

**REPORTS AS REFERENCED
IN WAC 480-123-070 and WAC 480-123-080**

YCOM NETWORKS, INC. D/B/A FAIRPOINT COMMUNICATIONS

Report 1 - Use of Federal Funds and Benefits to Customers

WAC 480-123-070(1)(a)

1A – Effective January 1, 2012, the FairPoint rural rate-of-return ILECs were subject to revised USF rules established by the FCC’s Transformation Order. Under these rules, the rate-of-return affiliates of predominantly price cap holding companies are to be treated as price cap carriers for purposes of the Connect America Fund (CAF) program. As such, the FairPoint rate-of-return affiliates received Frozen High Cost Support starting January 1, 2012, that was based on all forms of high cost support received during 2011. Frozen High Cost Support will continue until the FCC implements the CAF Phase II funding program; therefore, support received by the Company is not based on the Company’s investment and expenses.

WAC 480-123-070(1)(b)

1B – The company reports that investments and expenses benefited customers as follows:

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 high quality telecommunications services to customers in the service area for which the Company is designated as an ETC. 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 generally benefit all customers receiving the federal high-cost fund supported services from the Company within its designated service area. In addition, during 2013, the Company was engaged in a major investment project within its designated ETC service area as described below.

In 2013 the Company invested \$421,054 to upgrade its Outside Plant network. These upgrades provided for a platform to deliver more reliable local service and advanced telecommunications services to customers in these exchanges. Also the continued process to migrate customers to the 2012 installed soft switch.

In addition to the foregoing, the Company has invested \$8,800 in outside plant infrastructure due to road project. With past and current growth the local state, county and city entities have begun upgrading the transportation infrastructure. With a majority of these road projects the Company finds its telecommunication infrastructure in conflict with the road design.

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, 2015, through December 31, 2015, that the Company expects to use as a basis to request federal high-cost support are expected to be relatively similar to those investments and expenses the Company has set forth in its information filed previously, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will remain relatively close to the same as those it experienced in calendar year 2013, subject to the effects of inflation and other commonly experienced changes in cost of labor and

materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company expects that it will have relatively the same level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2014 thus far. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2015.

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service. As to the specific investment project identified above, it is expected that customers will benefit by increased reliability of service and the increased availability of a broader range of telecommunications services, including, but not limited to, advanced services.

Report 4 - Report on Complaints per 1000 handsets or lines

The Company reports that 1 complaint was received during the calendar year 2013, and it was received from the Washington UTC.

UTC Complaint 116402 – The customer received a disconnect notice and questioned the balance due on the notice. Due to a timing issue, the notice was sent to the customer before newly eligible Lifeline credits were applied to the account, making the balance higher than it should have been. FairPoint adjusted the customer's account appropriately and then worked out an agreeable payment arrangement with the customer for the correct past due amount.