

**Mashell Telecom – Year 3 – Funds distributed in 2016 – Reported use of funds by July 1, 2017 – Docket UT-160963**

In December 2016, the Company received \$180,423 from the universal service communications program for the fiscal year ending June 30, 2017 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 2017 the Company undertook \$300,000 in new construction and major maintenance projects related to extending telephone and broadband service to subscribers and maintenance on infrastructure stability to provide 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 those projects, including, without limitation, the repayment of loan funds.

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 first six months of 2017, the Company invested \$3 million continuing the build out of FTTP in the core area of Eatonville exchange excluding residential lake areas, and also is building FTTP in portions of the rural areas of the Kapowsin 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 500 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 the second half of 2017 the Company plans [to continue the aforementioned project related to FTTP and begin subscriber installations in July with the intention of transitioning all core Eatonville subscribers to the new platform prior to yearend. The Company also plans to begin the second phase of the project construction extending FTTP to the Eatonville and Kapowsin more remote lake areas.