<sup>22</sup> Whidbey's revised compliance report includes an updated sworn statement and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

<sup>23</sup> Whidbey revised the cover letter of the petition and provided an explanation that it is seeking support for the current fiscal year and updated the date of its broadband plan to include its total number of serviceable locations (locations to which internet access (any speed) is, or could be available), the number of serviceable locations with 25/3 Mbps (or faster) broadband capability.

<b>Company</b>	<b>FY2023 Annual Support</b>
Hood Canal	\$137,780
St. John	\$84,541
Toledo	\$291,054
Hat Island	\$ 1,314
Western Wahkiakum	\$220,890

Each petitioning company has provided a broadband plan to maintain its existing infrastructure while continuing to invest in capital improvements to make available broadband at speeds faster than 25/3 Mbps.

Staff summary of the compliance reports and staff's analysis of the proposed deployment plans for each company are described below:

#### **Hood Canal Telephone Co., Inc.**

On June 28, 2022, Hood Canal filed its SUSF compliance report, and filed a revised report on July 29, 2022.<sup>24</sup> In the report, Hood Canal states that support from the SUSF program has contributed to the company's ability to maintain and expand its voice and fiber services. In addition to working on fiber to the home (FTTH) projects and fiber drops. The company has purchased work equipment tools, upgraded core computer router and computer equipment, installed fiber hookups and continued work on its FTTH project and installed fiber drops. The company has indicated that it deployed fiber to 30 new locations and has continued converting coax cable subscribers to fiber to provide speeds up to 1 Gbps. SUSF Program support allows the company to maintain the offerings of voice and broadband services and enables the company to enhance services where appropriate. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

On July 28, 2022, Hood Canal filed its petition seeking SUSF support. In its broadband plan, the company elaborates on the status of the FTTH project. There are currently 839 locations to convert from coax to fiber and Hood Canal estimates that it will convert 533 locations by the end of 2023. In addition, the company remains dedicated to maintaining its quality of service while enhancing its speeds through its FTTH projects.

#### **St. John Telephone, Inc.**

On June 28, 2022, St. John filed its SUSF compliance report, and filed a revised report on August 1, 2022.<sup>25</sup> St. John has deployed fiber to the premises (FTTP) to 100 percent of the locations within its study area. In its report, St. John states that it purchased new tools and central office equipment, replaced obsolete optical network terminal equipment, installed fiber drops, and purchased 28 miles of fiber that is a part of its main interexchange transport route. This

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<sup>24</sup> Hood Canal's revised compliance report includes language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022, and an updated sworn statement.

<sup>25</sup> St. John's revised compliance report includes an updated sworn statement and added the language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

access was previously leased from the Port of Whitman. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

St John filed its petition seeking SUSF support on July 29, 2022. The company states in its broadband plan that it has deployed FTTP to 100 percent of the serviceable locations and offers 100/100 Mbps to all locations within its study area. St. John remains committed to deploying broadband to any new locations and reports that it continues one to two fiber drops per year. To conduct these fiber drops, the company expects to purchase of work equipment and central office equipment. St John St. John will continue to have repair and maintenance expenses to maintain its infrastructure (i.e., plant specific, switching support, middle mile costs, performance testing and monitoring and underground fiber repairs) and will continue making payments on the loan that was used to complete its FTTP project.

### **The Toledo Telephone Co., Inc.**

On July 6, 2022, Toledo filed its SUSF compliance report, filed a revised compliance report on August 18 and filed a final revised report on September 9, 2022.<sup>26</sup> In the report, Toledo states that over the last year, it constructed over 70 new fiber drops and upgraded its core router to add increased middle mile capacity, parental control features, and greater redundancy. Toledo continues to make payments on its RUS loan. The company's serviceable locations are capable of 1 Gbps symmetrical service. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Toledo filed its petition seeking SUSF support on August 23, 2022, then filed a revised petition on October 27, 2022.<sup>27</sup> In its broadband plan, Toledo states it has deployed fiber to the premises (FTTP) to 100 percent of the serviceable location within its study area and it made a commitment to deploy broadband services to any new locations. Over the last two years, the company has built fiber to over 80 new homes and expects this trend to continue. While fully deployed, Toledo continues to invest throughout its study area and is in the process of replacing fiber lines cards to allow speeds up to 10 Gbps for each customer. The company will continue to have repair and maintenance expenses to maintain its network, while also continuing to make payments on its RUS loan that was used to deploy FTTP.

### **Hat Island Telephone Company**

On June 29, 2022, Hat Island filed its SUSF compliance report, and filed a revised report on August 12, 2022, to include additional information about its broadband plan.<sup>28</sup> In the report, Hat Island states that it utilizes the SUSF program funds toward the \$22,500 in operating expenses it incurs for maintenance of the network and provisioning voice and broadband services. Based on

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<sup>26</sup> Toledo's revised compliance report includes an updated sworn statement, additional details about the use of funds, and updated language that it filed its Broadband Data Collection with the Commission.

<sup>27</sup> The Commission granted Toledo's request to waive the August 2, 2022, petition deadline in docket UT-220626.

<sup>28</sup> Hat Island's revised compliance report includes an updated sworn statement and the addition of language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Hat Island filed its petition seeking SUSF support on July 27, 2022, and filed a revised petition on October 27, 2022.<sup>29</sup> In its broadband plan, the company states that it continues to incur repairs and maintenance expenses (i.e. bonding, maintaining connections within pedestals, etc.) in connection with maintaining voice and broadband (25/3 Mbps) to 100 percent of its serviceable locations. The company plans to explore additional funding sources to deploy fiber in the future.

### **Western Wahkiakum County Telephone Company**

On June 29, 2022, Western Wahkiakum filed its SUSF compliance report, and filed a revised report on August 1, 2022.<sup>30</sup> In the report, Western Wahkiakum states that it utilized support towards the maintenance of the existing network while also making investments to provide more reliable and faster broadband service in the Grays River and Naselle Exchanges. The company is currently 100 percent fiber to the premises (FTTP) and continues to install, test, activate, and cutover service from copper to fiber optic facilities. Additionally, the company continues to make principal and interest payments for the RUS loans that was used for the deployment of its FTTP and purchases and deploys hardware and software to increase service and improve quality and reliability. Based on staff's review and several conversations with the company, staff believes the report meets the requirements of WAC 480-123-130.

Western Wahkiakum filed its petition seeking SUSF support on July 26, 2022, and filed a revised petition updating its broadband plan on November 7, 2022. In its broadband plan, Western Wahkiakum states that it continues transitioning locations from copper to fiber and this transition requires investment in both equipment and labor. Western Wahkiakum estimates that it will be able to transition 100 of the 125 locations still on copper through 2023. Fiber locations have access to broadband with speeds up to 300 Mbps, however, not all locations currently subscribe to this speed. Western Wahkiakum has opened and continues to maintain Wi-Fi hotspots for the community so that people have access to broadband service. The company has entered into support contracts with its primary equipment vendors to ensure the maintenance of existing platforms and the enhancement of the existing platforms, as they become available.

### **Conclusion**

Based on Commission Staff's review and analysis, all 18 petitioning companies have met the requirements of the State USF Program, as specified in WAC 480-123-100 and WAC 480-123-110. Commission Staff concludes and recommends that the Commission enter orders in each docket directing the distribution of \$4,850,000 from the State USF Program fund to the companies; and in the amounts listed in Attachment 1, no later than December 31, 2022.

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<sup>29</sup> Hat Island revised the broadband plan and updated its cover letter to indicate that it is seeking support during the current fiscal year.

<sup>30</sup> Western Wahkiakum's revised compliance report includes language that the company will file its Broadband Data Collection lists or polygon in Docket UT-220275 no later than September 15, 2022.

For Westgate and Consolidated, condition the distribution on a requirement that those companies must return to the Commission the distribution for 2023 and 2024, prorated for each UTC broadband location to which is has not deployed 25/3 Mbps or faster broadband availability by June 30, 2024.

Attachments (1) and (2)