

CONFIDENTIAL FILING

July 26, 2019

VIA ELECTRONIC FILING SYSTEM

Mr. Mark L. Johnson, Executive Director and Secretary Washington
Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

RE: **2020 Petition to Receive USF Support**

Dear Mr. Johnson:

MASHELL TELECOM, INC. DBA RAINIER CONNECT ("MASHELL"), a privately-held rate of return carrier receiving high cost support, has electronically submitted a 2020 Petition to Receive USF Support to the Commission with redacted financial data. MASHELL respectfully provides the Commission with its confidential financial data so that all its reporting obligations are satisfied.

MASHELL, by its authorized representative, respectfully submits confidential information in compliance with WAC 480-07-160. MASHELL requests confidential treatment of certain information submitted with its annual reporting requirements as a privately-held rate of return carrier. The confidential information is required by WAC 480-123-110 and includes detailed financial information that is competitively sensitive. Disclosure of this confidential information would have a substantial negative impact on MASHELL. Such information would not normally be made available to the public for inspection because of the financial information and should be afforded confidential treatment under WAC 480-07-160.

As specified in the WAC 480-07-140, copies of the redacted confidential information are being filed simultaneously with the non-redacted confidential information. The redacted information for this filing and each page of the file where confidential information has been omitted is marked "REDACTED - FOR PUBLIC INSPECTION" and the confidential submission is marked "CONFIDENTIAL PER WAC 480-07-160".



THINK INSIDE THE BOX
Business and Residential Communications

REDACTED FOR PUBLIC INSPECTION

Please feel free to contact me with any questions regarding this particular matter.

Sincerely,

Danielle Clausen, Controller
For Mashell Telecom Inc. dba Rainier Connect

Enclosures

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6 **BEFORE THE WASHINGTON**
7 **UTILITIES AND TRANSPORTATION COMMISSION**

8 IN RE

9
10 PETITION OF MASHELL TELECOM,
11 INC., TO RECEIVE SUPPORT FROM THE
12 STATE UNIVERSAL COMMUNICATIONS
SERVICES PROGRAM

DOCKET NO.
PETITION FOR SUPPORT

13 COMES NOW MASHELL TELECOM, INC. (the "Company"), and, pursuant to Chapter
14 480-123 of the Washington Administrative Code ("WAC") including, but not limited to, WAC 480-
15 123-110, hereby petitions the Washington Utilities and Transportation Commission (the
16 "Commission") to receive support from the State Universal Communications Services Program
17 established in RCW 80.36.650 (the "Program") for the fiscal year ending June 30, 2020.
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20 **I. Demonstration of Eligibility under WAC 480-123-100**

- 21 1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC
22 480-120-021 that serves less than forty thousand access lines within the state.
23 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined
24 in 47 U.S.C. Sec. 251(h).
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- 1 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange
2 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 3 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus
4 mandatory extended area service charges, are no lower than the local urban rate floor
5 established by the Commission as the benchmark rate based on the Federal Communications
6 Commission's national local urban rate floor pursuant to 47 C.F.R. Sec. 54.318 in effect on
7 the date of this Petition. ¹
- 8 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an
9 eligible telecommunications carrier for purposes of receiving federal universal services
10 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost
11 Areas with respect to the service area for which the Company is seeking Program support.
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14 **II. Demonstration of Eligibility under WAC 480-123-110**

- 15 1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications
16 services and is seeking Program support is as follows: Mashell Telecom, Inc. [d/b/a Rainier
17 Connect].
- 18 2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between
19 the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.
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23 ¹ On April 15, 2019, the FCC released a Report and Order (FCC 19-32) in its WC Docket No. 10-90,
24 repealing 47 C.F.R. Sec. 54.318 and eliminating the national local urban rate floor, effective June 6, 2019.
25 The Program was designed with a minimum rate floor component. In light of the FCC's Order (FCC 19-32),
26 Commission Staff has provided guidance that, for purposes of the Program, the local urban rate floor

1 A detailed description of any transactions between the Company and the affiliates named in
2 Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.

3 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet No.
4 Fifth Revised Sheets No.105 and Original Sheet No.105.1 of the Company's Tariff WN U-3.

5 4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate
6 instability or service interruption or cessation in the absence of support from the Program is
7 attached as Exhibit 3.

8 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4,
9 are copies of the Company's balance sheet as of December 31, 2018, and December 31,
10 2017, and copies of the Company's statements of income and retained earnings or margin for
11 the years ended December 31, 2018 and December 31, 2017.

12 6. WAC 480-123-110(1)(e)(ii): A copy of the Company's consolidated annual financial
13 statements for the years ended December 31, 2018 and December 31, 2017, are attached as
14 Exhibit 5.

15 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of
16 return on a total Washington unseparated regulated operations basis for each of the two prior
17 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.

18 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on
19 equity on a total company (regulated and non-regulated) Washington basis for each of the
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24 benchmark be considered to have been set at each petitioning company's rates for local exchange service,
25 plus mandatory extended area service charges, in effect as of December 31, 2018.

1 two prior years, calculated in the manner prescribed by the Commission, is provided in
2 Exhibit 5.

3 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
4 statements of income and retained earnings or margin in the same format and detail as is
5 required to complete RUS Form 479 for the prior two years is presented on Exhibit 6.

6 10. WAC 480-123-110(1)(e)(vi): A statement under penalty of perjury from a Company officer
7 with personal knowledge and responsibility certifying that no corporate operations
8 adjustment to existing high-cost loop and interstate common line support mechanisms
9 required by the Federal Communications Commission applied to the Company for the two
10 prior years is attached hereto as Exhibit 7.

11 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information
12 requested by the Commission.

13 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company
14 officer with personal knowledge and responsibility certifying that the Company complies
15 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to
16 incumbent local exchange companies is attached as Exhibit 8.

17 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or
18 on its behalf with the Federal Communications Commission for the calendar year preceding
19 the current year has already been filed with the Commission. See the Company's filing in
20 Docket No. UT-190005 filed on or about June 25, 2019.
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1 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
2 the Company as of December 31, 2018, was 432 all of which were within the geographic
3 area for which the Company is seeking support. The number of residential local exchange
4 access lines served by the Company as of December 31, 2017, was 620, all of which were
5 within the geographic area for which the Company is seeking support.

6 The number of business local exchange access lines served by the Company as of December
7 31, 2018, was 648, all of which were within the geographic area for which the Company is
8 seeking support. The number of business local exchange access lines served by the
9 Company as of December 31, 2017, was 535, all of which were within the geographic area
10 for which the Company is seeking support.

11 The monthly recurring rate charged by the Company for residential local exchange access
12 service on December 31, 2018, was \$18.00. The monthly recurring rate charged by the
13 Company for residential local exchange access service on December 31, 2017, was \$18.00.
14 The rate charged by the Company for single line business local exchange access service on
15 December 31, 2018, was \$24.00. The rate charged by the Company for single line business
16 local exchange access service on December 31, 2017, was \$24.00. (The Company has
17 other business local exchange service rates, but the Company understands that WAC 480-
18 123-110(1)(g) is requesting the single line business local exchange access service rate.)
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21 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.
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1 16. The amount on Line 4, labeled 2011 ROR Carrier Base Period Revenue, of the CAF ICC
2 Data collection Report for the period 7/1/2019 - 6/30/2020 is \$492,032 and has not changed
3 from the last filing.

4 17. All exhibits attached hereto are incorporated in this Petition as though fully set forth.

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6 Respectfully submitted this 26th day of July, 2019.
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10 Mashell Telecom, Inc.
11 d/b/a Rainier Connect

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13 CERTIFICATION

14 I Brian Haynes, an officer of the Company that is responsible for the Company's business
15 and financial operations, hereby certify under penalty of perjury that the information and
16 representations set forth in the Petition, above, are accurate and the Company has not knowingly
17 withheld any information required to be provided to the Commission pursuant to the rules
18 governing the Program.

19
20 _____
21 By: Brian Haynes
22 Title: President/CEO
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EXHIBIT 1

CORPORATE ORGANIZATION CHART

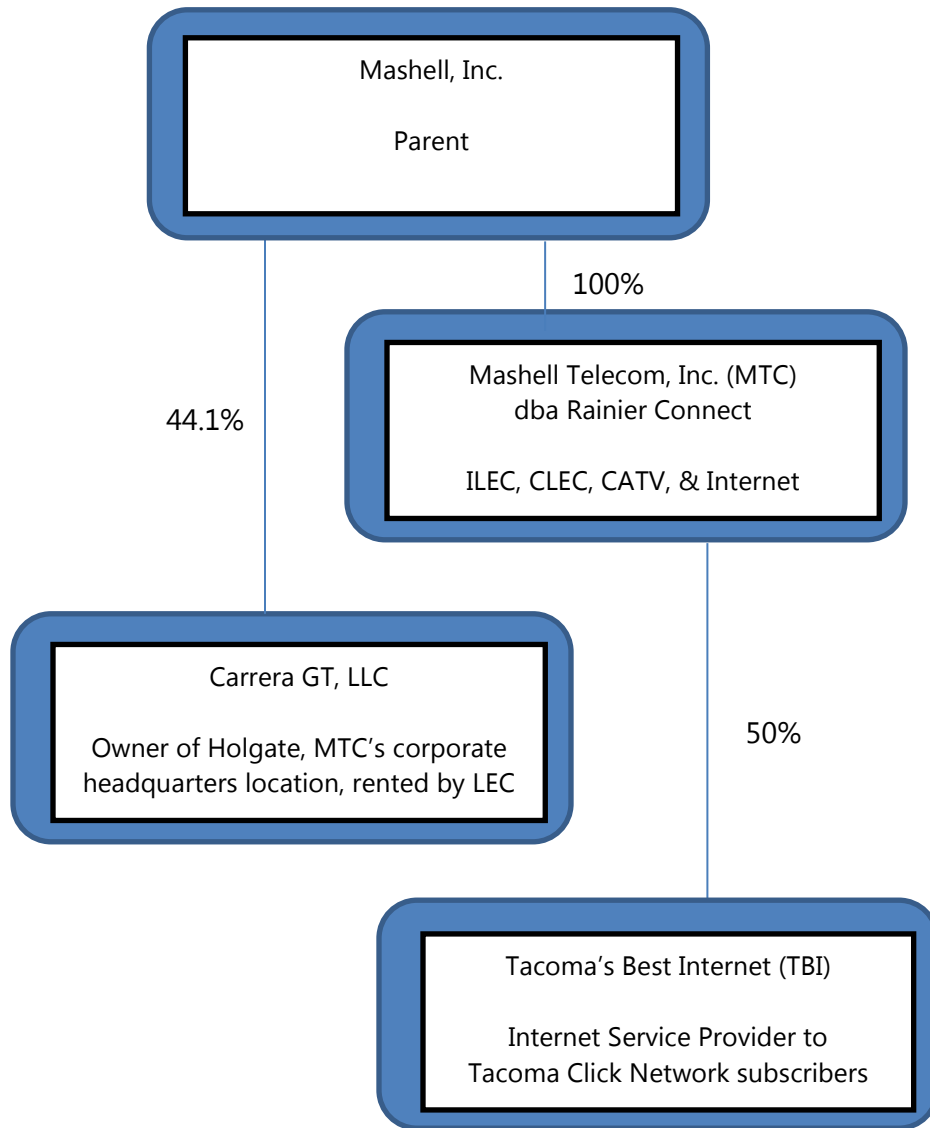


EXHIBIT 2

AFFILIATED TRANSACTIONS

Mashell Telecom, Inc. rents office space, utilized as corporate headquarters and network operations center, from its affiliate, Carrera GT, LLC. This leased property facilitates both the ILEC and CLEC operations of the business and is appropriately allocated between regulated and nonregulated operations using Part 64 factors and recorded in account 6121.0, Land & Building Expense-Rents.

During 2015, the Company along with another Click Preferred ISP, NetVenture, transferred all Click Network Subscribers to an affiliate Tacoma's Best Internet, LLC. This transfer provided the Company with a 50% membership equity in TBI. The Company entered into a management agreement with TBI to provide support to TBI's entire subscriber base. This agreement applies only to CLEC operations and all associated expenses and revenue are properly allocated to nonregulated operations.

Certain shareholders holding five percent or more of the stock, directly or indirectly, of the Company are also employees of the Company and receive from the Company employment compensation together with employment-associated benefits in accordance with benefit plans that are in place.

EXHIBIT 3

DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The emergence of fast evolving digital technologies, increased regulatory pressure and global economic uncertainty are all key factors in the current risk in the telecommunications industry. Short innovation cycles are creating challenges for the Company to bring new products and services to end-users at shorter intervals. Company profitability and liquidity are at risk due to market competition, changing consumer spending and current financial conditions. With continued profitability decreases the Company will be unable to effectively and efficiently invest and upgrade the network and IT technology. The Company is facing a loss of traditional universal service fund revenues of approximately \$69,116 per year if its participation in the Program is not renewed.

The overall financial condition of the Company is detailed on other Exhibits to this Petition. What this information demonstrates is that, when adjusted to eliminate the support from the state Universal Communications Services Program that the Company received or accrued in 2017, the Company's total regulated revenue increased by 83.2 percent from 2011 through 2018. This increase in regulated revenue is directly related to the company's significant capital investments in plant upgrades to offer Fiber to Premise (FTTP) services and speed enhancements. The Company's rate base increased in 2017 by \$5.0M and \$4.4M in 2018; and, the Company's rate of return was 5.25%. The Company continues to look for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as debt-related payments.

Over the past ten years, the Company has seen competition from low-cost providers and over the top service providers intensify. The Company continuously finds itself unable to compete against the price, network coverage, quality of product and customer relationship offered by market competitors such as cable companies and mobile service providers without significant investments in aging plant. Price deflation driven by competition for voice and data service in the fixed network result in reduced growth of end user subscriber revenue. Since 2011, the Company has lost 2,049 access lines, of which 1,725 were transitioned to Consumer Broadband Only (CBOL) service.

In an effort to maintain market share and remain competitive, the Company has taken steps to increase the availability and attributes of advanced services. This has resulted in the Company making considerable network investments over the past several years and an increase in long-term debt. Since 2011, the Company has made additional investments in regulated plant of approximately \$14.3M; of which \$12.5M was invested over the past three years. The Company obtained additional debt of \$17M to fund a five-year plan (2015-2019) to upgrade aging portions of its outside plant and network infrastructure to a FTTP (Fiber-to-the-premise) architecture. The FTTP network architecture will provide customers' access to voice, multimedia, and data services over one unified access platform. The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform these projects, including, without limitation, the repayment of loan funds.

The Company continues to face financial uncertainty due to changes in telecommunication laws, rules, policies and regulations.

STATE USF FILING
FINANCIAL TEMPLATE
NON-"S CORP" COMPANIES

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior Year Balance Sheet

Company Name: (Below)
MASHELL TELECOM, INC.

ASSETS	Balance End of Year 2017 (A)	Part 64 Adj to NonReg 2017 (B)	Adj. Balance End of Year 2017 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2017 (A)	Part 64 Adj to NonReg 2017 (B)	Adj. Balance End of Year 2017 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	1,091,624		1,091,624	25. Accounts Payable	625,703		625,703
2. Cash-RUS Construction Fund	531,335		531,335	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	700		700
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	1,132,423		1,132,423
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	149,366		149,366	32. Income Taxes Accrued			0
b. Other Accounts Receivable	8,708		8,708	33. Other Taxes Accrued	60,364		60,364
c. Notes Receivable			0	34. Other Current Liabilities	376,231		376,231
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	2,195,421	0	2,195,421
6. Material-Regulated	207,122		207,122	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes			0
8. Prepayments			0	37. Funded Debt-RTB Notes			0
9. Other Current Assets	67,708		67,708	38. Funded Debt-FFB Notes	11,515,594		11,515,594
10. Total Current Assets (1 Thru 9)	2,055,863	0	2,055,863	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development	0		0	42. Recquired Debt			0
b. Nonrural Development	182,713		182,713	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies	1,196,307		1,196,307
a. Rural Development	0		0	45. Other Long-Term Debt			0
b. Nonrural Development	111,850		111,850	46. Total Long-Term Debt (36 thru 45)	12,711,901	0	12,711,901
13. Nonregulated Investments (B1)	4,927,932	(260,725)	4,667,207	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets	220,280		220,280	47. Other Long-Term Liabilities			0
15. Deferred Charges	470,307		470,307	48. Deferred Income Taxes		(151,386)	(151,386)
16. Jurisdictional Differences			0	49. Other Deferred Credits (D)	99,730		99,730
17. Total noncurrent Assets (11 thru 16)	5,913,082	(260,725)	5,652,357	50. Other Jurisdictional Differences			0
PLANT, PROPERTY AND EQUIPMENT				51. Total Other Liab. & Def. Credits (47 thru 50)	99,730	(151,386)	(51,656)
18. Telecom Plant-In-Service	22,525,811	1,045,463	23,571,274	EQUITY			
19. Property Held for Future Use			0	52. Cap. Stock Outstanding & Subscribed	57,050		57,050
20. Plant Under Construction	332,278		332,278	53. Additional Paid-in-Capital	8,093,354		8,093,354
21. Plant Adj., Nonop Plant & Goodwill			0	54. Treasury Stock			0
22. Accumulated Depreciation (CR.)	(15,250,941)	(784,738)	(16,035,679)	55. Membership and Capital Certificates			0
23. Net Plant (18 thru 21 less 22)	7,607,148	260,725	7,867,873	56. Other Capital			0
24. TOTAL ASSETS (10+17+23)	15,576,093	0	15,576,093	57. Patronage Capital Credits			0
				58. Retained Earnings or Margins (B2)	(7,581,363)	151,386	(7,429,977)
				59. Total Equity (52 thru 58)	569,041	151,386	720,427
				60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	15,576,093	0	15,576,093

Footnotes:

- (A) - As reported on RUS Form 479
(B) - Part 64 adjustments from regulated to nonregulated.
(C) - Adjusted Balance after Part 64

Footnotes:

- (B1) - Part 64 offset to nonreg investment
(B2) - Part 64 offset to retained earnings
(D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110(1)(e)
Current Year Balance Sheet

Company Name: (Below)
MASHELL TELECOM, INC.

ASSETS	Balance End of Year 2018 (A)	Part 64 Adj to NonReg 2018 (B)	Adj. Balance End of Year 2018 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2018 (A)	Part 64 Adj to NonReg 2018 (B)	Adj. Balance End of Year 2018 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	428,232		428,232	25. Accounts Payable	622,738		622,738
2. Cash-RUS Construction Fund	733,378		733,378	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	700		700
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	1,510,373		1,510,373
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	512,599		512,599	32. Income Taxes Accrued			0
b. Other Accounts Receivable	12,077		12,077	33. Other Taxes Accrued	68,454		68,454
c. Notes Receivable			0	34. Other Current Liabilities	355,249		355,249
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	2,557,514	0	2,557,514
6. Material-Regulated	204,661		204,661	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes			0
8. Prepayments			0	37. Funded Debt-RTB Notes			0
9. Other Current Assets	79,247		79,247	38. Funded Debt-FFB Notes	15,674,466		15,674,466
10. Total Current Assets (1 Thru 9)	1,970,194	0	1,970,194	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development			0	42. Reacquired Debt			0
b. Nonrural Development	189,875		189,875	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies	997,611		997,611
a. Rural Development			0	45. Other Long-Term Debt			0
b. Nonrural Development	123,507		123,507	46. Total Long-Term Debt (36 thru 45)	16,672,077	0	16,672,077
13. Nonregulated Investments (B1)	4,338,774	(236,245)	4,102,529	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets	250,755		250,755	47. Other Long-Term Liabilities			0
15. Deferred Charges	403,121		403,121	48. Deferred Income Taxes		33,347	33,347
16. Jurisdictional Differences			0	49. Other Deferred Credits (D)	108,772		108,772
17. Total noncurrent Assets (11 thru 16)	5,306,032	(236,245)	5,069,787	50. Other Jurisdictional Differences			0
PLANT, PROPERTY AND EQUIPMENT				51. Total Other Liab. & Def. Credits (47 thru 50)	108,772	33,347	142,119
18. Telecom Plant-In-Service	28,255,541	1,117,836	29,373,377	EQUITY			
19. Property Held for Future Use			0	52. Cap. Stock Outstanding & Subscribed	57,050		57,050
20. Plant Under Construction	613,584		613,584	53. Additional Paid-in-Capital	8,093,354		8,093,354
21. Plant Adj., Nonop Plant & Goodwill			0	54. Treasury Stock			0
22. Accumulated Depreciation (CR.)	(16,357,884)	(881,591)	(17,239,475)	55. Membership and Capital Certificates			0
23. Net Plant (18 thru 21 less 22)	12,511,241	236,245	12,747,486	56. Other Capital			0
24. TOTAL ASSETS (10+17+23)	19,787,467	0	19,787,467	57. Patronage Capital Credits			0
				58. Retained Earnings or Margins (B2)	(7,701,000)	(33,347)	(7,734,347)
				59. Total Equity (52 thru 58)	449,404	(33,347)	416,057
				60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	19,787,767	0	19,787,767

Footnotes:

- (A) - As reported on RUS Form 479
(B) - Part 64 adjustments from regulated to nonregulated.
(C) - Adjusted Balance after Part 64

Footnotes:

- (B1) - Part 64 offset to nonreg investment
(B2) - Part 64 offset to retained earnings
(D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior and Current Year Balance Sheet

Company Name: (Below)

MASHELL TELECOM, INC.

ASSETS	Adjusted Prior Year Balance 2017	Adjusted Current Year Balance 2018	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2017	Adjusted Current Year Balance 2018
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	1,091,624	428,232	25. Accounts Payable	625,703	622,738
2. Cash-RUS Construction Fund	531,335	733,378	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	700	700
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	1,132,423	1,510,373
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	0	0
a. Telecom, Accounts Receivable	149,366	512,599	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	8,708	12,077	33. Other Taxes Accrued	60,364	68,454
c. Notes Receivable	0	0	34. Other Current Liabilities	376,231	355,249
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	2,195,421	2,557,514
6. Material-Regulated	207,122	204,661	LONG-TERM DEBT		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	0	0
8. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	67,708	79,247	38. Funded Debt-FFB Notes	11,515,594	15,674,466
10. Total Current Assets (1 Thru 9)	2,055,863	1,970,194	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0
b. Nonrural Development	182,713	189,875	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	1,196,307	997,611
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	111,850	123,507	46. Total Long-Term Debt (36-45)	12,711,901	16,672,077
13. Nonregulated Investments	4,667,207	4,102,529	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	220,280	250,755	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	470,307	403,121	48. Deferred Income Taxes	(151,386)	33,347
16. Jurisdictional Differences	0	0	49. Other Deferred Credits	99,730	108,772
17. Total noncurrent Assets (11 thru 16)	5,652,357	5,069,787	50. Other Jurisdictional Differences	0	0
PLANT, PROPERTY AND EQUIPMENT			51. Total Other Liab. & Def. Credits (47 thru 50)	(51,656)	142,119
18. Telecom Plant-in-Service	23,571,274	29,373,377	EQUITY		
19. Property Held for Future Use	0	0	52. Cap. Stock Outstanding & Subscribed	57,050	57,050
20. Plant Under Construction	332,278	613,584	53. Additional Paid-in-Capital	8,093,354	8,093,354
21. Plant Adj., Nonop Plant & Goodwill	0	0	54. Treasury Stock	0	0
22. Accumulated Depreciation (CR.)	(16,035,679)	(17,239,475)	55. Membership and Capital Certificates	0	0
23. Net Plant (18 thru 21 less 22)	7,867,873	12,747,486	56. Other Capital	0	0
24. TOTAL ASSETS (10+17+23)	15,576,093	19,787,467	57. Patronage Capital Credits	0	0
			58. Retained Earnings or Margins	(7,429,977)	(7,734,347)
			59. Total Equity (52 thru 58)	720,427	416,057
			59. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	15,576,093	19,787,767

Footnote:

Adjusted Balances represents balances after Part 64 adjustments.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior and Current Year Rate Base

Company Name: (Below)

MASHELL TELECOM, INC.

Line #	Description	B/S Line #	Adj. Balance End of Year 2017	Adj. Balance End of Year 2018	Average Adj End of Year Balance
Average Rate Base:					
1	Total Regulated Adjusted Telecom Plant-In-Service	18	23,571,274	29,373,377	26,472,326
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(16,035,679)	(17,239,475)	(16,637,577)
4	Total Regulated Materials & Supplies	6	207,122	204,661	205,892
5	Deferred Income Taxes (CR) * - Manually input		151,386	(33,347)	59,020
6	Total Regulated Rate Base		7,894,103	12,305,216	10,099,660

Footnotes:

1. Normal balance of deferred operating income taxes and accumulated depreciation is a credit.

* 2. Deferred Income Taxes (Line 5) may not equal the Balance Sheet Deferred Income Taxes (Line 48) if the later includes non-operating.

3. Adjusted balance includes Part 64 adjustments

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior and Current Year Access Lines

Company Name: (Below)

MASHELL TELECOM, INC.

Line #	Description	Prior Year End of Yr. Balance - 2017	Current Year End of Yr. Balance - 2018	Difference	% Change
	Access Lines:				
1	Residential	620	432	(188)	-30.3%
2	Business	535	648	113	21.1%
3	Total	1,155	1,080	(75)	-6.5%

Note: If 2017 does not equal last year's petition and template,
 explain.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior Year Income Statement

Company Name: (Below)
MASHHELL TELECOM, INC.

Line #	Description	Prior Year 2017 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2017 (C)
1	Local Network Services Revenues	580,586	(80,460)	500,126
2	Network Access Services Revenues	3,986,226		3,986,226
3	Long Distance Network Services Revenues	152,921	(152,921)	0
4	Carrier Billing and Collection Revenues			0
5	Miscellaneous Revenues	20,646		20,646
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(2,364)		(2,364)
7	Net Operating Revenues (1 thru 6)	4,738,015	(233,381)	4,504,634
8	Plant Specific Operations Expense	1,432,288	(161,320)	1,270,968
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	575,647	3,538	579,185
10	Depreciation Expense	866,776	65,977	932,753
11	Amortization Expense	14,330	8,925	23,255
12	Customer Operations Expense	1,104,628	(309,373)	795,255
13	Corporate Operations	1,016,929	(943)	1,015,986
14	Total Operations Expenses (8 thru 13)	5,010,598	(393,196)	4,617,402
15	Operating Income or Margins (7 less 14)	(272,583)	159,815	(112,768)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	147,829	(3,985)	143,844
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(76,870)	42,849	(34,021)
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	70,959	38,864	109,823
21	Net Operating Income or Margins (15+16-20)	(343,542)	120,951	(222,591)
22	Interest on Funded Debt	254,128		254,128
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	67,187		67,187
25	Allowance for Funds Used During Construction (Record as a Credit)	(63,943)		(63,943)
26	Total Fixed Charges (22+23+24+25)	257,372	0	257,372
27	Nonoperating Net Income	4,628		4,628
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	701,746	(120,951)	580,795
31	Total Net Income or Margins (21+27+28+29+30-26)	105,460	0	105,460
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	(7,686,823)		(7,686,823)
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	(7,581,363)	0	(7,581,363)
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	823,947		823,947
45	Cash Ratio ((14+20-10-11)/7)	0.8865	1.8392	0.8372
46	Operating Accrual Ratio ((14+20+26)/7)	1.1268	1.5183	1.1065
47	TIER ((31+26)/26)	1.4098	#DIV/0!	1.4098
48	DSCR ((31+26+10+11)/44)	1.5097	#DIV/0!	1.6006

Footnotes:

- (A) As reported on RUS Form 479
(A1) S Corps provide effective tax rate from Cost study on Page 9, Income Statement Summary Schedule Footnote
(A2) Column A, Line 39 must equal Column A, Line 58 of Page 2, Balance Sheet
(B) Part 64 adjustment from regulated to nonregulated
(B1) Column B, automatic offset to Nonregulated Net Income (No impact to Retained Earnings)
(C) Adjusted balance after Part 64 adjustments

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Current Year Income Statement

Company Name: (Below)
MASHHELL TELECOM, INC.

Line #	Description	Current Year 2018 (A)	Part 64 Adj. to NonReg (B)	Current Year Adjusted 2018 (C)
1	Local Network Services Revenues	525,032	(207,533)	317,499
2	Network Access Services Revenues	5,005,813		5,005,813
3	Long Distance Network Services Revenues	136,056	(136,056)	0
4	Carrier Billing and Collection Revenues	0		0
5	Miscellaneous Revenues	9,965		9,965
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(4,274)		(4,274)
7	Net Operating Revenues (1 thru 6)	5,672,592	(343,589)	5,329,003
8	Plant Specific Operations Expense	1,651,918	(186,969)	1,464,949
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	619,107	(18,889)	600,218
10	Depreciation Expense	2,172,023	(1,033,442)	1,138,581
11	Amortization Expense	72,296	(7,469)	64,827
12	Customer Operations Expense	1,100,928	(658,961)	441,967
13	Corporate Operations	948,408	(17,628)	930,780
14	Total Operations Expenses (8 thru 13)	6,564,680	(1,923,358)	4,641,322
15	Operating Income or Margins (7 less 14)	(892,088)	1,579,769	687,681
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	160,779	(2,232)	158,547
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(27,916)	92,677	64,761
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	132,863	90,445	223,308
21	Net Operating Income or Margins (15+16-20)	(1,024,951)	1,489,324	464,373
22	Interest on Funded Debt	346,356	(68,430)	277,926
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	67,187	(67,187)	0
25	Allowance for Funds Used During Construction (Record as a Credit)	(69,158)		(69,158)
26	Total Fixed Charges (22+23+24+25)	344,385	(135,617)	208,768
27	Nonoperating Net Income	27,215		27,215
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	1,222,484	(1,624,941)	(402,457)
31	Total Net Income or Margins (21+27+28+29+30-26)	(119,637)	0	(119,637)
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	(7,581,363)		(7,581,363)
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	(7,701,000)	0	(7,701,000)
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments			0
45	Cash Ratio ((14+20-10-11)/7)	0.7850	2.3051	0.6870
46	Operating Accrual Ratio ((14+20+26)/7)	1.2414	5.7293	0.9520
47	TIER ((31+26)/26)	0.6526	1.0000	0.4269
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!

Footnotes:

- (A) As reported on RUS Form 479
(A1) S Corps provide effective tax rate from Cost study on Page 9, Income Statement Summary Schedule Footnote
(A2) Column A, Line 39 must equal Column A, Line 58 of Page 3, Balance Sheet
(B) Part 64 adjustment from regulated to nonregulated
(B1) Column B, automatic offset to Nonregulated Net Income (No Impact to Retained Earnings)
(C) Adjusted balance after Part 64 adjustments

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior and Current Year Income Statement

Company Name:
MASELL TELECOM, INC.

Line #	Description	Adjusted Prior Year 2017	Adjusted Current Year 2018
1	Local Network Services Revenues	500,126	317,499
2	Network Access Services Revenues	3,986,226	5,005,813
3	Long Distance Network Services Revenues	0	0
4	Carrier Billing and Collection Revenues	0	0
5	Miscellaneous Revenues	20,646	9,965
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(2,364)	(4,274)
7	Net Operating Revenues (1 thru 6)	4,504,634	5,329,003
8	Plant Specific Operations Expense	1,270,968	1,464,949
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	579,185	600,218
10	Depreciation Expense	932,753	1,138,581
11	Amortization Expense	23,255	64,827
12	Customer Operations Expense	795,255	441,967
13	Corporate Operations	1,015,986	930,780
14	Total Operations Expenses (8 thru 13)	4,617,402	4,641,322
15	Operating Income or Margins (7 less 14)	(112,768)	687,681
16	Other Operating Income and Expenses ()	0	0
17	State and Local Taxes	143,844	158,547
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(34,021)	64,761
19	Other Taxes	0	0
20	Total Operating Taxes (17+18+19)	109,823	223,308
21	Net Operating Income or Margins (15+16-20)	(222,591)	464,373
22	Interest on Funded Debt	254,128	277,926
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	67,187	0
25	Allowance for Funds Used During Construction (Record as a Credit)	(63,943)	(69,158)
26	Total Fixed Charges (22+23+24+25)	257,372	208,768
27	Nonoperating Net Income	4,628	27,215
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	580,795	(402,457)
31	Total Net Income or Margins (21+27+28+29+30-26)	105,460	(119,637)
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	(7,686,823)	(7,581,363)
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	(7,581,363)	(7,701,000)
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40+41-42)	0	0
44	Annual Debt Service Payments	823,947	0
45	Cash Ratio ((14+20-10-11)/7)	0.8372	0.6870
46	Operating Accrual Ratio ((14+20+26)/7)	1.1065	0.9520
47	TIER ((31+26)/26)	1.4098	0.4269
48	DSCR ((31+26+10+11)/44)	1.60	#DIV/0!

Footnote
(A1) S Corporation Effective Tax Rate (2 decimal places):
Note:
Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).

2017 2018

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior and Current Year Access Revenue Detail

Company Name: (Below)

MASHELL TELECOM, INC.

Line #	Description	Part 32 Account	Prior Year 2017	Current Year 2018
1	End User Revenue (SLC, ARC, etc.)	5081	324,797	205,921
2	Switched Access (excluding USF):	5082		
2a	Intrastate		100,537	90,379
2b	Interstate (includes CAF)		829,479	961,854
3	Special Access:	5083		
3a	Intrastate		18,204	28,078
3b	Interstate		946,397	1,430,183
4	Federal USF (except CAF and ACAM/BLS)	Varies	122,008	133,329
5	Federal USF (ACAM or BLS)	Varies	1,454,863	1,947,239
6	State USF	Varies	189,941	208,830
7	Other*			
8	Total (must equal line 2 of Income Stmt.)		3,986,226	5,005,813
9	Line 2 of Income Stmt.		3,986,226	5,005,813
10	Difference		0	0

Footnote:

* - if > than 5% of Access revenue total,
provide description below.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Out-of-Period and Pro Forma Adjustments

Company Name: (Below)

MASHELL TELECOM, INC.

Description of Out-of-Period (OOP) - 2018 (As Recorded) OR Pro Forma (PF) Adjustment for Current Year Petition or Reversing from Prior Year	Year	OOP or PF?	Part 32 Account	
			Debit	Credit
Adjustment #1: BCM accrual was \$166,314 in 2018, but actual amount received in 2019 was \$196,671.	2018	PF		\$ 30,357
Adjustment #2: Reversal of 2016 earnings recorded to revenue in 2017 Reversal of overearnings accrual for 2017 Cost Study estimates Earnings adjustment actual per final Cost Study filed in 07.2018 to date	2017 2017 2017	PF PF PF	\$ 625,318 \$ 79,073	\$ 170,000
Adjustment #3: Reversal of 2017 earnings recorded as revenue in 2018 Reversal of 2016 earnings recorded as revenue in 2018 Earnings adjustment actual per final Cost Study filed in 07.2019 to date	2018 2018 2018	PF OOP PF	\$ 17,998	\$ 61,127 \$ 26,281
Adjustment #4 Reversal of 2017 earnings recorded as revenue in 2019 Reversal of 2018 earnings recorded as revenue in 2019	2019 2019	PF PF	\$ 26,281	\$ 17,946
Adjustment #5				

State USF Petition Filing Requirement - WAC 480-123-110(e)
Prior and Current Year Broadband and Gross Capital Expenditures

EXHIBIT 4.1

Exhibit 4.1 - Statistics

Company Name: (Below)
 Mashell Telecom, Inc.

Description	Prior Year End of Yr. Balance - 2016	Current Year End of Yr. Balance - 2017	Difference	% Change
Broadband Connections:				
Residential				
Business				
Total				
Gross Regulated Capital Expenditures**:				
Total Annual Amount				

NOTE: IF THE COMPANY DESIRES TO FILE THIS SCHEDULE AS CONFIDENTIAL, IT MUST FILE WITH THE COMMISSION PER 480-07-160. (The header and footer is no longer marked as confidential as some companies do not file this report as confidential).

**** - NOTE: THIS IS A CHANGE FROM LAST YEAR IN WHICH NONREGULATED CAPITAL EXPENDITURES WERE INCLUDED DUE TO INCONSISTENCIES IN REPORTING, STAFF IS REQUESTING ONLY REGULATED CAPITAL EXPENDITURES. IF THE COMPANY HAS INCURRED LARGE NONREGULATED CAPITAL EXPENDITURES IN THE REPORTING YEAR, IT MAY NOTE BELOW.**



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

MASHELL, INC. AND SUBSIDIARY DBA RAINIER CONNECT

December 31, 2018 and 2017





NAVIGATION

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Part A: Balance Sheet

Your response is required by 7 U.S.C. 901 et seq. and subject to federal laws and regulations regarding confidential information, will be treated as confidential.

The Balance Prior Year figures have been brought forward from the December 2017 submission and cannot be edited here. If these figures need to be corrected please revise them in that submission and resubmit.

ASSETS	Balance Prior Year	Balance End of Period	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance Prior Year	Balance End of Period
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	1,091,624	428,232	25. Accounts Payable	625,703	622,738
2. Cash-RUS Construction Fund	531,335	733,378	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom. Accounts Receivable			28. Customer Deposits	700	700
b. Other Accounts Receivable			29. Current Mat. L/T Debt	1,132,423	1,510,373
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	
a. Telecom. Accounts Receivable	149,366	512,599	32. Income Taxes Accrued		
b. Other Accounts Receivable	8,708	12,077	33. Other Taxes Accrued	60,364	68,454
c. Notes Receivable			34. Other Current Liabilities	376,231	355,249
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	2,195,421	2,557,514
6. Material-Regulated	207,122	204,661	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets	67,708	79,247	38. Funded Debt-FFB Notes	11,515,594	15,674,466
10. Total Current Assets (1 thru 9)	2,055,863	1,970,194	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	182,713	189,875	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies	1,196,307	997,311
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	111,850	123,507	46. Total Long-Term Debt (36 thru 45)	12,711,901	16,671,777
13. Nonregulated Investments	4,927,932	4,338,774	OTHER LIABILITIES & DEF. CREDITS		
14. Other Noncurrent Assets	220,280	250,755	47. Other Long-Term Liabilities		
15. Deferred Charges	470,307	403,121	48. Other Deferred Credits	99,730	108,772
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	5,913,082	5,306,032	50. Total Other Liabilities and Deferred Credits (47 thru 49)	99,730	108,772
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	22,525,811	28,255,541	51. Cap. Stock Outstand. & Subscribed	57,050	57,050
19. Property Held for Future Use			52. Additional Paid-in Capital	8,093,354	8,093,354
20. Plant Under Construction	332,278	613,584	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	15,250,941	16,357,884	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	7,607,148	12,511,241	56. Patronage Capital Credits		
24. Total Assets (10+17+23)	15,576,093	19,787,467			

EXHIBIT 6

57. Retained Earnings or Margins	(7,581,363)	(7,701,000)
58. Total Equity (51 thru 57)	569,041	449,404
59. Total Liabilities and Equity (35+46+50+58)	15,576,093	19,787,467

Total Equity = 2.27% of Total Assets

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Part B: Statements of Income and Retained Earnings or Margins

Your response is required by 7 U.S.C. 901 et seq. and subject to federal laws and regulations regarding confidential information, will be treated as confidential.
The Prior Year figures have been brought forward from the December 2017 submission and cannot be edited here. If these figures need to be corrected please revise them in that submission and resubmit.

Item	Prior Year	This Year
1. Local Network Services Revenues	580,586	525,032
2. Network Access Services Revenues	3,986,226	5,005,813
3. Long Distance Network Services Revenues	152,921	136,056
4. Carrier Billing and Collection Revenues	0	0
5. Miscellaneous Revenues	20,646	9,965
6. Uncollectible Revenues	2,364	4,274
7. Net Operating Revenues (1 Thru 5 Less 6)	4,738,015	5,672,592
8. Plant Specific Operations Expense	1,432,288	1,651,918
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	575,647	619,107
10. Depreciation Expense	866,776	2,172,023
11. Amortization Expense	14,330	72,296
12. Customer Operations Expense	1,104,628	1,100,928
13. Corporate Operations Expense	1,016,929	948,408
14. Total Operating Expenses (8 Thru 13)	5,010,598	6,564,680
15. Operating Income or Margins (7 less 14)	(272,583)	(892,088)
16. Other Operating Income and Expense		
17. State and Local Taxes	147,829	160,779
18. Federal Income Taxes	(76,870)	(27,916)
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	70,959	132,863
21. Net Operating Income or Margins (15+16-20)	(343,542)	(1,024,951)
22. Interest on Funded Debt	254,128	346,356
23. Interest Expense - Capital Leases	0	
24. Other Interest Expense	67,187	67,187
25. Allowance for Funds Used During Construction	63,943	69,158
26. Total Fixed Charges (22+23+24-25)	257,372	344,385
27. Nonoperating Net Income	4,628	27,215
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	701,746	1,222,484
31. Total Net Income or Margins (21+27+28+29+30-26)	105,460	(119,637)
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	(7,686,823)	(7,581,363)
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-Of-Period [(31+33+34)-(35+36+37+38)]	(7,581,363)	(7,701,000)
40. Patronage Capital Beginning-of-Year		

41. Transfers to Patronage Capital

EXHIBIT 6

42. Patronage Capital Credits Retired

43. Patronage Capital End-Of-Year (40+41-42)

44. Debt Service Payments for the period(principal interest on long term debt)

45. Cash Ratio [(14+20-10-11) / 7]

46. Operating Accrual Ratio [(14+20+26) / 7]

47. TIER [(31+26) / 26]

48. DSCR [(31+26+10+11) / 44]

	0	0
	1,266,822	1,647,768
	0.8865	0.7850
	1.1268	1.2414
	1.4098	0.6526
	0.9819	1.4984

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Exhibit 7
Report Corporate Operations Expense Adjustment
As Required in WAC 480-123-110(1)(e)(vi)

I, **BRIAN HAYNES**, an officer of **MASHELL TELECOM, INC.** with personal knowledge and responsibility, under penalty of perjury, hereby certify that no amount of corporate operations expense was required by 47 C.F.R. § 54.1308(a)(4)(ii) to be excluded by Mashell Telecom, Inc, (“Company”) from corporate operations expense that, for 2017, was input in both the high cost loop support and interstate common line support cost studies of the Company for the Company’s study area(s) in the State of Washington, or that, for 2018, was input in both the high cost loop support and broadband loop support (in part, replacing interstate common line support) cost studies of the Company for the Company’s study area(s) in the State of Washington.

Dated this 26th day of July, 2019

Brian Haynes / President and CEO

Notes:

1. Report corporate operations expense excluded or disallowed pursuant to application of 47 C.F.R. § 54.1308(a)(4)(ii), NOT the revenue impact of such exclusion or disallowance.
2. The disallowed corporate operations expense amounts will only be considered by Staff if the Company is potentially overearning. These amounts WILL NOT be reported on the income statement template.

EXHIBIT 8

FINANCIAL ACCOUNTING CERTIFICATE

I, Brian Haynes, an officer of Mashell Telecom, Inc. with personal knowledge and responsibility, based upon my discussions with Company staff and outside consultants retained by the Company to handle such matters, under penalty of perjury, state that the Company complies with state and federal accounting, cost allocation and cost adjustment rules pertaining to incumbent local exchange companies.

Dated this 26th day of July, 2019.

Brian Haynes / President and CEO

EXHIBIT 9

CONTINUED OPERATIONS CERTIFICATE

I, Brian Haynes, an officer of the Company, under penalty of perjury, hereby certify that if the Company receives Program support, the Company will continue to provide communications services pursuant to its tariffs on file with the Commission throughout its service territory in Washington for which the company is seeking and receives Program support during the entirety of 2020.

Dated this 26th day of July, 2019.

Brian Haynes / President & CEO