

June 23, 2015

**VIA E-FILING**

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

Re: 2015 ETC Certification - Request for Certification Pursuant to WAC 480-123-060 and 47C.F.R. §54.314

Dear Mr. King:

Pursuant to WAC 480-123-060, Mashell Telecom, Inc. ("Company") hereby requests that the Washington Utilities and Transportation Commission certify that the Company has met the requirements of 47C.F.R. §54.314 for eligibility for continued receipt of federal high-cost funds.

The certifications and reports that are specified in WAC 480-123-060, WAC 480-123-070 and WAC 480-123-080 are enclosed.

If there are any questions concerning the foregoing, please contact the undersigned at 360-832-4130.

Sincerely,



Danielle Clausen

Enclosures

cc: Rick Finnigan



ETC ANNUAL REPORT PER WAC 480-123-070 AND WAC 480-123-080  
Contains Certifications Required by WAC 480-123-060 and 070  
July 1, 2015

Mashell Telecom, Inc. (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.

1. Report 1: Report on use of funds: WAC 480-123-070(1)(a):

The Company used support from the federal high-cost fund in 2014 as follows:

The funds from the universal service communication program are contributing to the Company's ongoing provision of high-quality basic telecommunications service to customers residing in the area the Company serves.

In addition, the Company undertook several construction and maintenance projects. The Company expanded its transport network by entering into a long-term dark fiber leasing arrangement and constructing a middle mile fiber to a meet point in Tacoma. This project provides the company with additional transport capacity and redundancy.

The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform this project, including, without limitation, the repayment of loan funds.

For 2014 the Company's gross capital expenditures were \$287,311. The Company's 2014 operating expenses were \$4,670,854. Recent major projects include the above and those referenced in Form 481.

Per the direction of Commission Staff, the NECA -1 report will be provided as soon as it is available and no later than August 1, 2015.

2. Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses report under Report 1, above, benefited the customers as follows:

The customers served by the Company benefited from the use of high-cost fund support by continuing to receive high quality telecommunications services. The Company expanded on existing customer service areas (CSAs) at a cost in excess of \$50,000. The expansion of CSAs provides additional capacity for higher broadband speeds to current customers and provides a platform on which additional telecommunications services, including, but not limited to, advanced services, can be provided to customers. These projects improve service to the Company's customers within the 832 and 879 exchanges with a significant growth potential to adjacent properties in its designated ETC service area.

Through the expenditure of these funds, the Company was able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C § 254 of providing quality telecommunications services to customers in the service area for which the Company is designated as an ETC.<sup>1</sup> The Company has made substantial investments over the past several years which allow it to provide quality telecommunications services to its customers in its designated ETC service area. Those expenditures and investments, including those reflected in Report 1 above, generally benefit all customers receiving the federal high-cost fund supported services from the Company within its designated ETC service area. The Company has expanded its network over the past several years so that it is capable of providing access to broadband services throughout most of the Company's designated ETC service area. The Company offers services that are comparable to services offered in urban areas at rates that are comparable to rates for such services in urban areas.

3. Report 3: Local Services Outage Report: WAC 480-123-070(2):

None

4. Report 4: Report on Failure to Provide Service: WAC 480-123-070(3):

None

5. Report 5: Report on Complaints per 1000 Connections: WAC 480-123-070(4):

The Company reports that during the calendar year 2014, the Company received the following complaints made by the Company's customers to the Federal Communications Commission (FCC) and the Consumer Protection Division (CPD) of the Office of the Attorney General of the State of Washington against the Company. One consumer complaint filed with the CPD regarding Internet account security.

The Company received a CPD consumer complaint #447009 in May, 2014. A customer complained regarding a required password change for his email account with the Company. In February, 2014, the Company began a project to contact customers with active email accounts that had a weak password and request they change their password to one of their choosing that met our updated security requirements (8-20 characters, must not match the username or email address, at least one upper and one lower case letter, one digit (0-9) and one non-alphanumeric character).

We had multiple conversations with the customer notifying him of the need to change his password. We explained the update to our security protocol was an effort to reduce the risk for both our customer's private information and network as well as our own network and confidential data. This customer on multiple occasions stated he would not be changing his password to meet the new security guidelines. On April 16, 2014, we processed orders to update all accounts that still had weak passwords to a secure, unique

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<sup>1</sup> The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

password. Our decision to change the password rather than disable the address completely was so the customer would not lose any email between the point we processed the order and the point the customer contacted us to update the password.

Our initiative to update all email passwords to more secure passwords is simply part of our greater efforts to protect our customers and our network serving them from hackers and malicious activity. This does not compromise his privacy in any way and we provide the ability for our customers to log into their account online and change their password to one of their choosing as long as the password meets our security standards. This complaint was subsequently closed.

6. Report 6: Annual Plan: WAC 480-123-080(1):

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2016, through December 31, 2016, are projected to be \$3,536,250 for gross capital expenditures and \$4,647,298 for operating expenses. Major projects are disclosed on the five year plan included with FCC Form 481 filed with the Commission last year.

The Company expects that levels of expenses will remain relatively the same as those it experience in calendar year 2014, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service. The Company does not anticipate major adjustments in staffing levels for the relevant period.

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

As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period January 1, 2016, through December 31, 2016, will remain relatively the same as those it experienced in calendar year 2014, subject to the effects of inflation, other commonly experienced changes in cost of labor and materials, and increased depreciation on new investment placed in service, with the exception of the FTTP project outlined below.

In addition to the foregoing, the Company has a \$17M four-year plan to upgrade aging portions of its outside plant and network infrastructure to a FTTP (Fiber-to-the-premise) architecture. The Company plans to build-out FTTP in the town area of Eatonville exchange including residential lake areas, and also plans to build out FTTP in portions of the rural areas of the Kapowsin exchange. The FTTP network architecture would provide these customers of the Company access to voice, multimedia, and data services over one unified access platform.

The Company plans to place remote terminals strategically in order to shorten copper loops to 5,000 feet or less, and then plans to groom the copper loops and begin offering higher data rates in areas that were previously limited by loop distance.

The Company does not anticipate major adjustments in staffing levels for the relevant period. Major projects are disclosed on FCC Form 481 as referenced in Report 6, above. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2016. The Company expects that the continued receipt of federal high-cost support will allow the Company to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas. All customer in the Company's designated ETC service area will benefit from the expected level of support by continuing to have available to them services that are comparable to the telecommunications services offered in urban areas at rates that are comparable to the rates for such services in urban areas.

**AFFIDAVIT CONTAINING CERTIFICATIONS  
PURSUANT TO WAC 480-123-060 AND WAC 480-123-070**

I, BRIAN HAYNES being of lawful age, state that I am PRESIDENT/CEO of MASHELL TELECOM, INC., (“Company”), that I am authorized to execute this Affidavit on behalf of the Company, and that the facts set forth in this Affidavit are true to the best of my knowledge, information and belief. On this basis, I hereby certify to the Washington Utilities and Transportation Commission (“Commission”) for use by the Commission in providing the certification to the Federal Communications Commission and Universal Service Administrative Company required by 47 C.F.R. §54.314, as follows:

(1) That the Company in 2014 used and in the coming calendar year will use federal high-cost universal service fund support provided to the Company in the State of Washington only for the provision, maintenance and upgrading of the facilities and services for which the support is intended;

(2) That during the 2014 calendar year, the Company met substantially the applicable service quality standard and consumer protection rules found in WAC 480-123-030(1)(h);


(3) That during the 2014 calendar year, the Company maintained the ability to function in emergency situations under the standard found in WAC 480-123-030(1)(g), as such standard relates to functionality of wireline carriers in emergency situations; and

(4) That during the 2014 calendar year, the Company publicized the availability of its applicable telephone assistance programs in a manner reasonably designed to reach those likely to qualify for service and in a manner which, in the Company’s judgment, included advertisements likely to reach those who are not current customers of the Company within the Company’s designated service area.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated this 23<sup>rd</sup> day of June, 2015, at 2516 Holgate Street, Tacoma, WA 98402.

Company: Mashell Telecom, Inc.

By:   
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Brian Haynes

Its: President and Chief Executive Officer