

**CONFIDENTIAL FILING**

August 22, 2016

**VIA ELECTRONIC FILING SYSTEM**

Mr. Steven V. King, Acting Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive SW  
Olympia, WA 98504-7250

RE: **2017 Petition to Receive USF Support – UT-160963**

Dear Mr. King:

MASHELL TELECOM, INC. DBA RAINIER CONNECT (“MASHELL”), a privately-held rate of return carrier receiving high cost support, has electronically submitted revised pages to the 2017 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.

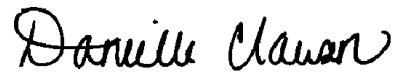
MASHELL, by its authorized representative, respectfully submits confidential information in compliance with WAC 480-07-160. MASHELL requests confidential treatment of certain information submitted with its annual reporting requirements as a privately-held rate of return carrier. The confidential information 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”.



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

Sincerely,

A handwritten signature in black ink that reads "Danielle Clause". The signature is written in a cursive, flowing style.

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

Enclosures

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, 2015, was 2,084, 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, 2014, was 2,123, all of which were  
5 within the geographic area for which the Company is seeking support. The number of  
6 business local exchange access lines served by the Company as of December 31, 2015, was  
7 595, all of which were within the geographic area for which the Company is seeking  
8 support. The number of business local exchange access lines served by the Company as of  
9 December 31, 2014, was 575, all of which were within the geographic area for which the  
10 Company is seeking support. The monthly recurring rate charged by the Company for  
11 residential local exchange access service on December 31, 2015, was \$16.00. The monthly  
12 recurring rate charged by the Company for residential local exchange access service on  
13 December 31, 2014, was \$16.00. The rate charged by the Company for single line business  
14 local exchange access service on December 31, 2015, was \$24.00. The rate charged by the  
15 Company for single line business local exchange access service on December 31, 2014, was  
16 \$24.00. (The Company has other business local exchange service rates, but the Company  
17 understands that WAC 480-123-110(1)(g) is requesting the single line business local  
18 exchange access service rate.)  
19  
20

21 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.

22 16. All exhibits attached hereto are incorporated in this Petition as though fully set forth.  
23  
24  
25  
26



### EXHIBIT 3

#### DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Company finds itself has created a climate of great financial uncertainty. The Company has been working over the past several years to address growing competition. The Company has taken steps to increase the availability and attributes of advanced services offered by the Company, including broadband. This has resulted in the Company making additional investments in regulated plant of approximately \$3,260,898 during the period January 1, 2011 through December 31, 2015.

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 2015, the Company's total regulated revenue decreased by 6.0 percent from 2011 through 2015. The Company has looked for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as debt-related payments.

At the same time, the Company is seeing increased competition. For example, the Company has seen some migration of customers "cutting the cord" to move to wireless or other service as their sole method of telecommunications. Since 2011, the Company access lines have decreased by 17 percent. A loss of customers equates to a loss of revenue without a corresponding reduction in expenses or corresponding increase in rates. This trend of access line loss is exacerbated by the Federal Communications Commission's requirement that the Company increase its rates to remain eligible for full federal USF support. Since 2012, the Company has increased its local exchange service rates in order to be in compliance with the national urban rate floor prescribed by the Federal Communications Commission. However, those increases have been insufficient to fully replace the revenues that have been lost due to the reduction in access lines. In addition, those rate increases have tended to stimulate a surge in disconnection of service by customers.

As an example of why state Program support is needed, the Company's receipt of revenue from the traditional Washington intrastate universal service access rate element and related pooling fund were terminated effective July 1, 2014. Since then, the loss of revenues derived from the traditional universal service access rate element has been off-set by revenues received by the Company as a result of its participation in the Program. Using 2012 as a base line, 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.

As another example, some of the financial uncertainty that the Company faces stems from the USF/ICC Transformation Order issued by the Federal Communications Commission.<sup>1</sup> The USF/ICC

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<sup>1</sup> *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fun*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*).



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**Reports**

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- [Part B](#)
- [Part C](#)
- [Part D](#)
- [Part E](#)
- [Part F](#)
- [Part G](#)
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- [Notes](#)

## Borrower Point Of Contact Information

*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.*

Contact Name *	<input type="text" value="Danielle Clausen"/>
Phone Number *	<input type="text" value="360-832-4130"/> eg. 999-999-9999
Phone Extension	<input type="text"/>
Email Address *	<input type="text" value="danielle.clausen@rainierconnect.net"/>
Confirm Email Address *	<input type="text" value="danielle.clausen@rainierconnect.net"/>
Special Notes	<input type="text"/>



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## Certification

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.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
*(check one of the following)*

- All of the obligations under the RUS loan documents have been fulfilled in all material respects.  There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report.

Certifier Name:   
Certifier Title:   
Date Certified and Electronically Signed:

- Certify  Uncertify

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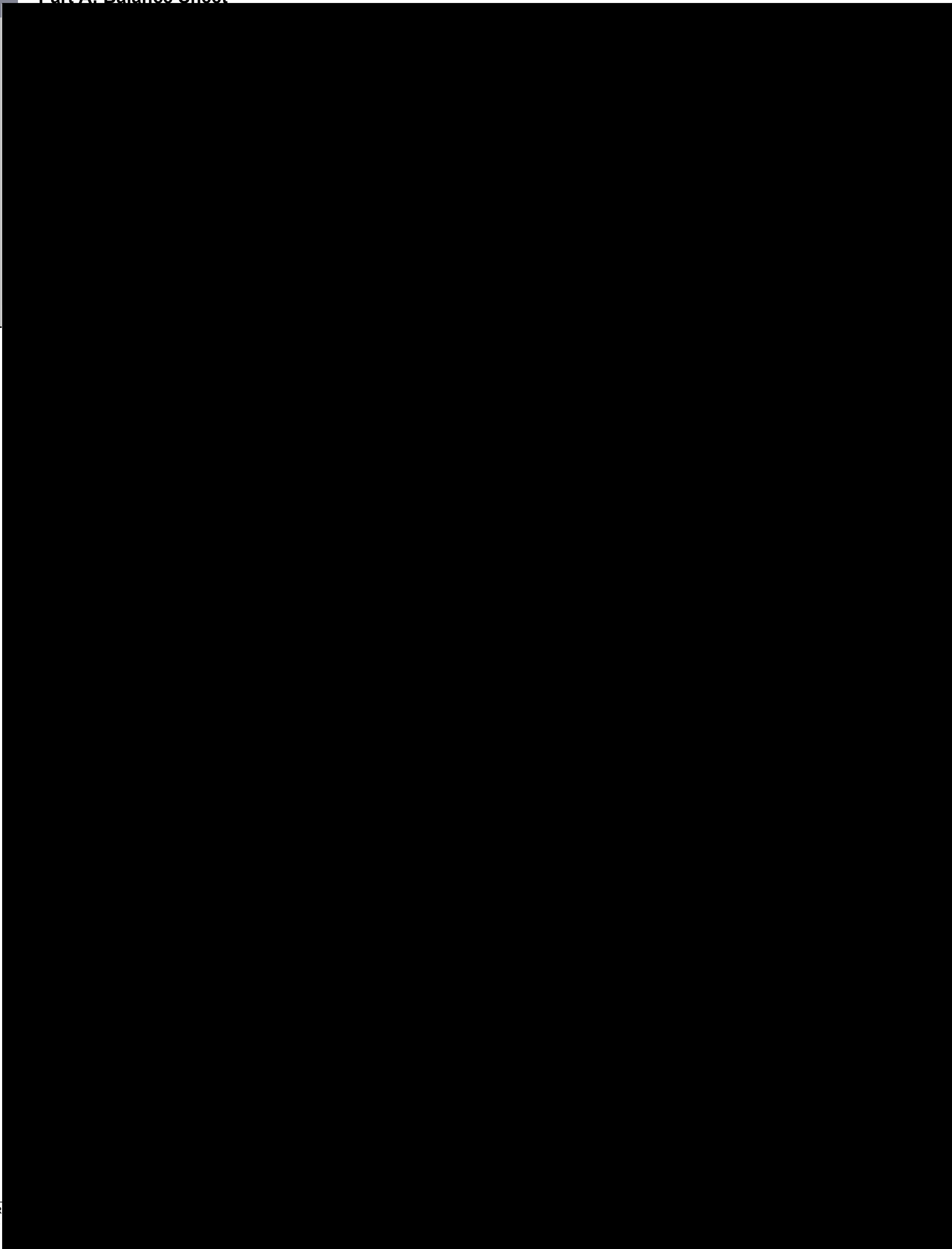


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## Part A: Balance Sheet





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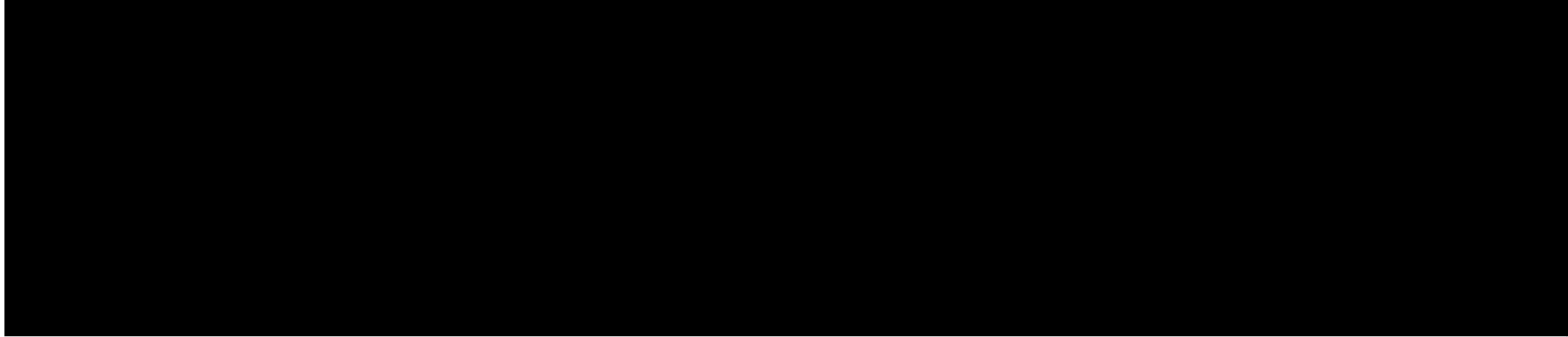


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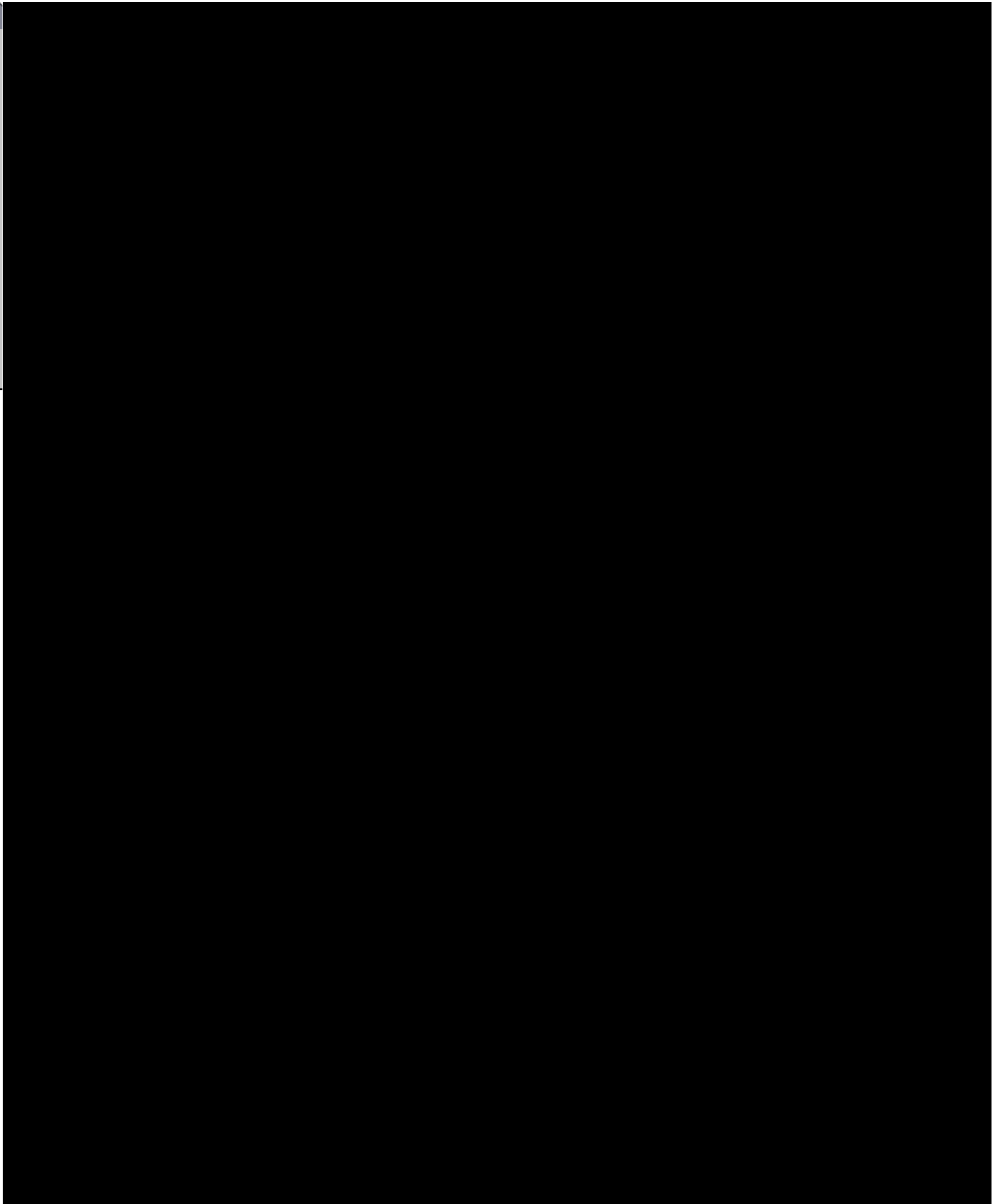
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