

CONFIDENTIAL FILING

July 27, 2018

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: **2019 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 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".



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

1
2
3
4
5
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. [d/b/a Rainier Connect] (the "Company"),
14 and, pursuant to Chapter 480-123 of the Washington Administrative Code ("WAC") including, but
15 not limited to, WAC 480-123-110, hereby petitions the Washington Utilities and Transportation
16 Commission (the "Commission") to receive support from the State Universal Communications
17 Services Program established in RCW 80.36.650 (the "Program") for the fiscal year ending June 30,
18 2019.
19

20
21 **I. Demonstration of Eligibility under WAC 480-123-100**

- 22 1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC
23 480-120-021 that serves less than forty thousand access lines within the state.
24
25
26

- 1 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined
2 in 47 U.S.C. Sec. 251(h).
- 3 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange
4 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 5 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus
6 mandatory extended area service charges, are no lower than the local urban rate floor
7 established by the Commission as the benchmark rate based on the Federal Communications
8 Commission's national local urban rate floor pursuant to 47 C.F.R. Sec. 54.318 in effect on
9 the date of this Petition.
- 10 11 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an
12 eligible telecommunications carrier for purposes of receiving federal universal services
13 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost
14 Areas with respect to the service area for which the Company is seeking Program support.
- 15
- 16

17 **II. Demonstration of Eligibility under WAC 480-123-110**

- 18 1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications
19 services and is seeking Program support is as follows: Mashell Telecom, Inc. [d/b/a Rainier
20 Connect].
- 21 2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between
22 the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.
23
- 24
- 25
- 26

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 Sheet 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, 2017, and December 31,
10 2016, and copies of the Company's statements of income and retained earnings or margin for
11 the years ended December 31, 2017 and December 31, 2016.

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, 2017 and December 31, 2016, 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
20 two prior years, calculated in the manner prescribed by the Commission, is provided in
21 Exhibit 5.
22
23
24
25
26

- 1 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
2 statements of income and retained earnings or margin in the same format and detail as is
3 required to complete RUS Form 479 for the prior two years is presented on Exhibit 6.
- 4 10. WAC 480-123-110(1)(e)(vi): Information detailing the amounts of any corporate operations
5 adjustments to existing high-cost loop and interstate common line support mechanism
6 required by the Federal Communications Commission applied to the Company for the prior
7 two years is attached hereto as Exhibit 7.
- 8 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information
9 requested by the Commission.
- 10 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company
11 officer with personal knowledge and responsibility certifying that the Company complies
12 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to
13 incumbent local exchange companies is attached as Exhibit 8.
- 14 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or
15 on its behalf with the Federal Communications Commission for the calendar year preceding
16 the current year has already been filed with the Commission. See the Company's filing in
17 Docket No. UT-180004 filed on or about July 16, 2018.
- 18 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
19 the Company as of December 31, 2017, was 620 all of which were within the geographic
20 area for which the Company is seeking support. The number of residential local exchange
21
22
23
24
25
26

1 access lines served by the Company as of December 31, 2016, was 1,999, all of which were
2 within the geographic area for which the Company is seeking support.

3 The number of business local exchange access lines served by the Company as of December
4 31, 2017, was 535, all of which were within the geographic area for which the Company is
5 seeking support. The number of business local exchange access lines served by the
6 Company as of December 31, 2016, was 548, all of which were within the geographic area
7 for which the Company is seeking support.
8

9 The monthly recurring rate charged by the Company for residential local exchange access
10 service on December 31, 2017, was \$18.00. The monthly recurring rate charged by the
11 Company for residential local exchange access service on December 31, 2016, was \$18.00.
12 The rate charged by the Company for single line business local exchange access service on
13 December 31, 2017, was \$24.00. The rate charged by the Company for single line business
14 local exchange access service on December 31, 2016, was \$24.00. (The Company has
15 other business local exchange service rates, but the Company understands that WAC 480-
16 123-110(1)(g) is requesting the single line business local exchange access service rate.)
17

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

19 16. The amount on Line 4, labeled 2011 ROR Carrier Base Period Revenue, of the CAF ICC
20 Data collection Report for the period 7/1/2018 - 6/30/2019 is \$492,032 and has not changed
21 from the last filing.
22

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

1 Respectfully submitted this 27th day of July, 2018.

2
3
4 Mashell Telecom, Inc.
5 d/b/a Rainier Connect
6

7
8 CERTIFICATION

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

15
16
17
18
19
20
21
22
23
24
25
26

By: Brian Haynes
Title: President/CEO

EXHIBIT 1

CORPORATE ORGANIZATION CHART

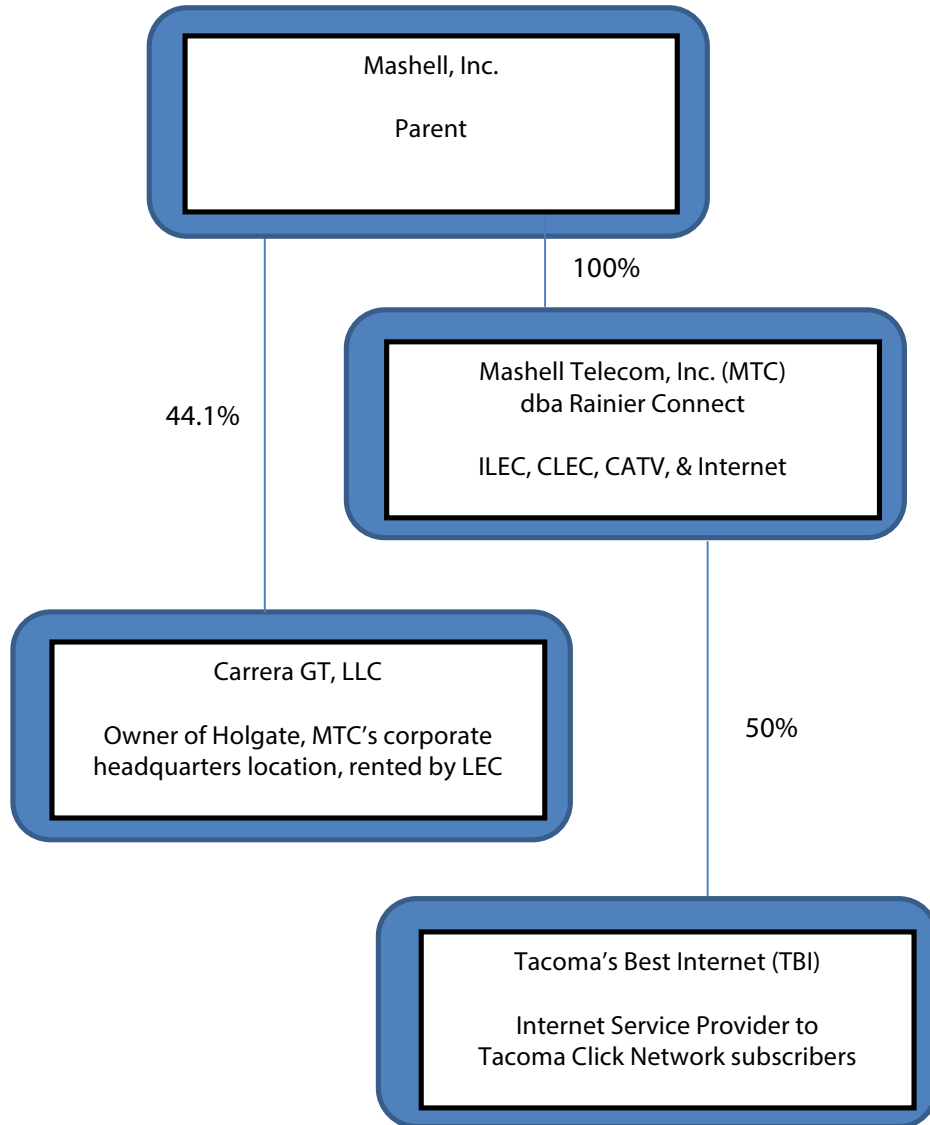


EXHIBIT 2

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 decreased by 1.3 percent from 2011 through 2018. The Company experienced an increase in rate base over 2016 of \$5.0M; however, the Company maintains a negative rate of return at -4.46%. 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.

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 revenue. Since 2011, the Company has lost 1,974 access lines, of which 1,287 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 \$8,219,126; of which \$6.4M was invested over the past two years. The Company obtained additional debt of \$17M to fund a four-year plan (2015-2018) 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. The stringent regulation by the Federal Communications Commission since 2012 for carriers to increase local exchange rates in order to be in compliance with the national urban rate floor has exacerbated the disconnection of service by customers.

In addition, the USF/ICC Transformation Order has built in an automatic decline in the Company's intrastate and interstate access revenues. The intercarrier compensation portion of the Transformation Order introduces a concept of a base line year for calculating terminating access and reciprocal compensation revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (from which the level of CAF support is derived) are reduced iteratively by five percent each year. "The CAF support reduction began in July 2012. Projecting through the year ending June 30, 2019, including reductions that will occur July 1, 2018, the Company has seen a reduction in support from the base line revenue of approximately \$148,428.

The combination of factors noted above creates a situation in which, without support from the state universal communications services program, the Company may be faced with a choice of increasing rates further or reducing service in order to be able to match expenses to revenues. Neither choice presents a viable path for providing continued high quality service to customers. The dilemma presented by these choices reflects the risk of rate instability or service interruption or cessation to which the Company is subject.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)
Mashell Telecom, Inc.

ASSETS	Balance End of Year 2016 (A)	Part 64 Adj to NonReg 2016 (B)	Adj. Balance End of Year 2016 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2016 (A)	Part 64 Adj to NonReg 2016 (B)	Adj. Balance End of Year 2016 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	457,058		457,058	25. Accounts Payable	729,595		729,595
2. Cash-RUS Construction Fund	1,239,651		1,239,651	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	832		832
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	912,534		912,534
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases	10,815		10,815
a. Telecom, Accounts Receivable	219,365		219,365	32. Income Taxes Accrued			0
b. Other Accounts Receivable	6,558		6,558	33. Other Taxes Accrued	59,314		59,314
c. Notes Receivable			0	34. Other Current Liabilities	366,107		366,107
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	2,079,197	0	2,079,197
6. Material-Regulated	207,918	(111,703)	96,215	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	87,644		87,644	38. Funded Debt-FFB Notes	9,129,783		9,129,783
10. Total Current Assets (1 thru 9)	2,218,194	(111,703)	2,106,491	39. Funded Debt-Other			0
				40. Funded Debt-Rural Develop. Loan			0
NONCURRENT ASSETS				41. Premium (Discount) on L/T Debt			0
11. Investment in Affiliated Companies				42. Reacquired Debt			0
a. Rural Development	0		0	43. Obligations Under Capital Lease			0
b. Nonrural Development	210,837		210,837	44. Adv. From Affiliated Companies	1,071,602		1,071,602
12. Other Investments				45. Other Long-Term Debt			0
a. Rural Development	0		0	46. Total Long-Term Debt (36 thru 45)	10,201,385	0	10,201,385
b. Nonrural Development	100,304		100,304	OTHER LIAB. & DEF. CREDITS			
13. Nonregulated Investments (B1)	5,610,239	(83,684)	5,526,555	47. Other Long-Term Liabilities		(211,079)	(211,079)
14. Other Noncurrent Assets	183,150		183,150	48. Deferred Income Taxes			0
15. Deferred Charges	537,494		537,494	49. Other Deferred Credits (D)	90,211		90,211
16. Jurisdictional Differences			0	50. Other Jurisdictional Differences			0
17. Total noncurrent Assets (11 thru 16)	6,642,024	(83,684)	6,558,340	51. Total Other Liab. & Def. Credits (47 thru 50)	90,211	(211,079)	(120,868)
				EQUITY			
PLANT, PROPERTY AND EQUIPMENT				52. Cap. Stock Outstanding & Subscribed	57,050		57,050
18. Telecom Plant-In-Service	16,571,966	610,004	17,181,970	53. Additional Paid-in-Capital	8,093,354		8,093,354
19. Property Held for Future Use			0	54. Treasury Stock			0
20. Plant Under Construction	1,666,824		1,666,824	55. Membership and Capital Certificates			0
21. Plant Adj., Nonop Plant & Goodwill			0	56. Other Capital			0
22. Accumulated Depreciation (CR.)	(14,264,634)	(414,617)	(14,679,251)	57. Patronage Capital Credits			0
23. Net Plant (18 thru 21 less 22)	3,974,156	195,387	4,169,543	58. Retained Earnings or Margins (B2)	(7,686,823)	211,079	(7,475,744)
				59. Total Equity (52 thru 58)	463,581	211,079	674,660
24. TOTAL ASSETS (10+17+23)	12,834,374	0	12,834,374	60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	12,834,374	0	12,834,374

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)
Rate of Return and Consolidated Return on Equity

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		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	42. Reacquired 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	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)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)
Mashell Telecom, Inc.

ASSETS	Adjusted Prior Year Balance 2016	Adjusted Current Year Balance 2017	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2016	Adjusted Current Year Balance 2017
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	457,058	1,091,624	25. Accounts Payable	729,595	625,703
2. Cash-RUS Construction Fund	1,239,651	531,335	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	832	700
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	912,534	1,132,423
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	10,815	0
a. Telecom, Accounts Receivable	219,365	149,366	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	6,558	8,708	33. Other Taxes Accrued	59,314	60,364
c. Notes Receivable	0	0	34. Other Current Liabilities	366,107	376,231
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	2,079,197	2,195,421
6. Material-Regulated	96,215	207,122	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	87,644	67,708	38. Funded Debt-FFB Notes	9,129,783	11,515,594
10. Total Current Assets (1 thru 9)	2,106,491	2,055,863	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	210,837	182,713	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	1,071,602	1,196,307
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	100,304	111,850	46. Total Long-Term Debt (36-45)	10,201,385	12,711,901
13. Nonregulated Investments	5,526,555	4,667,207	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	183,150	220,280	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	537,494	470,307	48. Deferred Income Taxes	(211,079)	(151,386)
16. Jurisdictional Differences	0	0	49. Other Deferred Credits	90,211	99,730
17. Total noncurrent Assets (11 thru 16)	6,558,340	5,652,357	50. Other Jurisdictional Differences	0	0
PLANT, PROPERTY AND EQUIPMENT			51. Total Other Liab. & Def. Credits (47 thru 50)	(120,868)	(51,656)
18. Telecom Plant-in-Service	17,181,970	23,571,274	EQUITY		
19. Property Held for Future Use	0	0	52. Cap. Stock Outstanding & Subscribed	57,050	57,050
20. Plant Under Construction	1,666,824	332,278	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.)	(14,679,251)	(16,035,679)	55. Membership and Capital Certificates	0	0
23. Net Plant (18 thru 21 less 22)	4,169,543	7,867,873	56. Other Capital	0	0
24. TOTAL ASSETS (10+17+23)	12,834,374	15,576,093	57. Patronage Capital Credits	0	0
			58. Retained Earnings or Margins	(7,475,744)	(7,429,977)
			59. Total Equity (52 thru 58)	674,660	720,427
			59. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	12,834,374	15,576,093

Footnote:
Adjusted Balances represents balances
after Part 64 adjustments.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Rate of Return and Consolidated Return on Equity

Company Name: (Below)

Mashell Telecom, Inc.

Line #	Description	B/S Line #	Adj. Balance End of Year 2016	Adj. Balance End of Year 2017	Average Adj End of Year Balance
Average Rate Base:					
1	Total Regulated Adjusted Telecom Plant-In-Service	18	17,181,970	23,571,274	20,376,622
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(14,679,251)	(16,035,679)	(15,357,465)
4	Total Regulated Materials & Supplies	6	96,215	207,122	151,669
5	Deferred Income Taxes (CR) * - Manually input		(211,079)	(151,386)	(181,233)
6	Total Regulated Rate Base		2,387,855	7,591,331	4,989,593

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)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)
Mashell Telecom, Inc.

Line #	Description	Prior Year End of Yr. Balance - 2016	Current Year End of Yr. Balance - 2017	Difference	% Change
	Access Lines:				
1	Residential	1,999	620	(1,379)	-69.0%
2	Business	548	535	(13)	-2.4%
3	Total	2,547	1,155	(1,392)	-54.7%

Note: If 2016 does not equal last year's petition and template, explain.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)
Mashell Telecom, Inc.

Line #	Description	Prior Year 2016 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2016 (C)
1	Local Network Services Revenues	644,596		644,596
2	Network Access Services Revenues	2,844,228		2,844,228
3	Long Distance Network Services Revenues	172,777		172,777
4	Carrier Billing and Collection Revenues	3		3
5	Miscellaneous Revenues	28,079		28,079
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(43)		(43)
7	Net Operating Revenues (1 thru 6)	3,689,640	0	3,689,640
8	Plant Specific Operations Expense	1,528,858	(9,259)	1,519,599
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	616,202	(138,032)	478,170
10	Depreciation Expense	752,423	20,541	772,964
11	Amortization Expense	8,629	1,652	10,281
12	Customer Operations Expense	1,048,963	0	1,048,963
13	Corporate Operations	1,168,562	9,259	1,177,821
14	Total Operations Expenses (8 thru 13)	5,123,637	(115,839)	5,007,798
15	Operating Income or Margins (7 less 14)	(1,433,997)	115,839	(1,318,158)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	159,403	(2,592)	156,811
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(41,820)	195,204	153,384
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	117,583	192,612	310,195
21	Net Operating Income or Margins (15+16-20)	(1,551,580)	(76,773)	(1,628,353)
22	Interest on Funded Debt	158,639		158,639
23	Interest Expense - Capital Leases	1,418		1,418
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (Record as a Credit)	(24,618)		(24,618)
26	Total Fixed Charges (22+23+24+25)	135,439	0	135,439
27	Nonoperating Net Income	115,238		115,238
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	1,137,068	76,773	1,213,841
31	Total Net Income or Margins (21+27+28+29+30-26)	(434,713)	0	(434,713)
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	(7,252,110)		(7,252,110)
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)	(7,686,823)	0	(7,686,823)
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	823,497		823,497
45	Cash Ratio ((14+20-10-11)/7)	1.2143	#DIV/0!	1.2290
46	Operating Accrual Ratio ((14+20+26)/7)	1.4572	#DIV/0!	1.4780
47	TIER ((31+26)/26)	(2.2097)	#DIV/0!	(2.2097)

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

48	DSCR ((31+26+10+11)/44)	0.5608	#DIV/0!	0.5877
----	-------------------------	--------	---------	--------

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)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)
Mashell Telecom, Inc.

Line #	Description	Current Year 2017 (A)	Part 64 Adj. to NonReg (B)	Current 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	823,497		823,497
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

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

48	DSCR ((31+26+10+11)/44)	1.5106	#DIV/0!	1.6015
----	-------------------------	--------	---------	--------

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)
Rate of Return and Consolidated Return on Equity

Company Name:
Mashell Telecom, Inc.

Line #	Description	Adjusted Prior Year 2016	Adjusted Current Year 2017
1	Local Network Services Revenues	644,596	500,126
2	Network Access Services Revenues	2,844,228	3,986,226
3	Long Distance Network Services Revenues	172,777	0
4	Carrier Billing and Collection Revenues	3	0
5	Miscellaneous Revenues	28,079	20,646
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(43)	(2,364)
7	Net Operating Revenues (1 thru 6)	3,689,640	4,504,634
8	Plant Specific Operations Expense	1,519,599	1,270,968
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	478,170	579,185
10	Depreciation Expense	772,964	932,753
11	Amortization Expense	10,281	23,255
12	Customer Operations Expense	1,048,963	795,255
13	Corporate Operations	1,177,821	1,015,986
14	Total Operations Expenses (8 thru 13)	5,007,798	4,617,402
15	Operating Income or Margins (7 less 14)	(1,318,158)	(112,768)
16	Other Operating Income and Expenses ()	0	0
17	State and Local Taxes	156,811	143,844
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	153,384	(34,021)
19	Other Taxes	0	0
20	Total Operating Taxes (17+18+19)	310,195	109,823
21	Net Operating Income or Margins (15+16-20)	(1,628,353)	(222,591)
22	Interest on Funded Debt	158,639	254,128
23	Interest Expense - Capital Leases	1,418	0
24	Other Interest Expense	0	67,187
25	Allowance for Funds Used During Construction (Record as a Credit)	(24,618)	(63,943)
26	Total Fixed Charges (22+23+24+25)	135,439	257,372
27	Nonoperating Net Income	115,238	4,628
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	1,213,841	580,795
31	Total Net Income or Margins (21+27+28+29+30-26)	(434,713)	105,460
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	(7,252,110)	(7,686,823)
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))	(7,686,823)	(7,581,363)
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	823,497	823,497
45	Cash Ratio ((14+20-10-11)/7)	1.2290	0.8372
46	Operating Accrual Ratio ((14+20+26)/7)	1.4780	1.1065
47	TIER ((31+26)/26)	(2.2097)	1.4098

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

48	DSCR ((31+26+10+11)/44)	0.59	1.6015
----	-------------------------	------	--------

	Footnote	<u>2016</u>	<u>2017</u>
(A1)	S Corporation Effective Tax Rate (2 decimal places):		
	Note:		
	Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).		

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)

Mashell Telecom, Inc.

Line #	Description	Part 32 Account	Prior Year 2016	Current Year 2017
1	End User Revenue (SLC, ARC, etc.)	5081	394,045	324,797
2	Switched Access (excluding USF):	5082		
2a	Intrastate		97,508	100,537
2b	Interstate (includes CAF)		89,253	951,487
3	Special Access:	5083		
3a	Intrastate		21,203	18,204
3b	Interstate		771,603	946,397
4	Federal USF (except CAF and ACAM/BLS)	Varies	1,298,443	566,262
5	Federal USF (ACAM or BLS)	Varies		888,601
6	State USF	Varies	172,173	189,941
7	Other*			
8	Total (must equal line 2 of Income Stmt.)		2,844,228	3,986,226
9	Line 2 of Income Stmt.		2,844,228	3,986,226
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)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)
 Mashell Telecom, Inc. _____

Description of Out-of-Period (OOP) - 2017 (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:				
Adjustment #2:				
Adjustment #3:				
Adjustment #4				
Adjustment #5				

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Rate of Return and Consolidated Return on Equity

Company Name: (Below)

Mashell Telecom, Inc. _____

Line #	Description	Company 2017 (A)	Staff 2017 (B)
1	Rate Base (Jan. 1)	2,387,855	2,387,855
2	Rate Base (Dec 31)	7,591,331	7,591,331
3	Average Rate Base	4,989,593	4,989,593
4	Net Operating Income	(222,591)	(222,591)
5	Out-of-Period Adjustments Net of FIT		
6	Adjusted Net Operating Income	(222,591)	(222,591)
7	Earned Regulated Rate of Return	-4.46%	-4.46%

Footnotes:

- (A) Column A to be completed by Company,
- (B) Column B should equal Column A, but may include any Staff Adjustments

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

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, PLEASE MARK AS CONFIDENTIAL PER 480-07-160. (The header and footer is no longer marked as confidential as some companies do not file this report as confidential).



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

MASHELL, INC. AND SUBSIDIARY
dba RAINIER CONNECT

December 31, 2017 and 2016



MOSSADAMS



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

MASHELL, INC. AND SUBSIDIARY
dba RAINIER CONNECT

December 31, 2017 and 2016



MOSSADAMS



MOSSADAMS

PETITION OF MASHELL TELECOM, INC.
[d/b/a RAINIER CONNECT] TO RECEIVE SUPPORT
FROM THE STATE UNIVERSAL COMMUNICATIONS
SERVICES PROGRAM - EXHIBIT 5 - 37

REDACTED FOR PUBLIC INSPECTION



NAVIGATION

- Reports**
- [Op. Report-Telecom Certification](#)
- [Point Of Contact](#)
- [Part A](#)
- [Part B](#)
- [Part C](#)
- [Part D](#)
- [Part E](#)
- [Part F](#)
- [Part G](#)
- [Part H](#)
- [Part I](#)
- [Notes](#)

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 2016 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	457,058	1,091,624	25. Accounts Payable	729,596	625,703
2. Cash-RUS Construction Fund	1,239,651	531,335	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits	831	700
b. Other Accounts Receivable			29. Current Mat. L/T Debt	912,534	1,132,423
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases	10,815	0
a. Telecom, Accounts Receivable	219,365	149,366	32. Income Taxes Accrued		
b. Other Accounts Receivable	6,558	8,708	33. Other Taxes Accrued	59,314	60,364
c. Notes Receivable			34. Other Current Liabilities	366,107	376,231
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	2,079,197	2,195,421
6. Material-Regulated	207,918	207,122	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets	87,644	67,708	38. Funded Debt-FFB Notes	9,129,783	11,515,594
10. Total Current Assets (1 thru 9)	2,218,194	2,055,863	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	210,837	182,713	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies	1,071,602	1,196,307
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	100,304	111,850	46. Total Long-Term Debt (36 thru 45)	10,201,385	12,711,901
13. Nonregulated Investments	5,610,239	4,927,932	OTHER LIABILITIES & DEF. CREDITS		
14. Other Noncurrent Assets	183,150	220,280	47. Other Long-Term Liabilities		
15. Deferred Charges	537,494	470,307	48. Other Deferred Credits	90,211	99,730
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	6,642,024	5,913,082	50. Total Other Liabilities and Deferred Credits (47 thru 49)	90,211	99,730
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	16,571,966	22,525,811	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	1,666,824	332,278	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	14,264,634	15,250,941	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	3,974,156	7,607,148	56. Patronage Capital Credits		
24. Total Assets (10+17+23)	12,834,374	15,576,093	57. Retained Earnings or Margins	(7,686,823)	(7,581,363)

EXHIBIT 6

Total Equity = % of Total Assets

58. Total Equity (51 thru 57)

59. Total Liabilities and Equity (35+46+50+58)

[USDA](#) | [Rural Development](#) | [eAuth](#)
[Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination](#)



NAVIGATION

- [Reports](#)
- [Op. Report-Telecom](#)
- [Certification](#)
- [Point Of Contact](#)
- [Part A](#)
- [Part B](#)
- [Part C](#)
- [Part D](#)
- [Part E](#)
- [Part F](#)
- [Part G](#)
- [Part H](#)
- [Part I](#)
- [Notes](#)

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 2016 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	644,596	580,586
2. Network Access Services Revenues	2,844,228	3,986,226
3. Long Distance Network Services Revenues	172,777	152,921
4. Carrier Billing and Collection Revenues	3	0
5. Miscellaneous Revenues	28,079	20,646
6. Uncollectible Revenues	43	2,364
7. Net Operating Revenues (1 Thru 5 Less 6)	3,689,640	4,738,015
8. Plant Specific Operations Expense	1,528,858	1,432,288
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	616,202	575,647
10. Depreciation Expense	752,423	866,776
11. Amortization Expense	8,629	14,330
12. Customer Operations Expense	1,048,963	1,104,628
13. Corporate Operations Expense	1,168,562	1,016,929
14. Total Operating Expenses (8 Thru 13)	5,123,637	5,010,598
15. Operating Income or Margins (7 less 14)	(1,433,997)	(272,583)
16. Other Operating Income and Expense		
17. State and Local Taxes	159,403	147,829
18. Federal Income Taxes	(41,820)	(76,870)
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	117,583	70,959
21. Net Operating Income or Margins (15+16-20)	(1,551,580)	(343,542)
22. Interest on Funded Debt	158,639	254,128
23. Interest Expense - Capital Leases	1,418	0
24. Other Interest Expense		67,187
25. Allowance for Funds Used During Construction	(24,618)	63,943
26. Total Fixed Charges (22+23+24-25)	184,675	257,372
27. Nonoperating Net Income	115,238	4,628
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	1,186,304	701,746
31. Total Net Income or Margins (21+27+28+29+30-26)	(434,713)	105,460
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	(7,252,110)	(7,686,823)
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)]	(7,686,823)	(7,581,363)
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		

42. Patronage Capital Credits Retired

EXHIBIT 6

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
	823,497	1,266,822
	1.2143	0.8865
	1.4706	1.1268
	(1.3539)	1.4098
	0.6205	0.9819

< Previous

View Checks

Next >

[USDA](#) | [Rural Development](#) | [eAuth](#)
[Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination](#)

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

The following amounts of corporate operations expense were required by 47 C.F.R. § 54.1308(a)(4)(ii) to be excluded by MASHELL TELECOM, INC. [d/b/a RAINIER CONNECT] (“Company”) from corporate operations expense that, for 2016, was input in both the Federal 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 2017, 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: for 2016, \$136,426; for 2017, \$0.

Dated this 27th day of July, 2018

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 27th day of July, 2018.

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 2017.

Dated this 27th day of July, 2018.

Brian Haynes / President & CEO