

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PENALTY ASSESSMENT UT-170460

PLEASE NOTE: You must complete and sign this document, and send it to the Commission within 15 days after you receive the penalty assessment. Use additional paper if needed.

I have read and understand RCW 9A.72.020 (printed below), which states that making false statements under oath is a class B felony. I am over the age of 18, am competent to testify to the matters set forth below and I have personal knowledge of those matters. I hereby make, under oath, the following statements.

[] 1. Payment of penalty. I admit that the violations occurred. I have:

[] Enclosed \$_____ in payment of the penalty

[] Submitted my payment of \$_____ online at www.utc.wa.gov. My confirmation number is _____.

[] 2. Contest the violation. I believe that one or more of the alleged violations did not occur, for the reasons I describe below (if you do not include reasons supporting your contest of the violations here, your request will be denied):

[] a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision

OR

[] b) I ask for a Commission decision based solely on the information I provide above.

X] 3. Application for mitigation. I admit the violations, but I believe that the penalty should be reduced because the violations occurred due to circumstances beyond my control, as explained below (if you do not include reasons that support your application for mitigation here, your request will be denied):

Please see letters attached re: mental health problems

[] a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision

OR

X] b) I ask for a Commission decision based solely on the information I provide above.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing, including information I have presented on any attachments, is true and correct.

Dated: 6/27/2017 [month/day/year], at Tukwila, WA [city, state]

Sofusion Communications, LLC
Name of Respondent (company) – please print

[Handwritten Signature]
Signature of Applicant

RCW 9A.72.020:

“Perjury in the first degree. (1) A person is guilty of perjury in the first degree if in any official proceeding he makes a materially false statement which he knows to be false under an oath required or authorized by law. (2) Knowledge of the materiality of the statement is not an element of this crime, and the actor’s mistaken belief that his statement was not material is not a defense to a prosecution under this section. (3) Perjury in the first degree is a class B felony.”



Communications, LLC

Date: 6/27/2017

To: Washington UTC
Phone: 360-664-1289

From: Pat Sarles, Finance Project Manager
Phone: 206-905-8073
Email: pat@isofusion.com

Re: WUTC Annual Report

Attached is our 2016 Annual Report. I understand that this was due on May 1st. I apologize for the delay. I made the tax and interest payment online this afternoon.

I am also attaching Penalty Assessment UT-170460 in the amount of \$1,000 and throwing myself at your mercy.

When I was assigned this report in April, I glanced at the information and noted, incorrectly, that late fees would be 2%. Since I was having some mental health problems and took time off, I put this aside and forgot about it. I just discovered it last week and have been working on it. After receiving the penalty assessment and re-reading the information, I realize that this report is and should have been a priority. I am very sorry that I forgot it. I take full responsibility for the mistake and am going to pay as much of the late payment penalty out of my own pocket as I can. I would really appreciate it if you could consider reducing this penalty. VoIP is just a small part of our business, as you can see by the income in the report and the reports and taxing authorities related to VoIP are overwhelming. We are getting a better handle on it and have hired another accountant to help out, so I don't expect this to happen again. I am going to pay half of the assessed fee today and hope for a reduction in the penalties.

*Receipts for payments are also attached
Thank you.*

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Pat Sarles".

Pat Sarles
Finance Project Manager

IsoFusion, Inc.
12842 Interurban Ave. S.
Tukwila, WA 98168

1-888-556-9711
support@isofusion.com
www.isofusion.com

TELECOMMUNICATIONS COMPANIES
Class B Incumbent Local Exchange Carrier - Non-Competitive
2016
ANNUAL REPORT

FOR

IsoFusion Communications LLC dba: Isomedia, Inc.

(REGISTERED NAME OF BUSINESS)

12842 Interurban Ave S

(OFFICIAL MAILING ADDRESS)

Tukwila WA 98168

(CITY) (STATE) (ZIP)

Please check if address listed above is an updated address

Report Year Ended: December 31, 2016

Inquiries concerning this Annual Report should be addressed to:

Name/Title: Stephen Milton
Address: 12842 Interurban Ave S
City: Tukwila
State/Zip: WA
Telephone: 98168
Email: steve@isofusion.com

SUBMIT TO:
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
PO Box 47250
Olympia, WA 98504-7250

File online: www.utc.wa.gov



REPORT MUST BE RECEIVED NO LATER THAN MAY 1, 2017

Please refer to the Instructions for Completing the Annual Report on Page 2

SCHEDULE 1

Part A. Revenue Confirmation

Annual Revenue for the twelve months ended December 31, 2016	Total Company ¹	Total WA ²	WA Intrastate ³
	\$12,723,218	\$8,858,705	\$162,820

¹ All revenues (regulated, non-regulated, interstate, intrastate). Entry matches total company income statement.

² Revenues earned in WA (regulated, non-regulated, interstate, intrastate) and matches your WA Dept. of Revenue filing.

³ Regulated revenues (regulated, intrastate) only. The revenues subject to the Commission's regulatory fees are gross Washington intrastate operating revenues before deductions for uncollectibles, unbillables, or the payment of state and federal taxes.

Washington State Data

(All companies must provide)

Part B. Services

Does your company provide local exchange services in WA?

YES NO

If response is yes, Part C MUST be completed, even if response is zero (0).

Part C. Access Lines in service as of December 31, 2016

1 The total number of voice grade equivalent lines

_____ 430 _____

This should be the same as the FCC Form 477 Part II. A. 1.

2 How many of the lines listed in C.1. above, have access to E-911

_____ 430 _____

Company Name:
IsoFusion Communications LLC
For the Period Ending:
December 31, 2016

ASSETS	Total Company (1) (A)	Total Washington (B)	Washington Intrastate (2) (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Total Company (1) (A)	Total Washington (B)	Washington Intrastate (2) (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	732,171	732,171		25. Accounts Payable	506,376	506,376	
2. Cash-RUS Construction Fund				26. Notes Payable			
3. Affiliates:				27. Advance Billings and Payments			
a. Telecom, Accounts Receivable				28. Customer Deposits			
b. Other Accounts Receivable	696,160	696,160		29. Current Mat. L/T Debt			
c. Notes Receivable	23,836	23,836		30. Current Mat. L/T Debt Rur. Dev.			
4. Non-Affiliates:				31. Current Mat. - Capital Leases			
a. Telecom, Accounts Receivable				32. Income Taxes Accrued	28,174	28,049	
b. Other Accounts Receivable				33. Other Taxes Accrued	1,088,555	972,054	
c. Notes Receivable				34. Other Current Liabilities	1,623,105	1,506,479	
5. Interest and Dividends Receivable				35. Total Current Liabilities (25 thru 34)			
6. Material-Regulated				LONG-TERM DEBT			
7. Material-Nonregulated				36. Funded Debt-RUS Notes			
8. Prepayments	68,348	68,348		37. Funded Debt-RTB Notes			
9. Other Current Assets	89,340	89,340		38. Funded Debt-FFB Notes			
10. Total Current Assets (1 Thru 9)	1,609,855	1,609,855		39. Funded Debt-Other			
				40. Funded Debt-Rural Develop. Loan			
				41. Premium (Discount) on L/T Debt			
NONCURRENT ASSETS				42. Recquired Debt			
11. Investment in Affiliated Companies				43. Obligations Under Capital Lease	343,675	216,264	
a. Rural Development				44. Adv. From Affiliated Companies			
b. Nonrural Development				45. Other Long-Term Debt	1,066,429	1,066,429	
12. Other Investments				46. Total Long-Term Debt (36 thru 45)	1,410,104	1,282,693	
a. Rural Development				OTHER LIAB. & DEF. CREDITS			
b. Nonrural Development				47. Other Long-Term Liabilities			
13. Nonregulated Investments	171,237	171,237		48. Deferred Income Taxes			
14. Other Noncurrent Assets				49. Other Deferred Credits			
15. Deferred Charges				50. Other Jurisdictional Differences			
16. Jurisdictional Differences				51. Total Other Liab. & Def. Credits (47 thru 50)	0	0	
17. Total noncurrent Assets (11 thru 16)	171,237	171,237		EQUITY			
				52. Cap. Stock Outstanding & Subscribed			
PLANT, PROPERTY AND EQUIPMENT				53. Additional Paid-in-Capital	560,039	560,039	
18. Telecom Plant-in-Service	1,000	1,000	0	54. Treasury Stock			
19. Property Held for Future Use				55. Membership and cap. Certificates			
20. Plant Under Construction				56. Other Capital			
21. Plant Adj., Nonop Plant & Goodwill	6,201,992	5,979,015		57. Patronage Capital Credits			
22. Accumulated Depreciation (CR.)	(3,736,009)	(3,718,426)	0	58. Retained Earnings or Margins (B2)	654,827	693,471	
23. Net Plant (18 thru 21 less 22)	2,466,982	2,261,590		59. Total Equity (51 thru 57)	1,214,865	1,253,510	
24. TOTAL ASSETS (10+17+23)	4,248,074	4,042,682		60. TOTAL LIABILITIES AND EQUITY (35+)	4,248,074	4,042,682	

Footnotes:

(1) - Only complete if different than
Total Washington (Column B)

(2) - Only complete for lines 6, 18, 19, 22 & 48

Note:

Column B should equal Column A of the State USF
Program template which is required to be submitted
to the commission no later than August 1.

Company Name: (Below)
IsoFusion Communications, LLC

For the 12 months ending:
December 31, 2016

Line #	Description	Total Company (1) (A)	Total Washington (B)	Washington Intrastate (C)
1	Local Network Services Revenues	171,304	162,820	162,820
2	Network Access Services Revenues			
3	Long Distance Network Services Revenues	145,714	138,674	
4	Carrier Billing and Collection Revenues			
5	Miscellaneous Revenues	12,406,210	8,586,426	
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(30,719)	(29,215)	(410)
7	Net Operating Revenues (1 thru 6)	12,692,509	8,858,705	162,410
8	Plant Specific Operations Expense	2,196,438	2,190,955	40,168
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	3,248,789	3,068,721	56,260
10	Depreciation Expense	144,444	138,670	2,542
11	Amortization Expense	154,933	147,186	2,698
12	Customer Operations Expense	4,350,737	1,744,143	31,976
13	Corporate Operations	1,939,379	1,934,151	35,460
14	Total Operations Expenses (8 thru 12 +13)	12,034,720	9,223,826	169,104
15	Operating Income or Margins (7 less 14)	657,789	(365,121)	(6,694)
16	Other Operating Income and Expenses ()	(4,542)	(4,542)	
17	State and Local Taxes	208,469	208,469	
18	Federal Income Taxes - (LINE IS ZERO IF COMPANY IS S CORP)			
19	Other Taxes			
20	Total Operating Taxes (17+18+19)	208,469	208,469	0
21	Net Operating Income or Margins (15+16-20)	444,778	(578,132)	(6,694)
22	Interest on Funded Debt	108,684	108,684	
23	Interest Expense - Capital Leases	33,647	17,057	
24	Other Interest Expense	1,400	1,400	
25	Allowance for Funds Used During Construction (CR)			
26	Total Fixed Charges (22+23+24-25)	143,731	127,141	
27	Nonoperating Net Income	5,706	5,706	
28	Extraordinary Items			
29	Jurisdictional Differences			
30	Nonregulated Net Income			
31	Total Net Income or Margins (21+27+28+29+30-26)	306,753	(699,567)	

Footnote:

(1) Only complete if different than Total Washington, Column (B)

Note:

Column B should equal Column A of the State USF Program template which is required to be submitted to the commission no later than August 1.

REGULATORY FEE CALCULATION SCHEDULE

Due May 1, 2017

Company Name:

IsoFusion Communications LLC

Annual Report Year

2016

In accordance with RCW 80.24.010 "Regulatory Fees", the Commission requires telecommunication companies to file reports of gross intrastate operating revenue and pay fees on that revenue. Every company subject to regulation shall file with the Commission a

Regulatory Fee Calculations

1 Total Gross Intrastate Operating Revenue** (From Schedule 1, Part A, WA Intrastate Revenue)			\$162,820
2 If Line 1 is less than or equal to \$100,000, enter \$150 (skip to Line 4)			\$0
3 If Line 1 is greater than \$100,000, the first \$50,000 is subject to 0.1% regulatory fee			
3a Enter \$50,000	\$50,000 x	0.001	\$50
Remainder of revenues to 3b subject to 0.2% regulatory fee			
3b Subtract \$50,000 from Line 1	\$112,820 x	0.002	\$226
4 Total Regulatory Fees Due (Line 2 or Line 3a + Line 3b)			\$276

Agency Use Only 001-111-0268-170-01

Penalty & Interest Calculations

Penalties on Regulatory Fees being paid after May 1

5 Total Penalties on Regulatory Fees owed (enter amount from Line 4 x 2%)	\$276 x	0.02	\$6	
6 Interest on Regulatory Fees being paid after May 31				
7 Amount from Line 4 x Number of months past May 31 x 1%	\$276 x	1 x	0.01	\$3
8 Total Penalties and Interest owed (Line 5 plus Line 7)			\$8	

Total Regulatory, Penalties and Interest Fees Due (Line 4 plus Line 8)

\$284

Agency Use Only 001-111-0268-170-11

for uncollectibles, unbillables, subscriber/aggregator commissions or the payment of site charges and state and federal taxes, i.e. "Gross

COMMISSION USE ONLY

Reception #:

001-111-0268-170-01

Reference:

AR2016

001-111-0268-170-11

Payment ID:

001-111-0268-032-20

001R-111-0268-032-20 ()

Total Paid:

Pat Sarles

From: WA UTC Payments <DoNotReply@utc.wa.gov>
Sent: Tuesday, June 27, 2017 4:41 PM
To: pat@isofusion.com
Subject: UTC Payment Confirmation



Thank You for Submitting Your Payment

Your payment of \$284.00 has been processed on 6-27-2017 4:40 PM.
(Please allow up to three business days for this charge to post to your account.)

Confirmation Number: 3628

Company: Isofusion Communications, LLC

Any questions can be directed to Accounts Receivable, 360-664-1349.

Pat Sarles

From: WA UTC Payments <DoNotReply@utc.wa.gov>
Sent: Tuesday, June 27, 2017 5:18 PM
To: pat@isofusion.com
Subject: UTC Payment Confirmation



Thank You for Submitting Your Payment

Your payment of \$500.00 has been processed on 6-27-2017 5:18 PM.
(Please allow up to three business days for this charge to post to your account.)

Confirmation Number: 3629
Company: Isofusion Communications, LLC

Any questions can be directed to Accounts Receivable, 360-664-1349.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**NOTICE OF PENALTIES INCURRED AND DUE
FOR VIOLATIONS OF LAWS AND RULES**

**PENALTY ASSESSMENT: UT-170460
PENALTY AMOUNT: \$1000**

Isofusion Communications, LLC
12842 Interurban Ave. S
Tukwila, WA 98168

According to Washington Utilities and Transportation Commission (Commission) records, you have violated Washington Administrative Code (WAC) 480-120-382, which requires telecommunications companies to file their annual report and pay regulatory fees each year by May 1. You did not file a complete annual report by May 1, 2017.

Revised Code of Washington (RCW) 80.04.405 authorizes the Commission to assess a penalty of \$100 for each violation of a Commission rule. In the case of a continuing violation, every day's continuance is a separate and distinct violation. The Commission interprets noncompliance with WAC 480-120-382 beyond May 1 as a continuing violation, and assesses penalties of \$100 for each day a company fails to file its complete report or pay its regulatory fees after that date.

As a result, the Commission has assessed penalties against you in the amount of \$1000 on the following basis:

On February 28, 2017, the Commission sent the 2016 annual report forms and the 2017 regulatory fee packets to all telecommunications companies registered in Washington. The instructions page for the annual report form instructed these companies to file complete annual reports and pay regulatory fees by May 1, 2017. The instructions page also stated that failure to file the complete annual report by May 1 would result in penalties. The deadline for requesting an extension to file your annual report was April 15. You did not request an extension.

As of May 15, 2017, Isofusion Communications, LLC had not filed its complete 2016 annual report or paid its 2017 regulatory fee. May 15 is 10 business days from May 1, resulting in a total penalty of \$1,000. A complete and accurate annual report is still not on file and additional penalties may accrue until the Commission receives the report and any required regulatory fee.

Your penalty is due and payable now. If you believe the violation did not occur, you may request a hearing to contest the penalty assessment. The Commission will grant that request only if material issues of law or fact require consideration of evidence and resolution in a hearing. A request for a hearing must include a written statement of the