**Mashell Telecom – Year 4 – Funds distributed in 2017 – Reported use of funds by July 1, 2018 – Docket UT-170857**

In December 2017, the Company received $199,459 from the universal communications services program for the fiscal year ending June 30, 2018.

During the first six months of 2018, the Company invested $400K in new equipment upgrades to improve and expand broadband services to subscribers. The funds received from the universal communications services program can be viewed as contributing to the Company's ability to fund these projects, including, without limitation, the repayment of loan funds.

In addition to the foregoing, the Company is currently in the final year of a $17M four-year plan (2015-2018) to upgrade aging portions of its outside plant and network infrastructure to a FTTP (Fiber-to-the premise) architecture. We concluded the initial build of fiber infrastructure within the town of Eatonville, WA last fall. Shortly thereafter, staring in October 2017 and continuing through the first half of 2018, we initiated a $4.5M FTTP project building fiber infrastructure to service several rural lake communities within our exchanges. The FTTP network architecture will provide these customers’ access to voice, multimedia, and data services over one unified access platform. These network upgrades also allow the company to offer broadband speeds to make applications such as working from home, eLearning, and eMedicine viable options for our subscribers. The funds received from the universal service communications program can be viewed as contributing to the Company's ability to perform those projects, including, without limitation, the repayment of loan funds.

In the second half of 2018, the Company plans to continue the aforementioned project related to FTTP and to invest an additional $300k in equipment and outside plant infrastructure in communities to further drive network upgrades facilitating modern voice, multimedia and broadband services in the rural areas of Eatonville and Kapowsin.