

**REPORTS AS REQUIRED BY WAC 480-123-070  
AND WAC 480-123-080**

Mashell Telecom, Inc. (the “Company”) hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.<sup>1</sup>

Report 1: WAC 480-123-070(1)(a): Attached is a copy of the Company’s NECA-1 Report for the calendar years 2012 and 2013, that, as of the date of the report, the Company is reporting as the basis for support from the federal high-cost fund.

Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses reported under Report 1, above, 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.<sup>2</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 service area. In addition, during 2013, the Company was engaged in several major investment projects within its designated ETC service area as described below:

The Company expanded on existing customer service areas (CSAs) at a cost in excess of \$150,000. The expansion of CSAs provides additional capacity for 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 with a significant growth potential to adjacent properties in its designated ETC service area. Of the \$150,000 investment above, \$7,000 was fiber or cable placement to serve new developments within the 832 and 879 exchanges. The remaining investment was to replace and upgrade plant servicing existing customers within the 832 and 879 exchanges.

Report 3: WAC 480-123-070(2): The Company reports that during the calendar year 2013, the Company experienced no major outages exceeding 48 hours.

Report 4: WAC 480-123-070(3): The Company reports no requests for service from applicants within the designated service area that were unfulfilled for the calendar year 2013.

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<sup>1</sup> It is the Company’s understanding that it is not required to submit the reports described in WAC 480-123-070(2) and (3).

Report 5: WAC 480-123-070(4): The Company reports that during the calendar year 2013, the Company received no complaints from the Federal Communications Commission, the Consumer Protection Division of the Office of the Attorney General of the State of Washington, or the Washington Utilities and Transportation Commission against the Company made by the Company's customers.

Report 6: WAC 480-123-080(1)(a) and WAC 480-123-080(2): The Company reports as follows:

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 under Report 1, above, taking into account normal fluctuations in investments and expense levels. The Company expects that levels of expenses will remain relatively the same as those 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's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area do not include a major construction project at the present time. The Company expects that it will have a similar level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2013. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2015.

The Company expects that the continued receipt of federal high-cost support will aide the Company's efforts to continue to provide the supported services at rates that are comparable to the rates for such services in urban areas. However, the Company projects that with reductions in intercarrier compensation and associated federal support, those efforts will need to be supplemented by support from the state universal service fund for the Company to be able to continue to maintain reasonably comparable rates. All customers in the Company's designated ETC service area will benefit from the expected level of support and other factors, such as support from the state fund, continuing to aide efforts to have available to the customers 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.

In addition to the foregoing, in 2014 the Company budgeted \$285,000 on construction projects in order to decrease outages and increase reliability of the network for all subscribers located within the 832 and 879 exchanges. The Company has also allocated some of the above funds to expand into local developments as construction opportunities within the community arise.

The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service in our two exchange areas, 832 & 879.