

**Mashell Telecom – Year 2 – Funds distributed in 2015 – Reported use of funds by July 1, 2016 – Docket UT-151520**

In January 2015, the Company received \$70,176 from the universal service communications program for the fiscal year ending June 30, 2015 representing the reduction in support from the CAF ICC Program.

During 2015, 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 Napavine. This project provides the company with additional transport capacity and redundancy.

In addition to the foregoing, the Company has 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. The Company is building out FTTP in the core area of the Eatonville exchange including residential lake areas, and also is building FTTP in portions of the rural areas of the Kopowsin exchange. The FTTP network architecture will provide these customers 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 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 December 2015, the Company received \$160,385 from the universal service communications program for the fiscal year ending June 30, 2016, which represents monies that the Company formerly received through the WECA pooling process and the reduction of support under the FCC's CAF ICC Program.

During the first six months of 2016 the Company finalized the middle mile fiber construction that began in 2015 outlined above, and undertook a secondary middle mile fiber meet point project in Bucoda. This will provide the Company with the needed transport facilities that the FTTP build out will require. The Company finalized the engineering plans for our FTTP installation in Eatonville proper, where construction will begin September and is currently staking lake communities to outline fiber routes and customer counts for projects to begin early 2017. 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 2016 the Company plans to finalize the North middle mile fiber project to Bucoda. The Company will begin construction on the Eatonville proper FTTP facilities to service local businesses in the community, and finalize the fiber route engineering plans for lake communities.