

CONFIDENTIAL FILING

July 27, 2017

VIA ELECTRONIC FILING SYSTEM

Mr. Steven V. King, Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

RE: **2018 Petition to Receive USF Support**

Dear Mr. King:

MASHELL TELECOM, INC. DBA RAINIER CONNECT ("MASHELL"), a privately-held rate of return carrier receiving high cost support, has electronically submitted a 2017 Petition to Receive USF Support to the Commission with redacted financial data. MASHELL respectfully provides the Commission with its confidential financial data so that all its reporting obligations are satisfied.

MASHELL, by its authorized representative, respectfully submits confidential information in compliance with WAC 480-07-160. MASHELL requests confidential treatment of certain information submitted with its annual reporting requirements as a privately-held rate of return carrier. The confidential information is required by WAC 480-123-110 and includes detailed financial information that is competitively sensitive. Disclosure of this confidential information would have a substantial negative impact on MASHELL. Such information would not normally be made available to the public for inspection because of the financial information and should be afforded confidential treatment under WAC 480-07-160.

As specified in the WAC 480-07-140, copies of the redacted confidential information are being filed simultaneously with the non-redacted confidential information. The redacted information for this filing and each page of the file where confidential information has been omitted is marked "REDACTED - FOR PUBLIC INSPECTION" and the confidential submission is marked "CONFIDENTIAL PER WAC 480-07-160".



Please feel free to contact me with any questions regarding this particular matter.

Sincerely,

Danielle Clausen, Controller
For Mashell Telecom Inc. dba Rainier Connect

Enclosures

1
2
3
4
5
6 **BEFORE THE WASHINGTON**
7 **UTILITIES AND TRANSPORTATION COMMISSION**

8 IN RE

9
10 PETITION OF MASHELL TELECOM,
11 INC., TO RECEIVE SUPPORT FROM THE
12 STATE UNIVERSAL COMMUNICATIONS
SERVICES PROGRAM

DOCKET NO.
PETITION FOR SUPPORT

13 COMES NOW MASHELL TELECOM, INC. [d/b/a Rainier Connect] (the "Company"),
14 and, pursuant to Chapter 480-123 of the Washington Administrative Code ("WAC") including, but
15 not limited to, WAC 480-123-110, hereby petitions the Washington Utilities and Transportation
16 Commission (the "Commission") to receive support from the State Universal Communications
17 Services Program established in RCW 80.36.650 (the "Program") for the fiscal year ending June 30,
18 2018.

19
20
21 **I. Demonstration of Eligibility under WAC 480-123-100**

- 22 1. WAC 480-123-100(1)(a): The Company is a local exchange company as defined in WAC
23 480-120-021 that serves less than forty thousand access lines within the state.

- 1 2. WAC 480-123-100(1)(b): The Company is an incumbent local exchange carrier as defined
2 in 47 U.S.C. Sec. 251(h).
- 3 3. WAC 480-123-100(1)(c): The Company offers basic residential and business exchange
4 telecommunications services as set forth in WAC 480-120-021 and RCW 80.36.630.
- 5 4. WAC 480-123-100(1)(d): The Company's rates for residential local exchange service, plus
6 mandatory extended area service charges, are no lower than the local urban rate floor
7 established by the Commission as the benchmark rate based on the Federal Communications
8 Commission's national local urban rate floor pursuant to 47 C.F.R. Sec. 54.318 in effect on
9 the date of this Petition.
- 10 11 5. WAC 480-123-100(1)(e): The Company has been designated by the Commission as an
12 eligible telecommunications carrier for purposes of receiving federal universal services
13 support pursuant to 47 C.F.R. Part 54 Subpart D - Universal Service Support for High Cost
14 Areas with respect to the service area for which the Company is seeking Program support.
15

16 **II. Demonstration of Eligibility under WAC 480-123-110**

- 17 18 1. WAC 480-123-110(1)(a): The name of the legal entity that provides communications
19 services and is seeking Program support is as follows: Mashell Telecom, Inc. [d/b/a Rainier
20 Connect].
- 21 22 2. WAC 480-123-110(1)(b): A corporate organization chart showing the relationship between
23 the Company and all affiliates as defined in RCW 80.16.010 is attached hereto as Exhibit 1.
24
25
26

1 A detailed description of any transactions between the Company and the affiliates named in
2 Exhibit 1 recorded in the Company's operating accounts is attached hereto as Exhibit 2.

3 3. WAC 480-123-110(1)(c): A service area map for the Company can be found at Sheet No.
4 Fifth Revised Sheet No. 105 and Original Sheet No. 105.1 of the Company's Tariff WN U-3.

5 4. WAC 480-123-110(1)(d): A demonstration that the Company's customers are at risk of rate
6 instability or service interruption or cessation in the absence of support from the Program is
7 attached as Exhibit 3.

8 5. WAC 480-123-110(1)(e)(i): On the Commission's prescribed form, attached as Exhibit 4,
9 are copies of the Company's balance sheet as of December 31, 2016, and December 31,
10 2015, and copies of the Company's statements of income and retained earnings or margin for
11 the years ended December 31, 2016 and December 31, 2015.

12 6. WAC 480-123-110(1)(e)(ii): A copy of the Company's consolidated annual financial
13 statements for the years ended December 31, 2016 and December 31, 2015, are attached as
14 Exhibit 5.

15 7. WAC 480-123-110(1)(e)(iii): Information demonstrating the Company's earned rate of
16 return on a total Washington unseparated regulated operations basis for each of the two prior
17 years, calculated in the manner prescribed by the Commission, is provided in Exhibit 4.

18 8. WAC 480-123-110(1)(e)(iv): Information demonstrating the Company's earned return on
19 equity on a total company (regulated and non-regulated) Washington basis for each of the
20 two prior years, calculated in the manner prescribed by the Commission, is provided in
21 Exhibit 5.
22
23
24
25
26

- 1 9. WAC 480-123-110(1)(e)(v): Information detailing all of the Company's revenues from the
2 statements of income and retained earnings or margin in the same format and detail as is
3 required to complete RUS Form 479 for the prior two years is presented on Exhibit 6.
- 4 10. WAC 480-123-110(1)(e)(vi): Information detailing the amounts of any corporate operations
5 adjustments to existing high-cost loop and interstate common line support mechanism
6 required by the Federal Communications Commission applied to the Company for the prior
7 two years is attached hereto as Exhibit 7.
- 8 11. WAC 480-123-110(1)(e)(vii): Exhibit 4 contains additional supporting information
9 requested by the Commission.
- 10 12. WAC 480-123-110(1)(e)(viii): A statement under penalty of perjury from a Company
11 officer with personal knowledge and responsibility certifying that the Company complies
12 with state and federal accounting, cost allocation, and cost adjustment rules pertaining to
13 incumbent local exchange companies is attached as Exhibit 8.
- 14 13. WAC 480-123-110(1)(f): A complete copy of the FCC Form 481 filed by the Company or
15 on its behalf with the Federal Communications Commission for the calendar year preceding
16 the current year has already been filed with the Commission. See the Company's filing in
17 Docket No. UT-170011 filed on or about June 21, 2017.
- 18 14. WAC 480-123-110(1)(g): The number of residential local exchange access lines served by
19 the Company as of December 31, 2016, was 1,999 all of which were within the geographic
20 area for which the Company is seeking support. The number of residential local exchange
21
22
23
24
25
26

1 access lines served by the Company as of December 31, 2015, was 2,084, all of which were
2 within the geographic area for which the Company is seeking support.

3 The number of business local exchange access lines served by the Company as of December
4 31, 2016, was 548, all of which were within the geographic area for which the Company is
5 seeking support. The number of business local exchange access lines served by the
6 Company as of December 31, 2015, was 575, all of which were within the geographic area
7 for which the Company is seeking support.
8

9 The monthly recurring rate charged by the Company for residential local exchange access
10 service on December 31, 2016, was \$18.00. The monthly recurring rate charged by the
11 Company for residential local exchange access service on December 31, 2015, was \$16.00.
12 The rate charged by the Company for single line business local exchange access service on
13 December 31, 2016, was \$24.00. The rate charged by the Company for single line business
14 local exchange access service on December 31, 2015, was \$24.00. (The Company has
15 other business local exchange service rates, but the Company understands that WAC 480-
16 123-110(1)(g) is requesting the single line business local exchange access service rate.)
17

18 15. WAC 480-123-110(1)(h): The requested statement is attached as Exhibit 9.

19 16. The amount on Line 4, labeled 2011 ROR Carrier Base Period Revenue, of the CAF ICC
20 Data collection Report for the period 7/1/2017 - 6/30/2018 is \$492,032 and has not changed
21 from the last filing.

22 17. All exhibits attached hereto are incorporated in this Petition as though fully set forth.
23
24
25
26

1 Respectfully submitted this 27th day of July, 2017.

2
3
4 Mashell Telecom, Inc.
5 d/b/a Rainier Connect
6

7
8 CERTIFICATION

9 I Brian Haynes, an officer of the Company that is responsible for the Company's business
10 and financial operations, hereby certify under penalty of perjury that the information and
11 representations set forth in the Petition, above, are accurate and the Company has not knowingly
12 withheld any information required to be provided to the Commission pursuant to the rules
13 governing the Program.

14 By: _____

15 Title: President/CEO
16
17
18
19
20
21
22
23
24
25
26

EXHIBIT 1

CORPORATE ORGANIZATION CHART

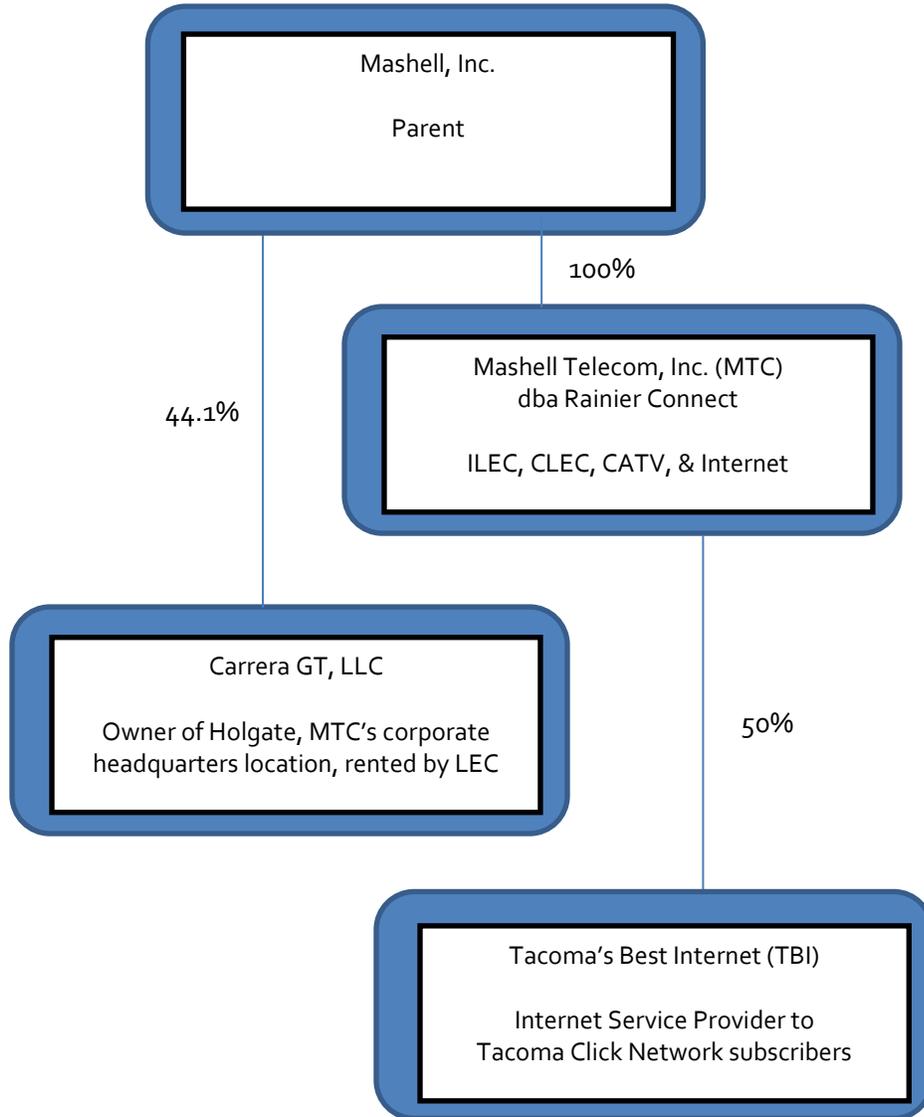


EXHIBIT 2

AFFILIATED TRANSACTIONS

Mashell Telecom, Inc. rents office space, utilized as corporate headquarters and network operations center, from its affiliate, Carrera GT, LLC. This leased property facilitates both the ILEC and CLEC operations of the business and is appropriately allocated between regulated and nonregulated operations using Part 64 factors and recorded in account 6121-3, Land & Building Expense-Rents.

During 2015, the Company along with another Click Preferred ISP, NetVenture, transferred all Click Network Subscribers to an affiliate Tacoma's Best Internet, LLC. This transfer provided the Company with a 50% membership equity in TBI. The Company entered into a management agreement with TBI to provide support to TBI's entire subscriber base. This agreement applies only to CLEC operations and all associated expenses and revenue are properly allocated to nonregulated operations.

Certain shareholders holding five percent or more of the stock, directly or indirectly, of the Company are also employees of the Company and receive from the Company employment compensation together with employment-associated benefits in accordance with benefit plans that are in place.

EXHIBIT 3

DEMONSTRATION OF RISK OF RATE INSTABILITY OR SERVICE INTERRUPTION OR CESSATION

The operating environment in which the Company finds itself has created a climate of great financial uncertainty. The Company has been working over the past several years to address growing competition. The Company has taken steps to increase the availability and attributes of advanced services offered by the Company, including broadband. This has resulted in the Company making additional investments in regulated plant of approximately \$3,691,711 during the period January 1, 2011 through December 31, 2016.

The overall financial condition of the Company is detailed on other Exhibits to this Petition. What this information demonstrates is that, when adjusted to eliminate the support from the state Universal Communications Services Program that the Company received or accrued in 2016, the Company's total regulated revenue decreased by 1.3 percent from 2011 through 2016. The Company has looked for ways to lower expenses. However, much of the Company's operating expenses are fixed obligations, such as debt-related payments.

At the same time, the Company is seeing increased competition. For example, the Company has seen some migration of customers "cutting the cord" to move to wireless or other service as their sole method of telecommunications. Since 2011, the Company has lost 582 access lines. A loss of customers equates to a loss of revenue without a corresponding reduction in expenses or corresponding increase in rates. This trend of access line loss is exacerbated by the Federal Communications Commission's requirement that the Company increase its rates to remain eligible for full federal USF support. Since 2012, the Company has increased its local exchange service rates in order to be in compliance with the national urban rate floor prescribed by the Federal Communications Commission. However, those increases have been insufficient to fully replace the revenues that have been lost due to the reduction in access lines. In addition, those rate increases have tended to stimulate a surge in disconnection of service by customers.

As an example of why state Program support is needed, the Company's receipt of revenue from the traditional Washington intrastate universal service access rate element and related pooling fund were terminated effective July 1, 2014. Since then, the loss of revenues derived from the traditional universal service access rate element has been off-set by revenues received by the Company as a result of its participation in the Program. Using 2012 as a base line, the Company is facing a loss of traditional universal service fund revenues of approximately \$69,116 per year if its participation in the Program is not renewed.

As another example, some of the financial uncertainty that the Company faces stems from the USF/ICC Transformation Order issued by the Federal Communications Commission.¹ The USF/ICC Transformation Order has built in an automatic decline in the Company's intrastate and interstate access

¹ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fun*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*).

revenues. The intercarrier compensation portion of the Transformation Order introduces a concept of a base line year for calculating terminating access and reciprocal compensation revenues and provides support from the Connect America Fund ("CAF") based on the base line year. However, the base line year revenues (from which the level of CAF support is derived) are reduced iteratively by five percent each year. "The CAF support reduction began in July 2012. Projecting through the year ending June 30, 2018, including reductions that will occur July 1, 2017, the Company has seen a reduction in support from the base line revenue of approximately \$130,343.

On top of all this, during the six-year period ended December 31, 2016, the Company has seen its total federal high cost support undergo a significant reduction, declining from \$1,392,951 in 2011 to \$1,298,443 in 2016.

These factors, among others, have led to the strained financial condition of the Company as reflected in the financial reports that are part of the Petition.

The combination of factors noted above creates a situation in which, without support from the state universal communications services program, the Company may be faced with a choice of increasing rates further or reducing service in order to be able to match expenses to revenues. Neither choice presents a viable path for providing continued high quality service to customers. The dilemma presented by these choices reflects the risk of rate instability or service interruption or cessation to which the Company is subject.

EXHIBIT 4
STATE USF FILING
FINANCIAL TEMPLATE
NON-"S CORP" COMPANIES

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior Year Balance Sheet

Company Name: (Below)
 Mashell Telecom, Inc.

ASSETS	Balance End of Year 2015 (A)	Part 64 Adj to NonReg 2015 (B)	Adj. Balance End of Year 2015 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2015 (A)	Part 64 Adj to NonReg 2015 (B)	Adj. Balance End of Year 2015 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	654,374		654,374	25. Accounts Payable	2,490,808		2,490,808
2. Cash-RUS Construction Fund			0	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	700		700
b. Other Accounts Receivable	(897)		(897)	29. Current Mat. L/T Debt	608,224		608,224
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases	28,689		28,689
a. Telecom, Accounts Receivable	118,402		118,402	32. Income Taxes Accrued			0
b. Other Accounts Receivable	2,719		2,719	33. Other Taxes Accrued	90,377		90,377
c. Notes Receivable			0	34. Other Current Liabilities	361,036		361,036
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	3,579,834	0	3,579,834
6. Material-Regulated	253,921	(195,359)	58,562	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes			0
8. Prepayments	62,485		62,485	37. Funded Debt-RTB Notes			0
9. Other Current Assets			0	38. Funded Debt-FFB Notes	6,103,034		6,103,034
10. Total Current Assets (1 Thru 9)	1,091,004	(195,359)	895,645	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development	0		0	42. Reacquired Debt			0
b. Nonrural Development	110,821		110,821	43. Obligations Under Capital Lease	13,489		13,489
12. Other Investments				44. Adv. From Affiliated Companies	707,820		707,820
a. Rural Development	0		0	45. Other Long-Term Debt			0
b. Nonrural Development	60,003		60,003	46. Total Long-Term Debt (36 thru 45)	6,824,343	0	6,824,343
13. Nonregulated Investments (B1)	8,453,657	(2,567,576)	5,886,081	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets	141,312		141,312	47. Other Long-Term Liabilities			0
15. Deferred Charges	604,681		604,681	48. Deferred Income Taxes		57,696	57,696
16. Jurisdictional Differences			0	49. Other Deferred Credits (D)	80,193		80,193
17. Total noncurrent Assets (11 thru 16)	9,370,474	(2,567,576)	6,802,898	50. Other Jurisdictional Differences			0
PLANT, PROPERTY AND EQUIPMENT				51. Total Other Liab. & Def. Credits (47 thru 50)	80,193	57,696	137,889
18. Telecom Plant-In-Service	16,747,980	(168,433)	16,579,547	EQUITY			
19. Property Held for Future Use			0	52. Cap. Stock Outstanding & Subscribed	57,050		57,050
20. Plant Under Construction	921,186	0	921,186	53. Additional Paid-in-Capital	8,093,354		8,093,354
21. Plant Adj., Nonop Plant & Goodwill			0	54. Treasury Stock			0
22. Accumulated Depreciation (CR.)	(16,747,980)	2,931,368	(13,816,612)	55. Membership and Capital Certificates			0
23. Net Plant (18 thru 21 less 22)	921,186	2,762,935	3,684,121	56. Other Capital			0
24. TOTAL ASSETS (10+17+23)	11,382,664	0	11,382,664	57. Patronage Capital Credits			0
				58. Retained Earnings or Margins (B2)	(7,252,110)	(57,696)	(7,309,806)
				59. Total Equity (52 thru 58)	898,294	(57,696)	840,598
				60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	11,382,664	0	11,382,664

Footnotes:

- (A) - As reported on RUS Form 479
- (B) - Part 64 adjustments from regulated to nonregulated.
- (C) - Adjusted Balance after Part 64

Footnotes:

- (B1) - Part 64 offset to nonreg investment
- (B2) - Part 64 offset to retained earnings
- (D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110(1)(e)
Current Year Balance Sheet

Company Name: (Below)
Mashell Telecom, Inc.

ASSETS	Balance End of Year 2016 (A)	Part 64 Adj to NonReg 2016 (B)	Adj. Balance End of Year 2016 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2016 (A)	Part 64 Adj to NonReg 2016 (B)	Adj. Balance End of Year 2016 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and Equivalents	457,058		457,058	25. Accounts Payable	729,595		729,595
2. Cash-RUS Construction Fund	1,239,651		1,239,651	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	832		832
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	912,534		912,534
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases	10,815		10,815
a. Telecom, Accounts Receivable	219,365		219,365	32. Income Taxes Accrued			0
b. Other Accounts Receivable	6,558		6,558	33. Other Taxes Accrued	59,314		59,314
c. Notes Receivable			0	34. Other Current Liabilities	366,107		366,107
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	2,079,197	0	2,079,197
6. Material-Regulated	207,918	(111,703)	96,215	LONG-TERM DEBT			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes			0
8. Prepayments			0	37. Funded Debt-RTB Notes			0
9. Other Current Assets	87,644		87,644	38. Funded Debt-FFB Notes	9,129,783		9,129,783
10. Total Current Assets (1 Thru 9)	2,218,194	(111,703)	2,106,491	39. Funded Debt-Other			0
NONCURRENT ASSETS				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development			0	42. Reacquired Debt			0
b. Nonrural Development	210,837		210,837	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies	1,071,602		1,071,602
a. Rural Development			0	45. Other Long-Term Debt			0
b. Nonrural Development	100,304		100,304	46. Total Long-Term Debt (36 thru 45)	10,201,385	0	10,201,385
13. Nonregulated Investments (B1)	5,610,239	(83,684)	5,526,555	OTHER LIAB. & DEF. CREDITS			
14. Other Noncurrent Assets	183,150		183,150	47. Other Long-Term Liabilities			0
15. Deferred Charges	537,494		537,494	48. Deferred Income Taxes		(211,079)	(211,079)
16. Jurisdictional Differences			0	49. Other Deferred Credits (D)	90,211		90,211
17. Total noncurrent Assets (11 thru 16)	6,642,024	(83,684)	6,558,340	50. Other Jurisdictional Differences			0
PLANT, PROPERTY AND EQUIPMENT				51. Total Other Liab. & Def. Credits (47 thru 50)	90,211	(211,079)	(120,868)
18. Telecom Plant-In-Service	16,571,966	610,004	17,181,970	EQUITY			
19. Property Held for Future Use			0	52. Cap. Stock Outstanding & Subscribed	57,050		57,050
20. Plant Under Construction	1,666,824	0	1,666,824	53. Additional Paid-in-Capital	8,093,354		8,093,354
21. Plant Adj., Nonop Plant & Goodwill			0	54. Treasury Stock			0
22. Accumulated Depreciation (CR.)	(14,264,634)	(414,617)	(14,679,251)	55. Membership and Capital Certificates			0
23. Net Plant (18 thru 21 less 22)	3,974,156	195,387	4,169,543	56. Other Capital			0
24. TOTAL ASSETS (10+17+23)	12,834,374	0	12,834,374	57. Patronage Capital Credits			0
				58. Retained Earnings or Margins (B2)	(7,686,823)	211,079	(7,475,744)
				59. Total Equity (52 thru 58)	463,581	211,079	674,660
				60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	12,834,374	0	12,834,374

Footnotes:

- (A) - As reported on RUS Form 479
- (B) - Part 64 adjustments from regulated to nonregulated.
- (C) - Adjusted Balance after Part 64

Footnotes:

- (B1) - Part 64 offset to nonreg investment
- (B2) - Part 64 offset to retained earnings
- (D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior and Current Year Balance Sheet

Company Name: (Below)
 Mashell Telecom, Inc.

ASSETS	Adjusted Prior Year Balance 2015	Adjusted Current Year Balance 2016	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2015	Adjusted Current Year Balance 2016
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	654,374	457,058	25. Accounts Payable	2,490,808	729,595
2. Cash-RUS Construction Fund	0	1,239,651	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	700	832
b. Other Accounts Receivable	(897)	0	29. Current Mat. L/T Debt	608,224	912,534
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	28,689	10,815
a. Telecom, Accounts Receivable	118,402	219,365	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	2,719	6,558	33. Other Taxes Accrued	90,377	59,314
c. Notes Receivable	0	0	34. Other Current Liabilities	361,036	366,107
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	3,579,834	2,079,197
6. Material-Regulated	58,562	96,215	LONG-TERM DEBT		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	0	0
8. Prepayments	62,485	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	0	87,644	38. Funded Debt-FFB Notes	6,103,034	9,129,783
10. Total Current Assets (1 Thru 9)	895,645	2,106,491	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0
b. Nonrural Development	110,821	210,837	43. Obligations Under Capital Lease	13,489	0
12. Other Investments			44. Adv. From Affiliated Companies	707,820	1,071,602
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	60,003	100,304	46. Total Long-Term Debt (36-45)	6,824,343	10,201,385
13. Nonregulated Investments	5,886,081	5,526,555	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	141,312	183,150	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	604,681	537,494	48. Deferred Income Taxes	57,696	(211,079)
16. Jurisdictional Differences	0	0	49. Other Deferred Credits	80,193	90,211
17. Total noncurrent Assets (11 thru 16)	6,802,898	6,558,340	50. Other Jurisdictional Differences	0	0
PLANT, PROPERTY AND EQUIPMENT			51. Total Other Liab. & Def. Credits (47 thru 50)	137,889	(120,868)
18. Telecom Plant-in-Service	16,579,547	17,181,970	EQUITY		
19. Property Held for Future Use	0	0	52. Cap. Stock Outstanding & Subscribed	57,050	57,050
20. Plant Under Construction	921,186	1,666,824	53. Additional Paid-in-Capital	8,093,354	8,093,354
21. Plant Adj., Nonop Plant & Goodwill	0	0	54. Treasury Stock	0	0
22. Accumulated Depreciation (CR.)	(13,816,612)	(14,679,251)	55. Membership and Capital Certificates	0	0
23. Net Plant (18 thru 21 less 22)	3,684,121	4,169,543	56. Other Capital	0	0
24. TOTAL ASSETS (10+17+23)	11,382,664	12,834,374	57. Patronage Capital Credits	0	0
			58. Retained Earnings or Margins	(7,309,806)	(7,475,744)
			59. Total Equity (52 thru 58)	840,598	674,660
			59. TOTAL LIABILITIES AND EQUITY (35+46+51+59)	11,382,664	12,834,374

Footnote:

Adjusted Balances represents balances
 after Part 64 adjustments

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Prior and Current Year Rate Base

Company Name: (Below)

Mashell Telecom, Inc. _____

Line #	Description	B/S Line #	Adj. Balance End of Year 2015	Adj. Balance End of Year 2016	Average Adj End of Year Balance
Average Rate Base:					
1	Total Regulated Adjusted Telecom Plant-In-service	18	16,579,547	17,181,970	16,880,759
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(13,816,612)	(14,679,251)	(14,247,932)
4	Total Regulated Materials & Supplies	6	58,562	96,215	77,389
5	Deferred Income Taxes (CR)	48	(57,696)	211,079	76,692
6	Total Regulated Rate Base		2,763,801	2,810,013	2,786,907

Footnotes:

1. Normal balance of deferred income taxes and accumulated depreciation is a credit.
2. Adjusted balance includes Part 64 adjustments

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Prior and Current Year Access Lines

Company Name: (Below)
Mashell Telecom, Inc.

Line #	Description	Prior Year End of Yr. Balance - 2015	Current Year End of Yr. Balance - 2016	Difference	% Change
	Access Lines:				
1	Residential	2,084	1,999	(85)	-4.1%
2	Business	575	548	(27)	-4.7%
3	Total	2,659	2,547	(112)	-4.2%

Note: If 2015 does not equal last year's petition and template, explain.

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior Year Income Statement

Company Name: (Below)
 Mashell Telecom, Inc.

Line #	Description	Prior Year 2015 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2015 (C)
1	Local Network Services Revenues	638,853		638,853
2	Network Access Services Revenues	2,756,166		2,756,166
3	Long Distance Network Services Revenues	163,403		163,403
4	Carrier Billing and Collection Revenues	20		20
5	Miscellaneous Revenues	36,811		36,811
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(13,571)		(13,571)
7	Net Operating Revenues (1 thru 6)	3,581,682	0	3,581,682
8	Plant Specific Operations Expense	1,384,429	(1,324)	1,383,105
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	528,657	(99,487)	429,170
10	Depreciation Expense	368,156	70,549	438,705
11	Amortization Expense	8,629	1,829	10,458
12	Customer Operations Expense	899,399	(260,665)	638,734
13	Corporate Operations	1,028,900	0	1,028,900
14	Total Operations Expenses (8 thru 13)	4,218,170	(289,098)	3,929,072
15	Operating Income or Margins (7 less 14)	(636,488)	289,098	(347,390)
16	Other Operating Income and Expenses ()	(133,666)	133,666	0
17	State and Local Taxes	191,052	(2,722)	188,330
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	897	78,448	79,345
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	191,949	75,726	267,675
21	Net Operating Income or Margins (15+16-20)	(962,103)	347,038	(615,065)
22	Interest on Funded Debt	152,743	(132,653)	20,090
23	Interest Expense - Capital Leases	2,961	(2,961)	0
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (CR)			0
26	Total Fixed Charges (22+23+24-25)	155,704	(135,614)	20,090
27	Nonoperating Net Income	(88,450)	60,797	(27,653)
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	1,006,447	(482,652)	523,795
31	Total Net Income or Margins (21+27+28+29+30-26)	(199,810)	60,797	(139,013)
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	(7,052,300)		(7,052,300)
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	(7,252,110)	60,797	(7,191,313)
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	455,897		455,897
45	Cash Ratio ((14+20-10-11)/7)	1.1261	#DIV/0!	1.0463
46	Operating Accrual Ratio ((14+20+26)/7)	1.2748	#DIV/0!	1.1773
47	TIER ((31+26)/26)	(0.2833)	0.5517	(5.9195)
48	DSCR ((31+26+10+11)/44)	0.7297	#DIV/0!	0.7244

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 9, Inc. Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 58 of Page 2, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Column B, automatic offset to Nonregulated Net Income (No impact to Retained Earnings)
- (C) Adjusted balance after Part 64 adjustments

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
Current Year Income Statement

Company Name: (Below)
Mashell Telecom, Inc.

Line #	Description	Current Year 2016 (A)	Part 64 Adj. to NonReg (B)	Current Year Adjusted 2016 (C)
1	Local Network Services Revenues	644,596		644,596
2	Network Access Services Revenues	2,844,228		2,844,228
3	Long Distance Network Services Revenues	172,777		172,777
4	Carrier Billing and Collection Revenues	3		3
5	Miscellaneous Revenues	28,079		28,079
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(43)		(43)
7	Net Operating Revenues (1 thru 6)	3,689,640	0	3,689,640
8	Plant Specific Operations Expense	1,528,858	(9,259)	1,519,599
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	616,202	(138,032)	478,170
10	Depreciation Expense	752,423	20,541	772,964
11	Amortization Expense	8,629	1,652	10,281
12	Customer Operations Expense	1,048,963	0	1,048,963
13	Corporate Operations	1,168,562	9,259	1,177,821
14	Total Operations Expenses (8 thru 13)	5,123,637	(115,839)	5,007,798
15	Operating Income or Margins (7 less 14)	(1,433,997)	115,839	(1,318,158)
16	Other Operating Income and Expenses ()			0
17	State and Local Taxes	159,403	(2,592)	156,811
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(41,820)	195,204	153,384
19	Other Taxes			0
20	Total Operating Taxes (17+18+19)	117,583	192,612	310,195
21	Net Operating Income or Margins (15+16-20)	(1,551,580)	(76,773)	(1,628,353)
22	Interest on Funded Debt	158,639		158,639
23	Interest Expense - Capital Leases	1,418		1,418
24	Other Interest Expense			0
25	Allowance for Funds Used During Construction (CR)	24,618		24,618
26	Total Fixed Charges (22+23+24-25)	184,675	0	184,675
27	Nonoperating Net Income	115,238		115,238
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	1,186,304	76,773	1,263,077
31	Total Net Income or Margins (21+27+28+29+30-26)	(434,713)	0	(434,713)
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	(7,252,110)		(7,252,110)
34	Miscellaneous Credits Year-to-Date			0
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	(7,686,823)	0	(7,686,823)
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	Patronage Capital End-of-Year (40+41-42)	0	0	0
44	Annual Debt Service Payments	823,497		823,497
45	Cash Ratio ((14+20-10-11)/7)	1.2143	#DIV/0!	1.2290
46	Operating Accrual Ratio ((14+20+26)/7)	1.4706	#DIV/0!	1.4914
47	TIER ((31+26)/26)	(1.3539)	#DIV/0!	(1.3539)
48	DSCR ((31+26+10+11)/44)	0.6205	#DIV/0!	0.6475

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 9, Inc. Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 58 of Page 3, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Column B, automatic offset to Nonregulated Net Income (No Impact to Retained Earnings)
- (C) Adjusted balance after Part 64 adjustments

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)
 Prior and Current Year Income Statement

Company Name:
 Mashell Telecom, Inc.

Line #	Description	Adjusted Prior Year 2015	Adjusted Current Year 2016
1	Local Network Services Revenues	638,853	644,596
2	Network Access Services Revenues	2,756,166	2,844,228
3	Long Distance Network Services Revenues	163,403	172,777
4	Carrier Billing and Collection Revenues	20	3
5	Miscellaneous Revenues	36,811	28,079
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(13,571)	(43)
7	Net Operating Revenues (1 thru 6)	3,581,682	3,689,640
8	Plant Specific Operations Expense	1,383,105	1,519,599
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	429,170	478,170
10	Depreciation Expense	438,705	772,964
11	Amortization Expense	10,458	10,281
12	Customer Operations Expense	638,734	1,048,963
13	Corporate Operations	1,028,900	1,177,821
14	Total Operations Expenses (8 thru 13)	3,929,072	5,007,798
15	Operating Income or Margins (7 less 14)	(347,390)	(1,318,158)
16	Other Operating Income and Expenses ()	0	0
17	State and Local Taxes	188,330	156,811
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	79,345	153,384
19	Other Taxes	0	0
20	Total Operating Taxes (17+18+19)	267,675	310,195
21	Net Operating Income or Margins (15+16-20)	(615,065)	(1,628,353)
22	Interest on Funded Debt	20,090	158,639
23	Interest Expense - Capital Leases	0	1,418
24	Other Interest Expense	0	0
25	Allowance for Funds Used During Construction	0	24,618
26	Total Fixed Charges (22+23+24-25)	20,090	184,675
27	Nonoperating Net Income	(27,653)	115,238
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	523,795	1,263,077
31	Total Net Income or Margins (21+27+28+29+30-26)	(139,013)	(434,713)
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	(7,052,300)	(7,252,110)
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))	(7,191,313)	(7,686,823)
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	Patronage Capital End-of-Year (40+41-42)	0	0
44	Annual Debt Service Payments	455,897	823,497
45	Cash Ratio ((14+20-10-11)/7)	1.0463	1.2290
46	Operating Accrual Ratio ((14+20+26)/7)	1.1773	1.4914
47	TIER ((31+26)/26)	(5.9195)	(1.3539)
48	DSCR ((31+26+10+11)/44)	0.72	0.6475

Footnote

2015 2016

(A1) S Corporation Effective Tax Rate (2 decimal places):

Note:

Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Prior and Current Year Access Revenue Detail

Company Name: (Below)

Mashell Telecom, Inc.

Line #	Description	Part 32 Account	Prior Year 2015	Current Year 2016
1	End User Revenue (SLC, ARC, etc.)	5081	395,383	394,045
2	Switched Access (excluding USF):	5082		
2a	Intrastate		87,132	97,507
2b	Interstate (includes CAF)		835,714	928,862
3	Special Access:	5083		
3a	Intrastate		22,649	21,203
3b	Interstate		835,200	771,603
4	Federal USF (ICLS/HCL/SN)	Varies	430,249	458,834
5	State USF		149,838	172,173
6	Other*			
7	Total (must equal line 2 of Income Stmt.)		2,756,166	2,844,228
8	Line 2 of Income Stmt.		2,756,166	2,844,228
9	Difference		(0)	(0)

Footnote:

* - if > than 5% of Access revenue total, provide description below.

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Out-of-Period and Pro Forma Adjustments

Company Name: (Below)
Mashell Telecom, Inc.

Description of Out-of-Period (OOP) - 2016 (As Recorded) OR Pro Forma (PF) Adjustment for Current Year Petition or Reversing from Prior Year	Year	OOP or PF?	Part 32 Account	
			Debit	Credit
Adjustment #1:				
Adjustment #2:				
Adjustment #3:				
Adjustment #4				
Adjustment #5				

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)
Rate of Return and Consolidated Return on Equity

Company Name: (Below)

Mashell Telecom, Inc.

Line #	Description	2016 (A)	2016 (B)
1	Rate Base (Jan. 1)	2,763,801	2,763,801
2	Rate Base (Dec 31)	2,810,013	2,810,013
3	Average Rate Base	2,786,907	2,786,907
4	Net Operating Income	(1,628,353)	(1,628,353)
5	Out-of-Period Adjustments Net of FIT (1)		
6	Adjusted Net Operating Income	(1,628,353)	(1,628,353)
7	Earned Regulated Rate of Return	-58.43%	-58.43%

Footnotes:

- (1) Lines 5 & 12 will be completed by Staff
- (A) Column A to be completed by Company,**
- (B) Column B should equal Column A, but may include any Staff Adjustments**

State USF Petition Filing Requirement - WAC 480-123-110(e)
Prior and Current Year Broadband and Gross Capital Expenditures

CONFIDENTIAL PER 480-07-160

Company Name: (Below)

Mashell Telecom, Inc.



REDACTED - FOR PUBLIC INSPECTION

EXHIBIT 5



Report of Independent Auditors and
Consolidated Financial Statements for

Mashell, Inc. and Subsidiary
dba Rainier Connect

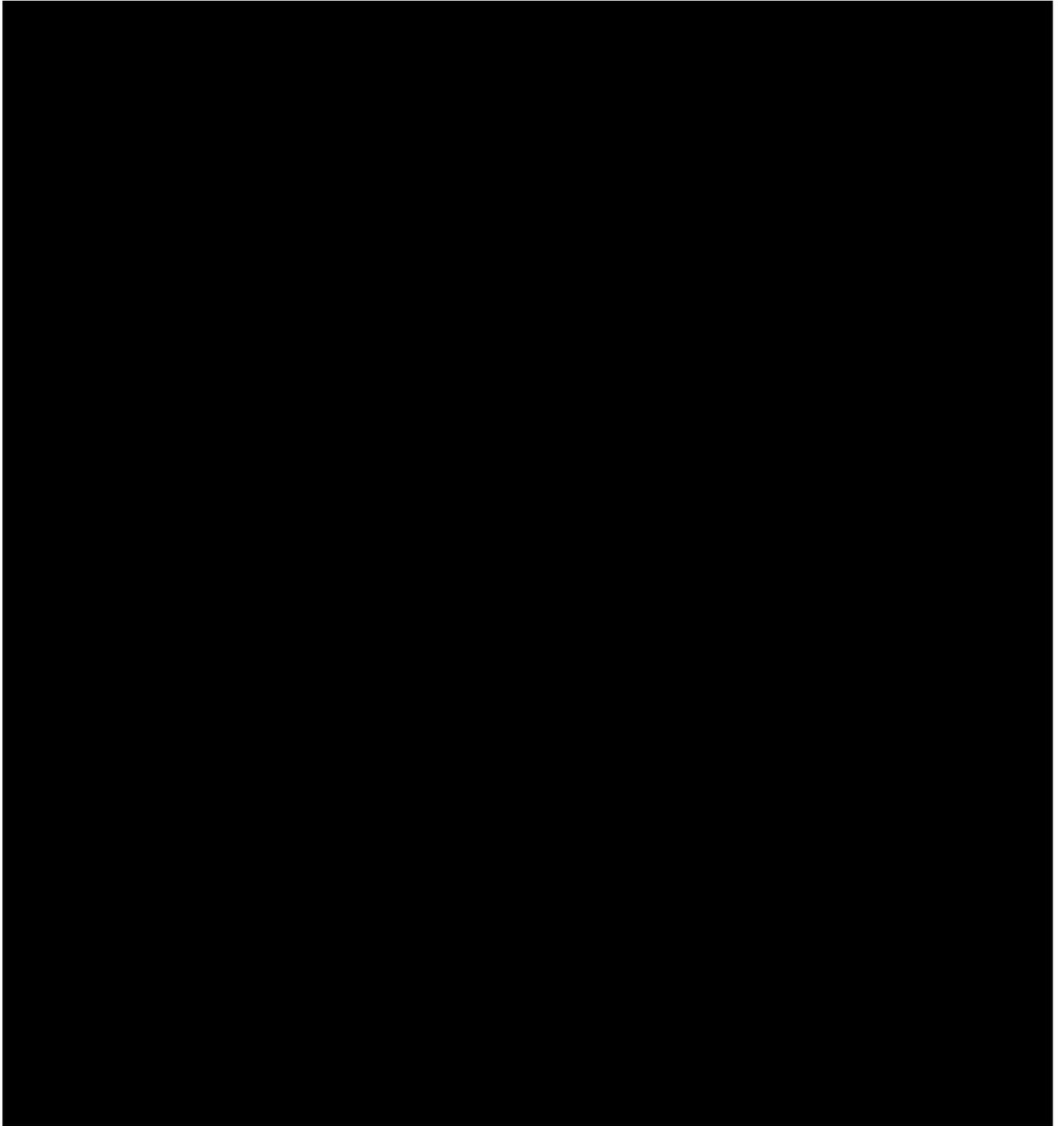
December 31, 2016 and 2015

MOSS ADAMS LLP

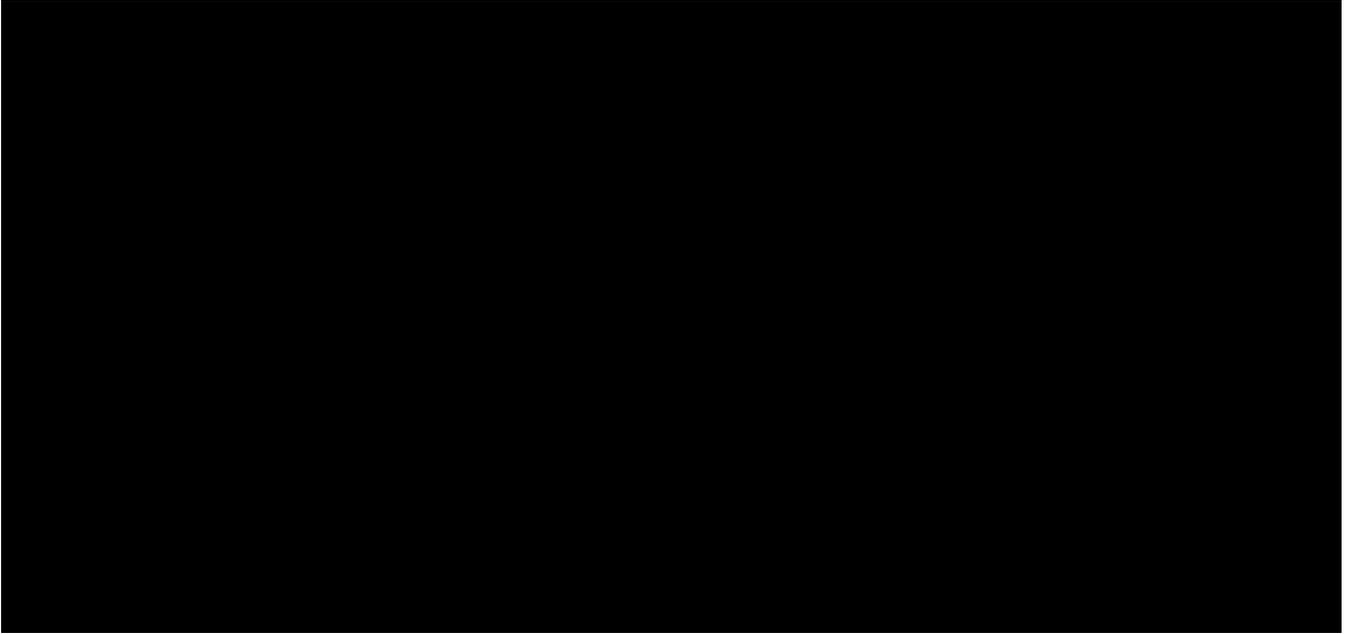
Certified Public Accountants | Business Consultants

CONTENTS

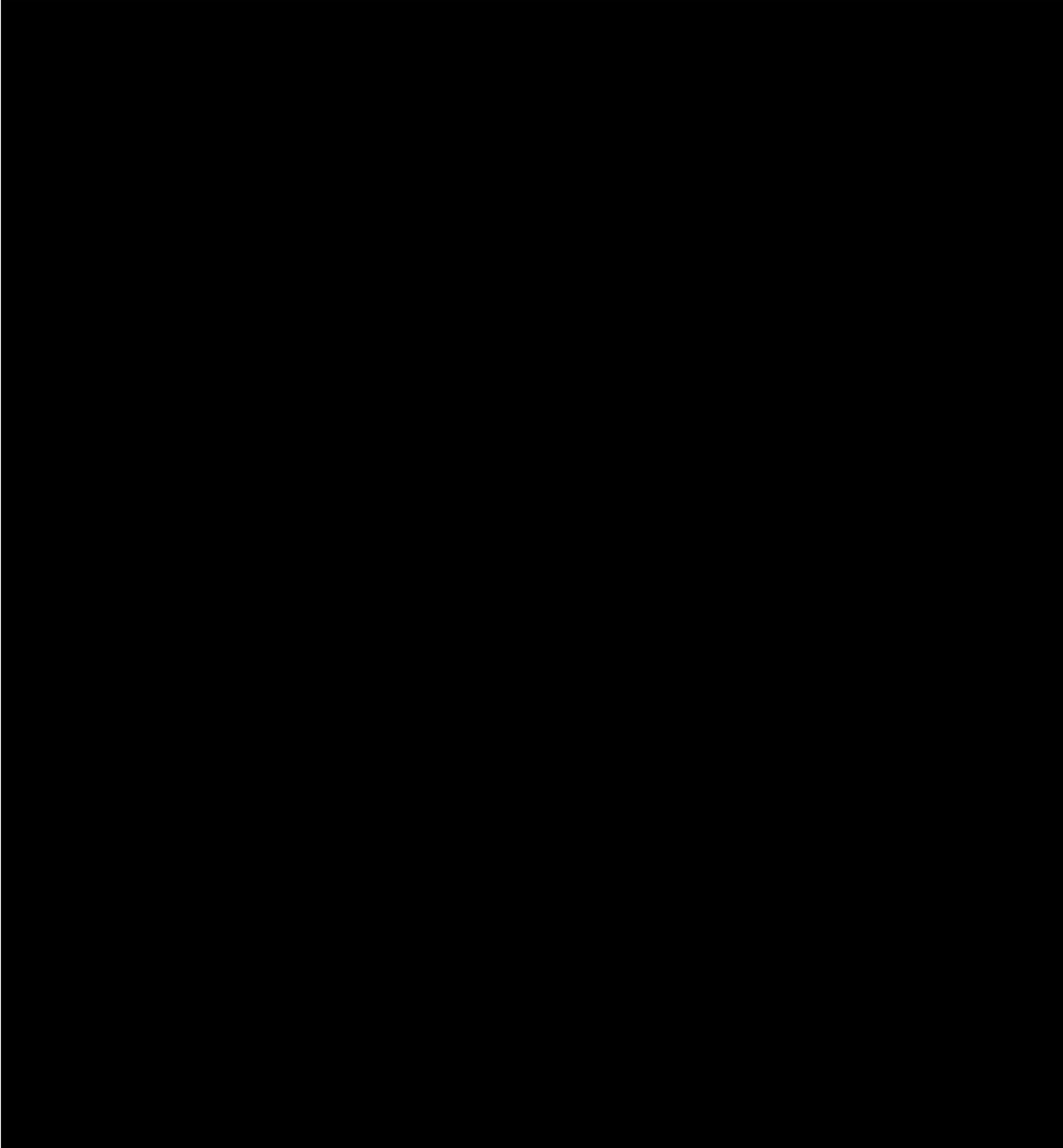
	PAGE
REPORT OF INDEPENDENT AUDITORS	1-2
FINANCIAL STATEMENTS	
Consolidated balance sheets	3-4
Consolidated statements of operations	5
Consolidated statements of stockholders' equity	6
Consolidated statements of cash flows	7-8
Notes to consolidated financial statements	9-23



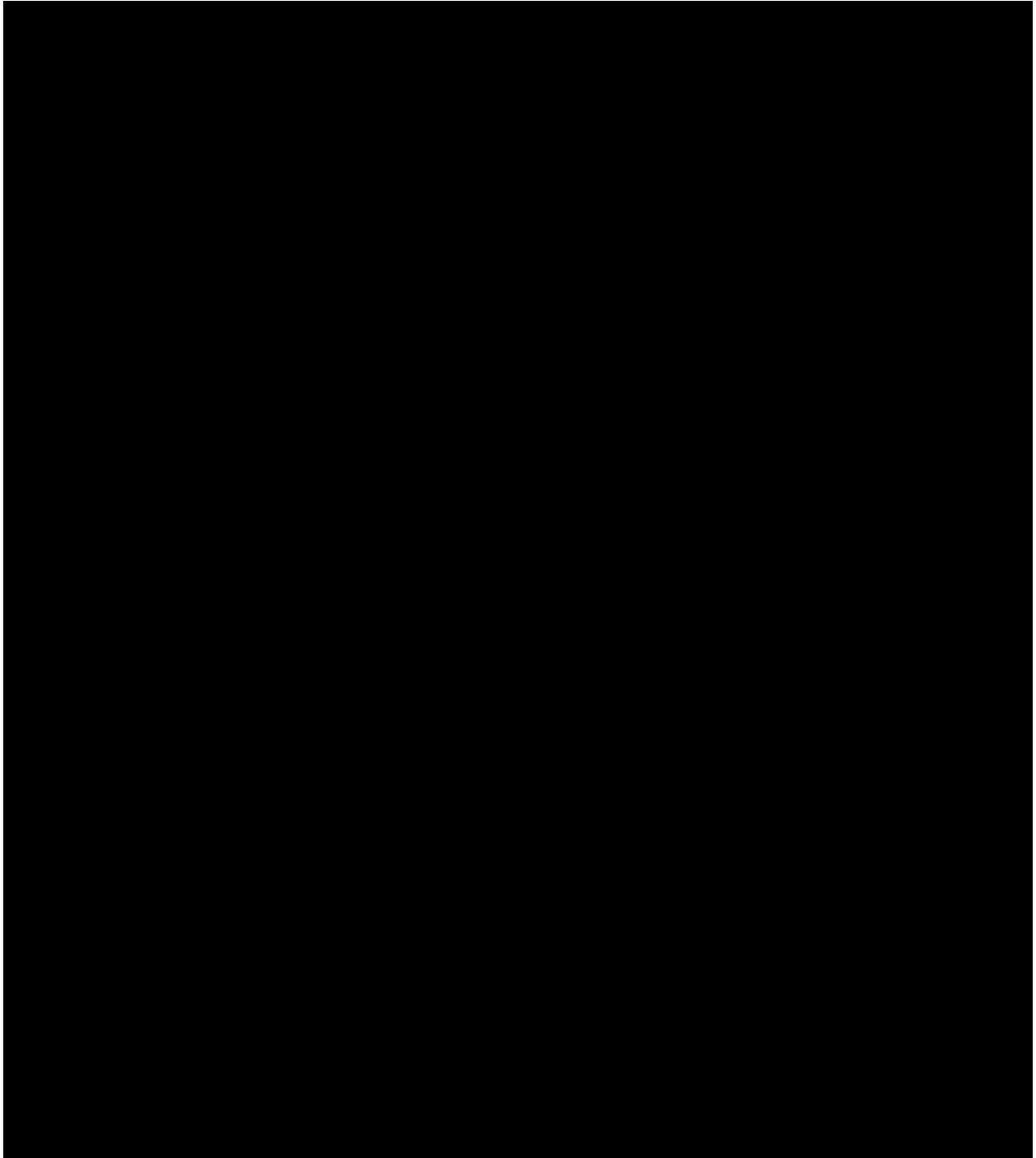
REPORT OF INDEPENDENT AUDITORS



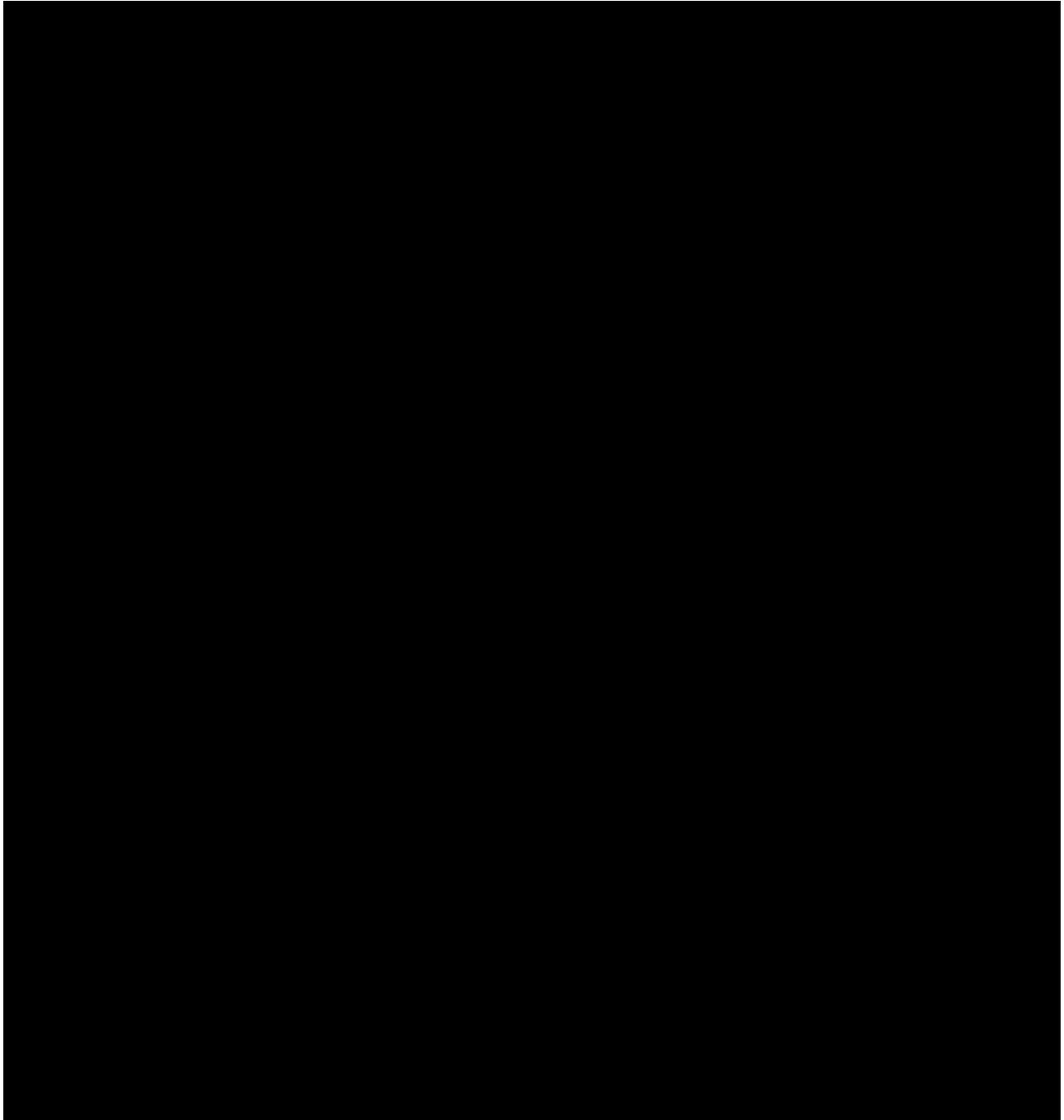
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
CONSOLIDATED BALANCE SHEETS



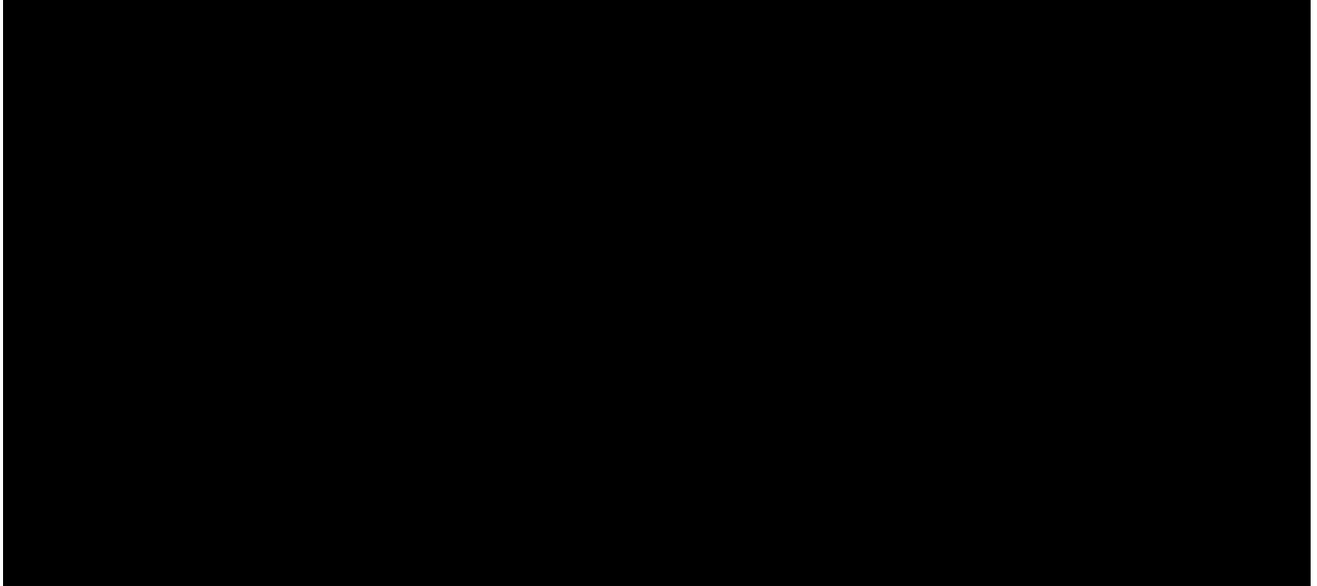
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
CONSOLIDATED BALANCE SHEETS



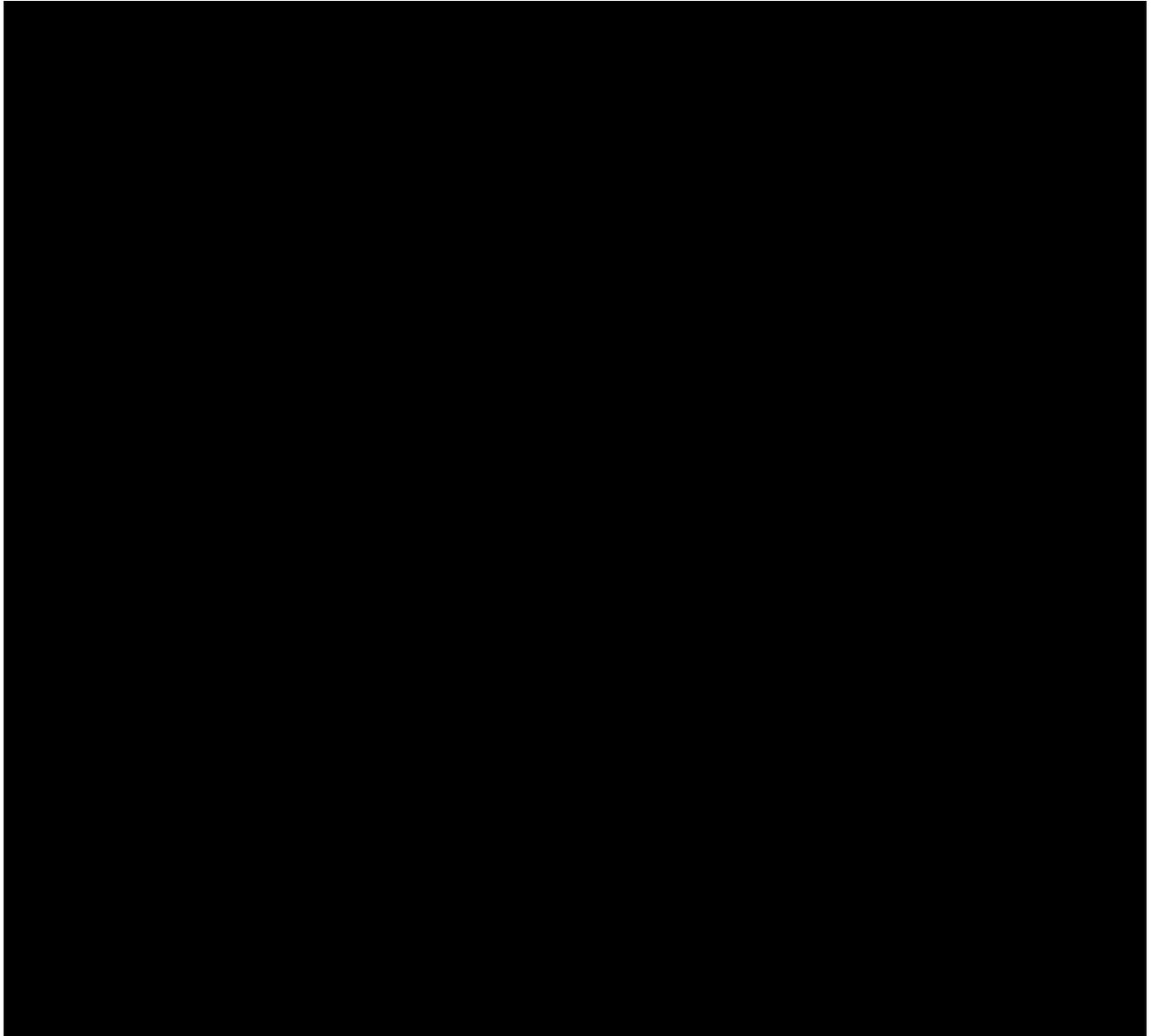
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
CONSOLIDATED STATEMENTS OF OPERATIONS



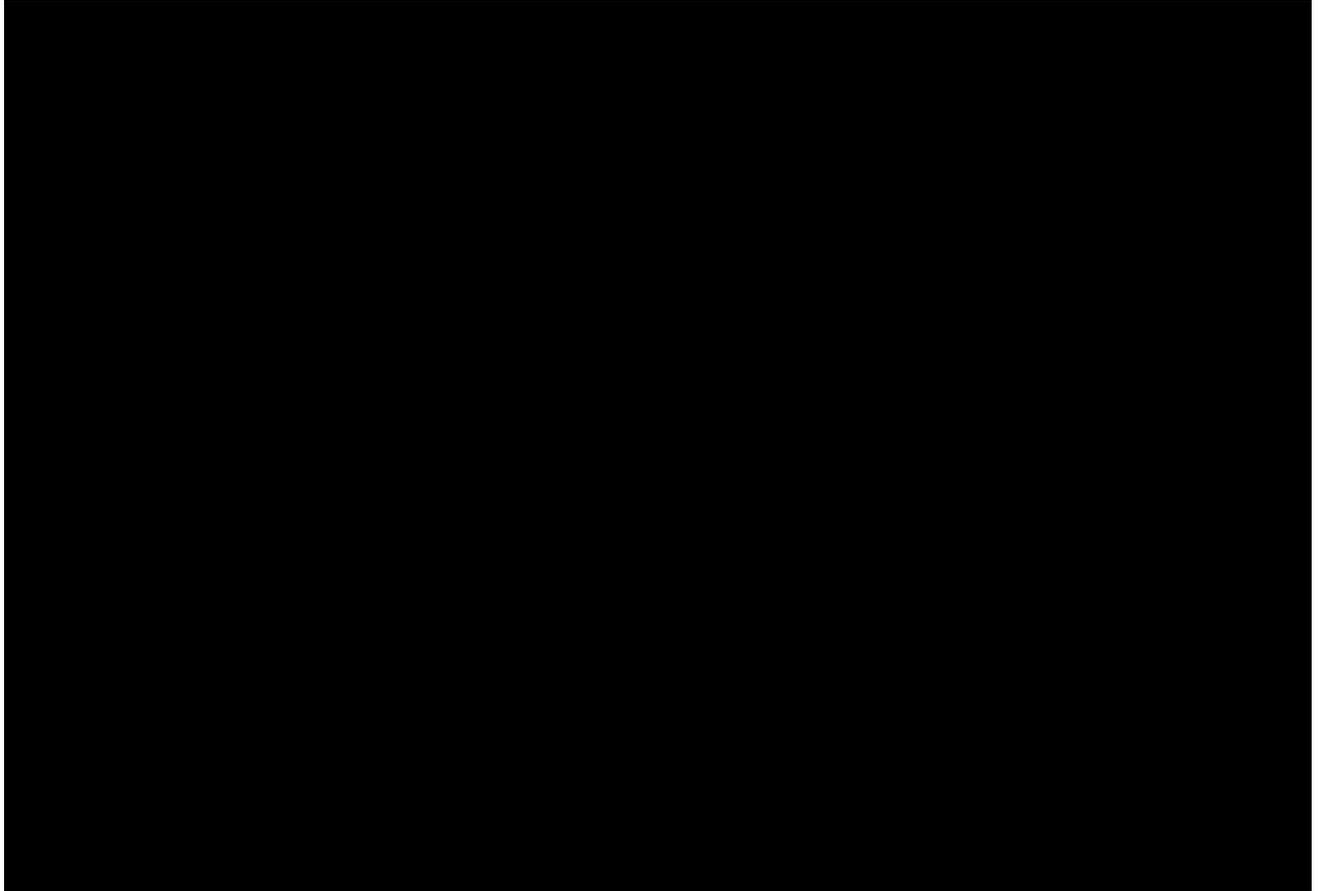
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY



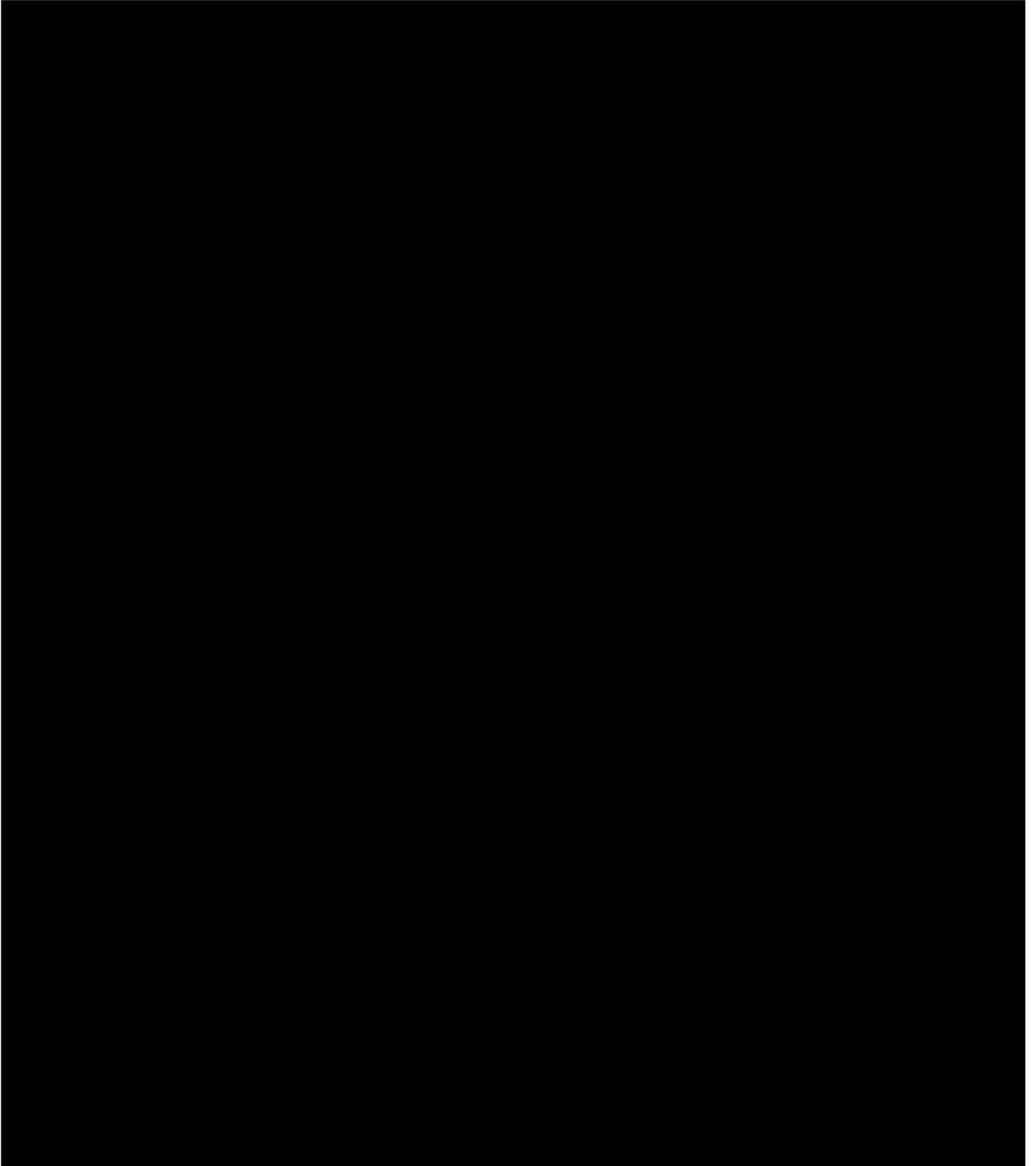
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
CONSOLIDATED STATEMENTS OF CASH FLOWS



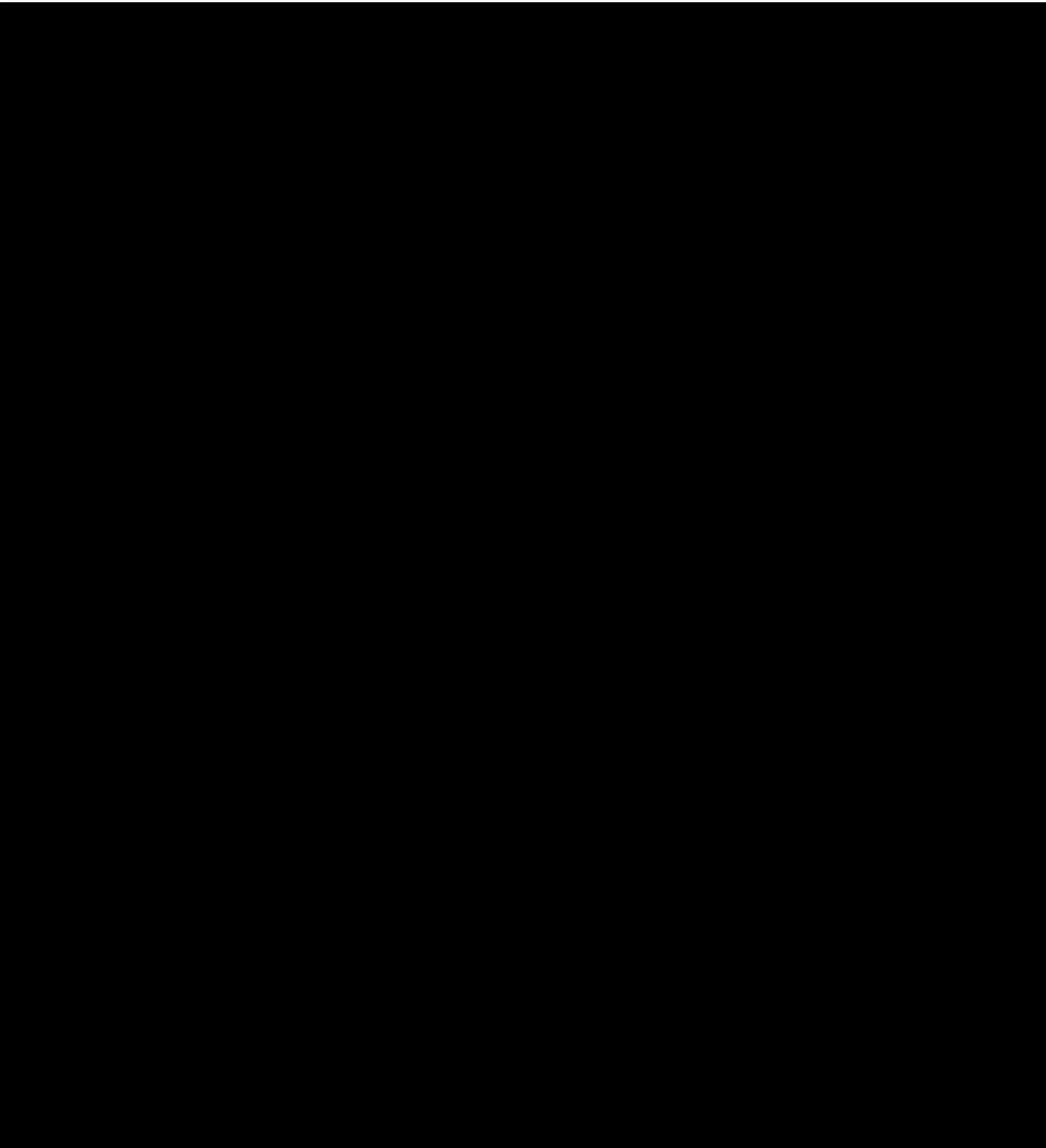
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
CONSOLIDATED STATEMENTS OF CASH FLOWS



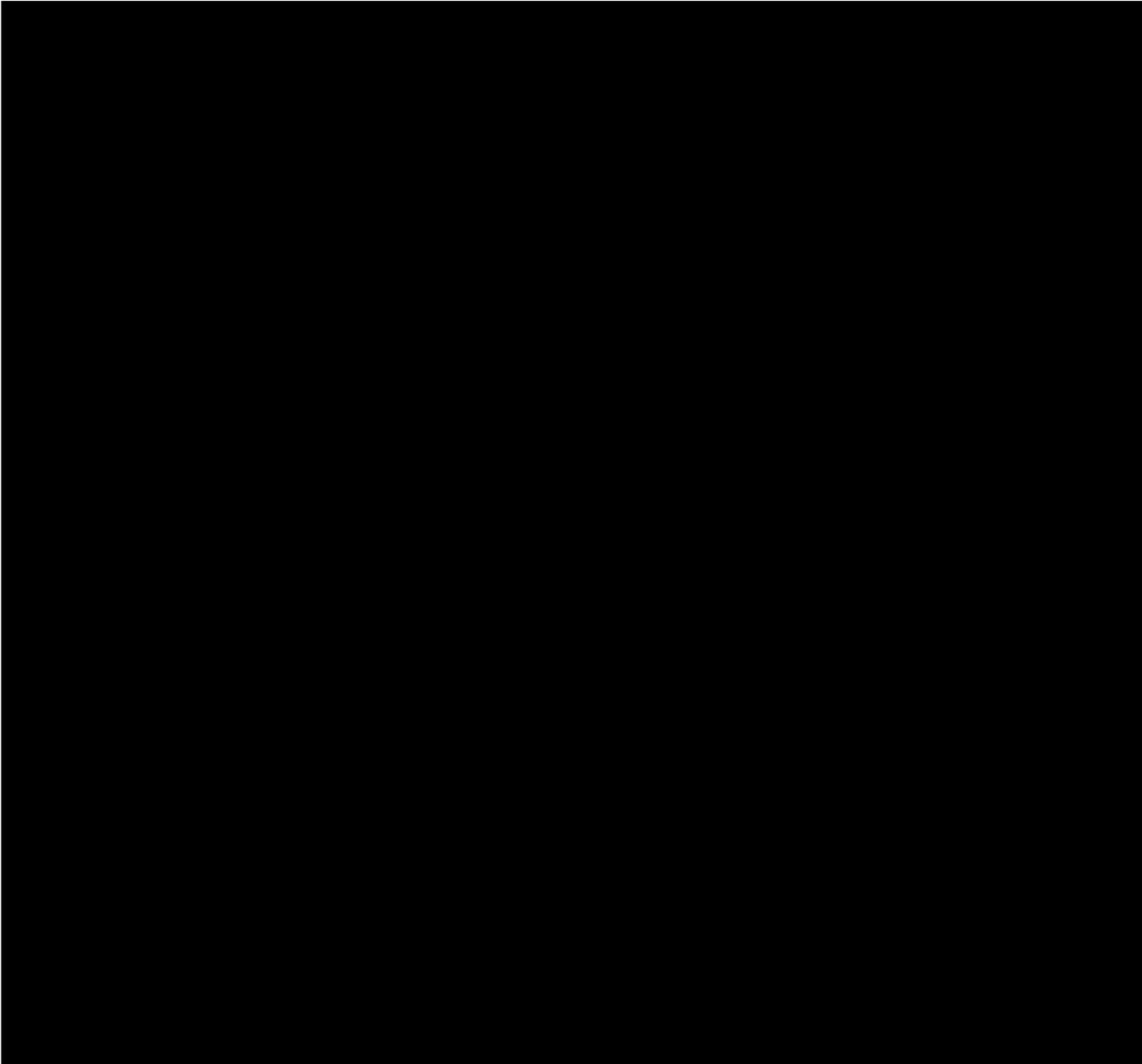
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



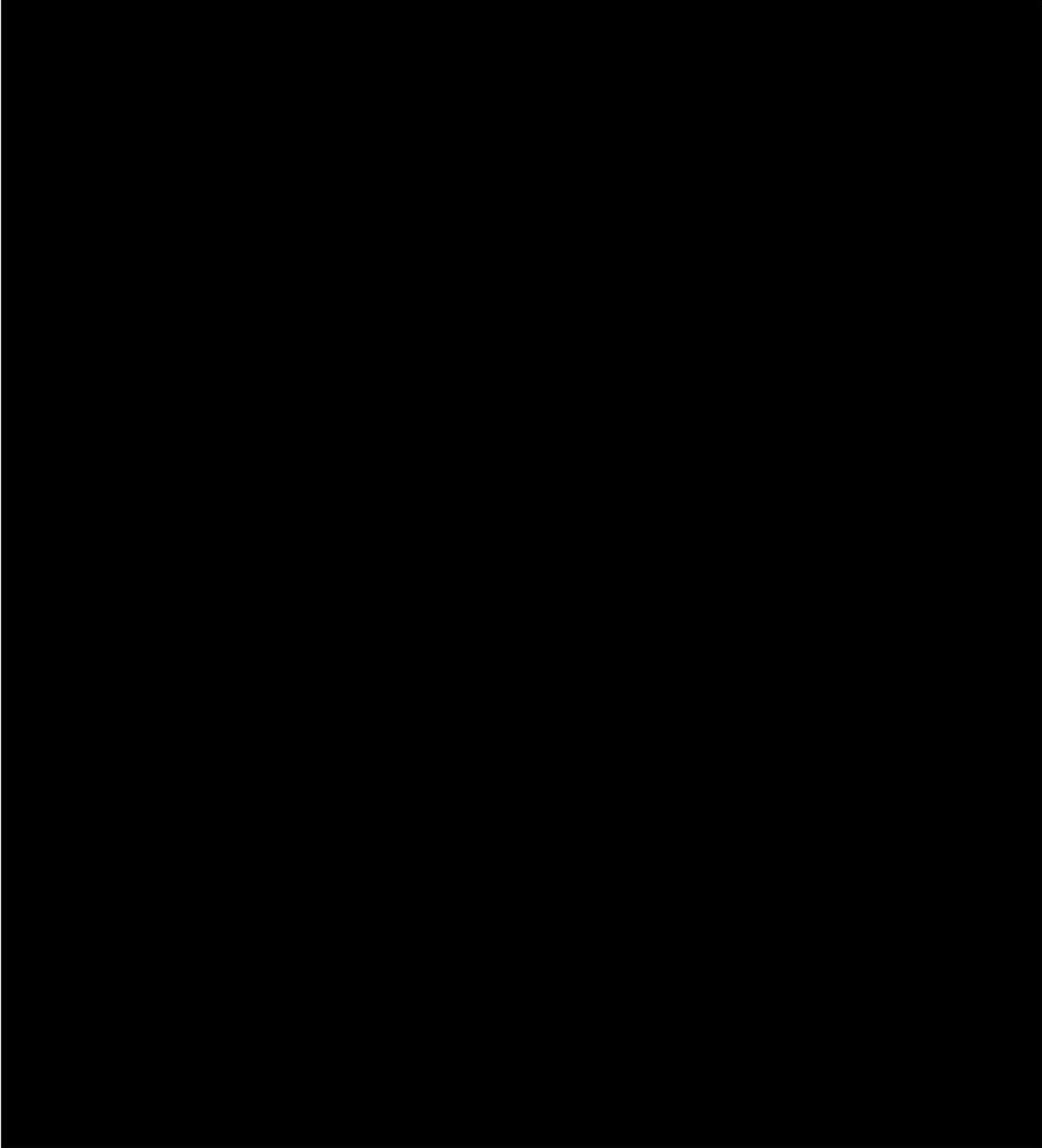
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



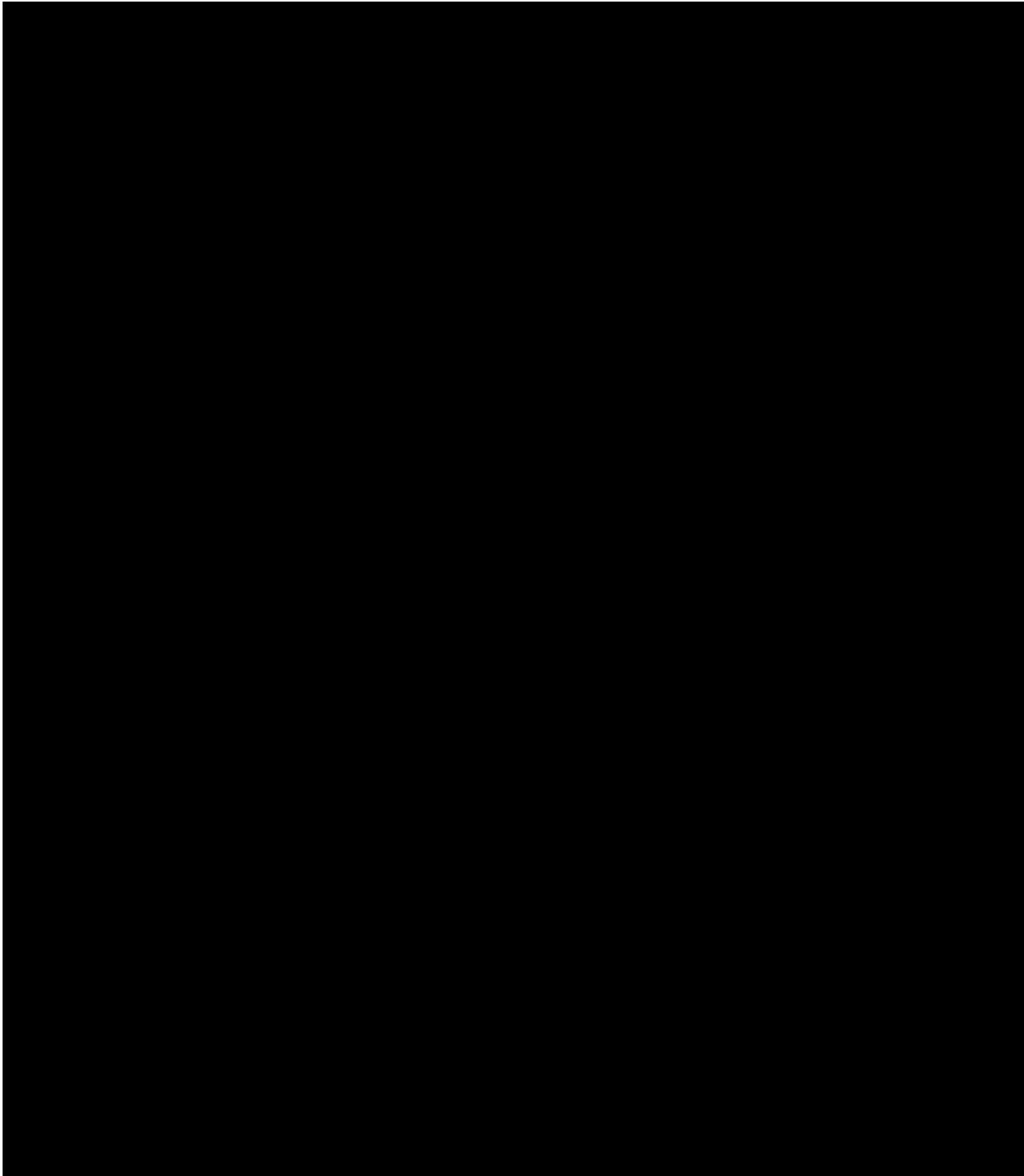
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



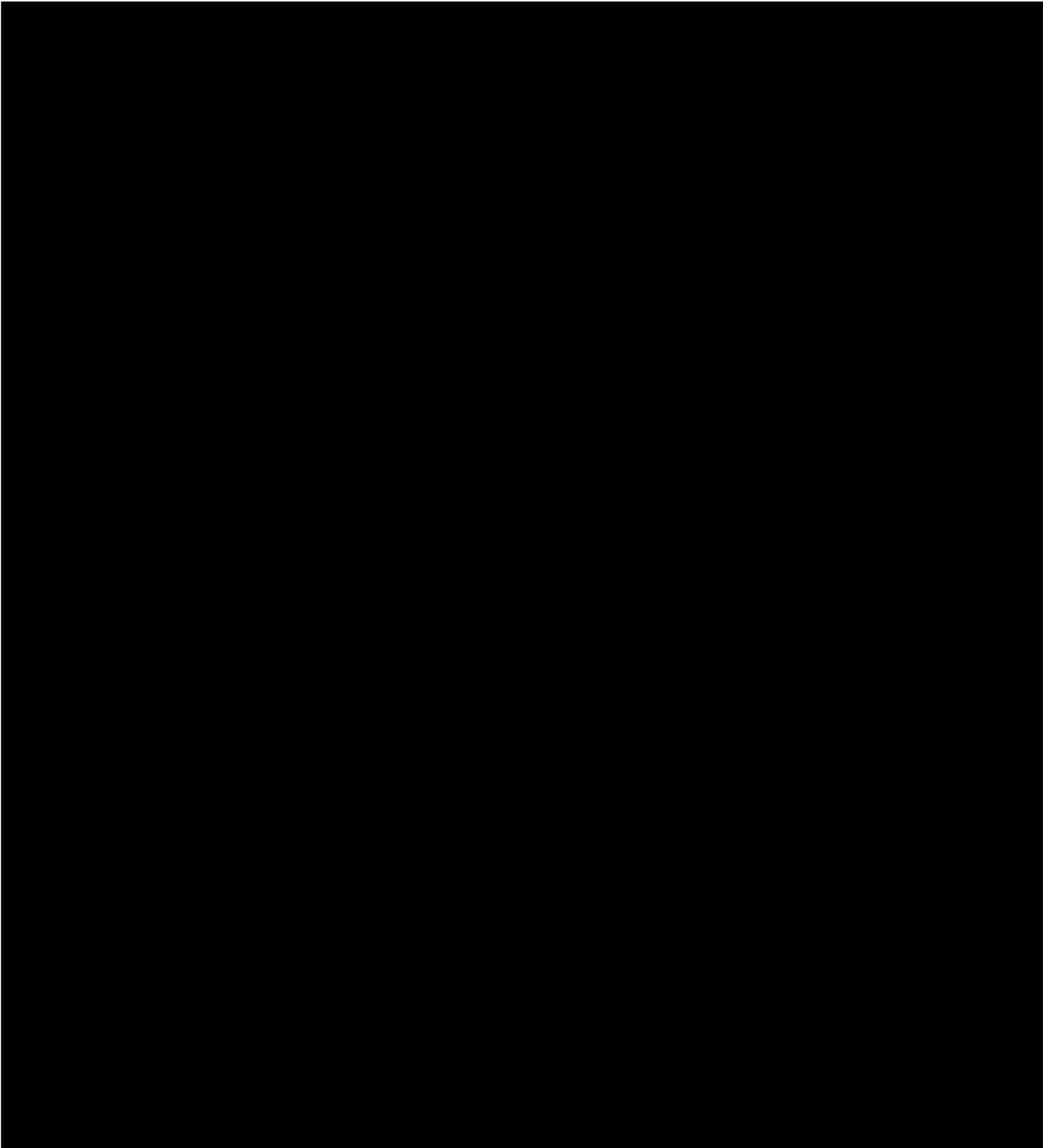
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



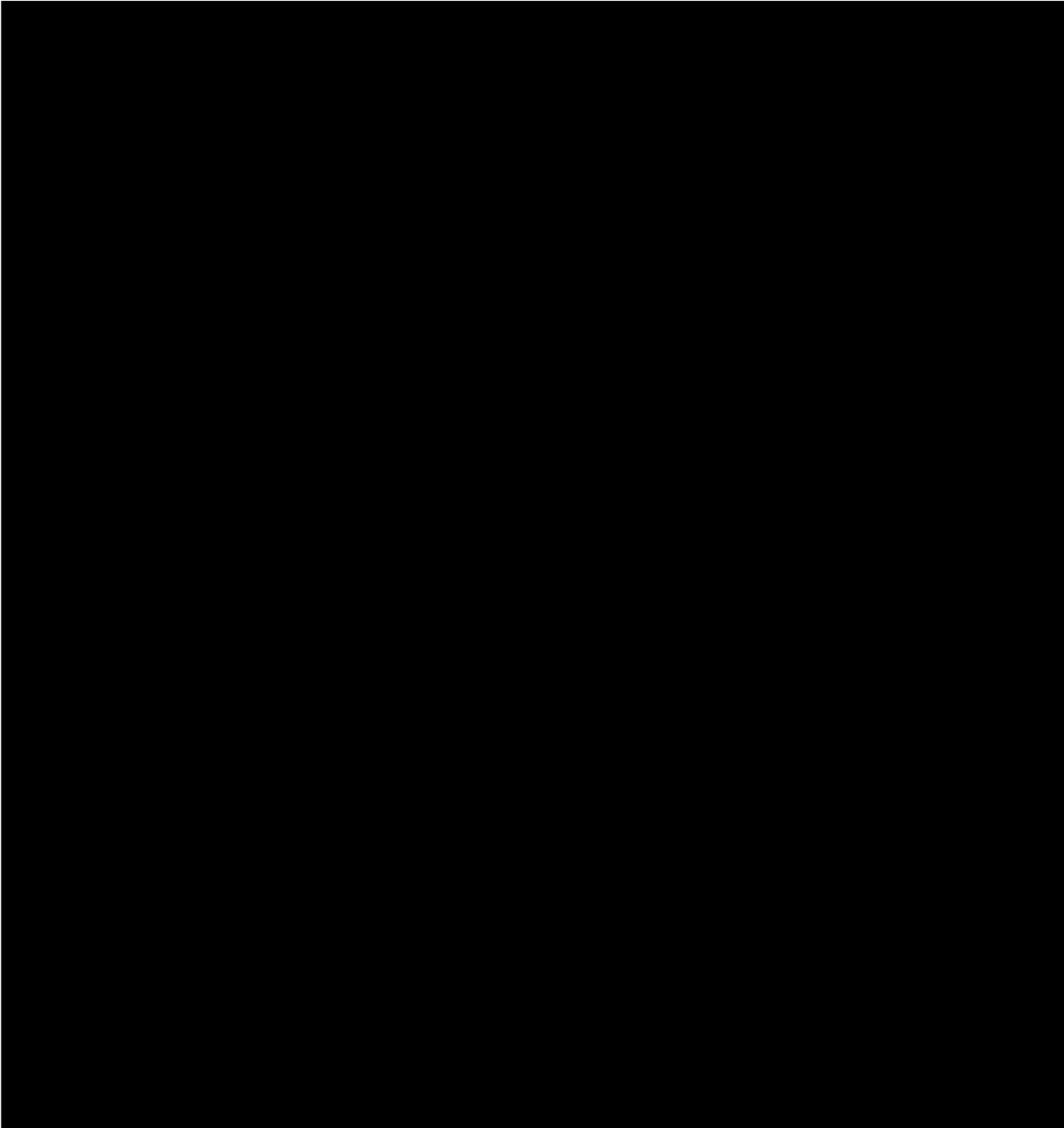
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



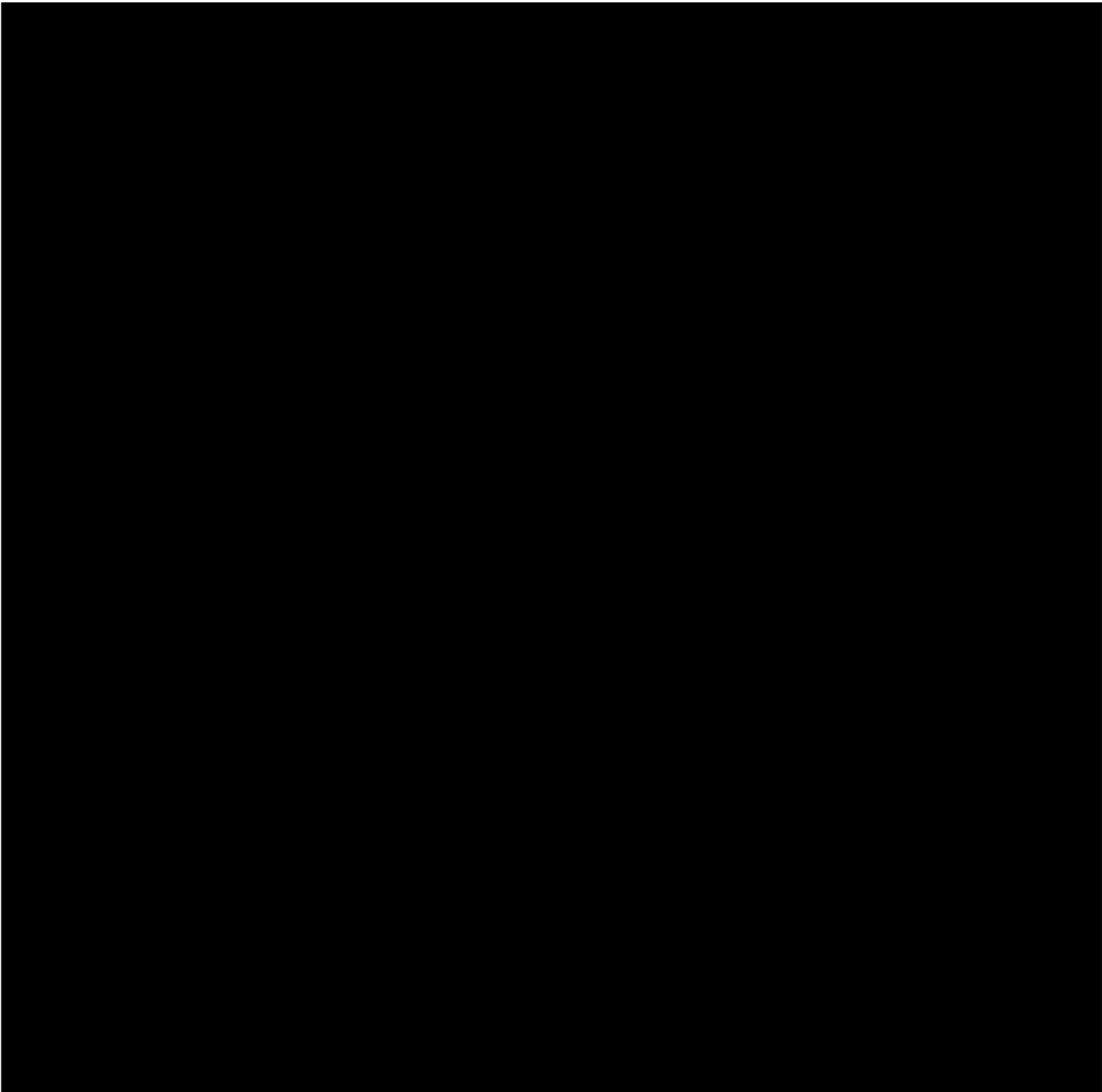
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



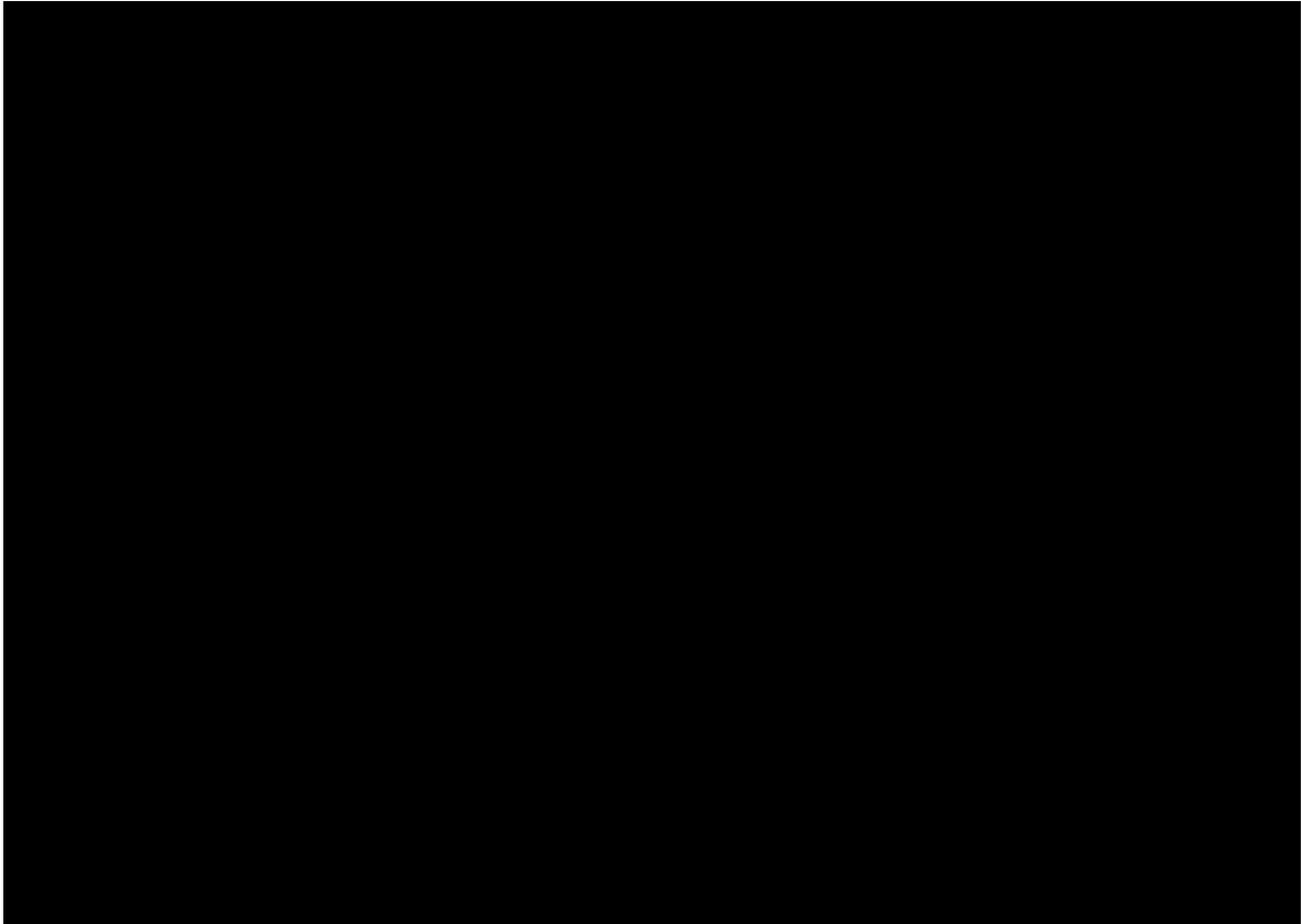
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



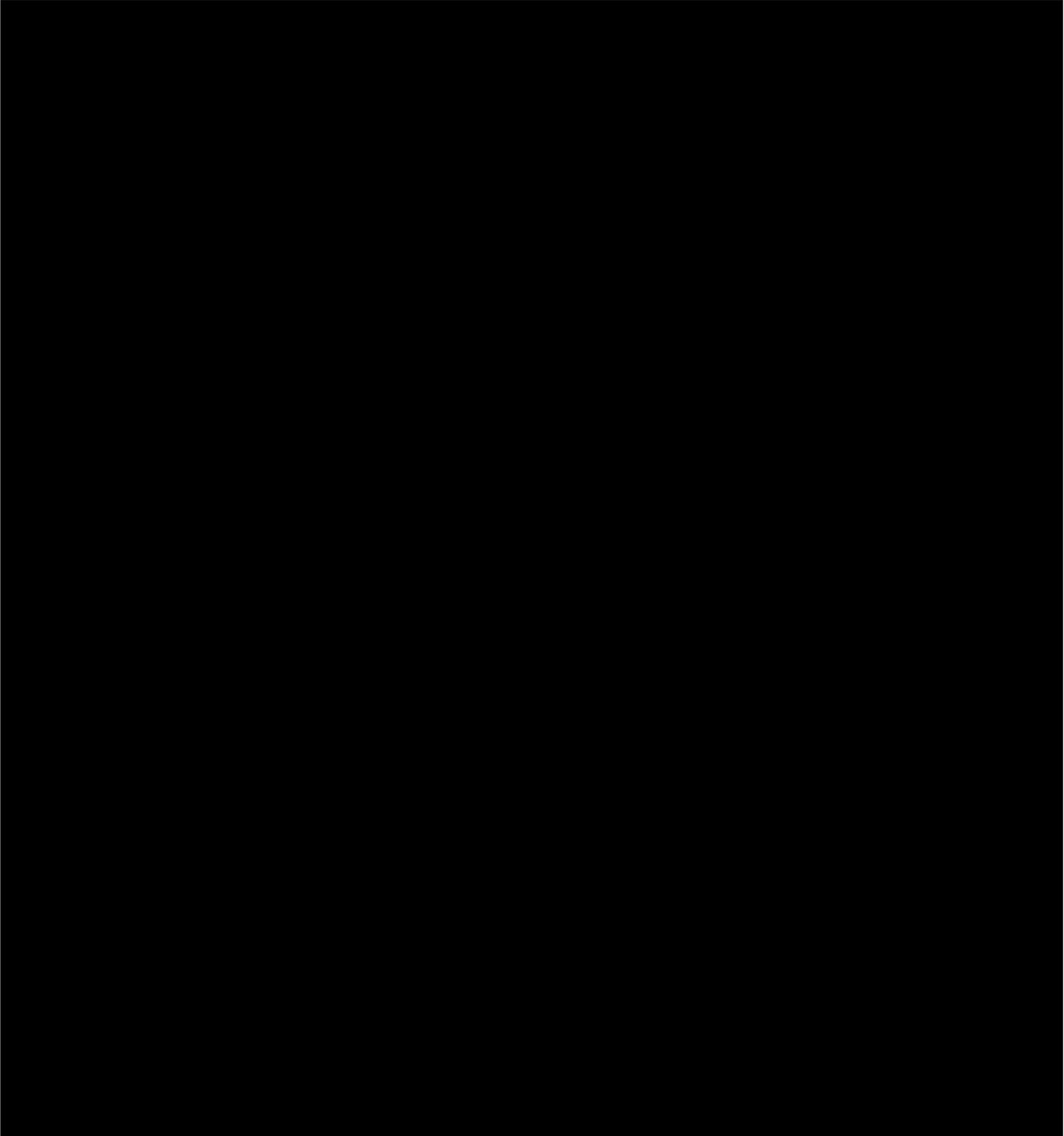
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



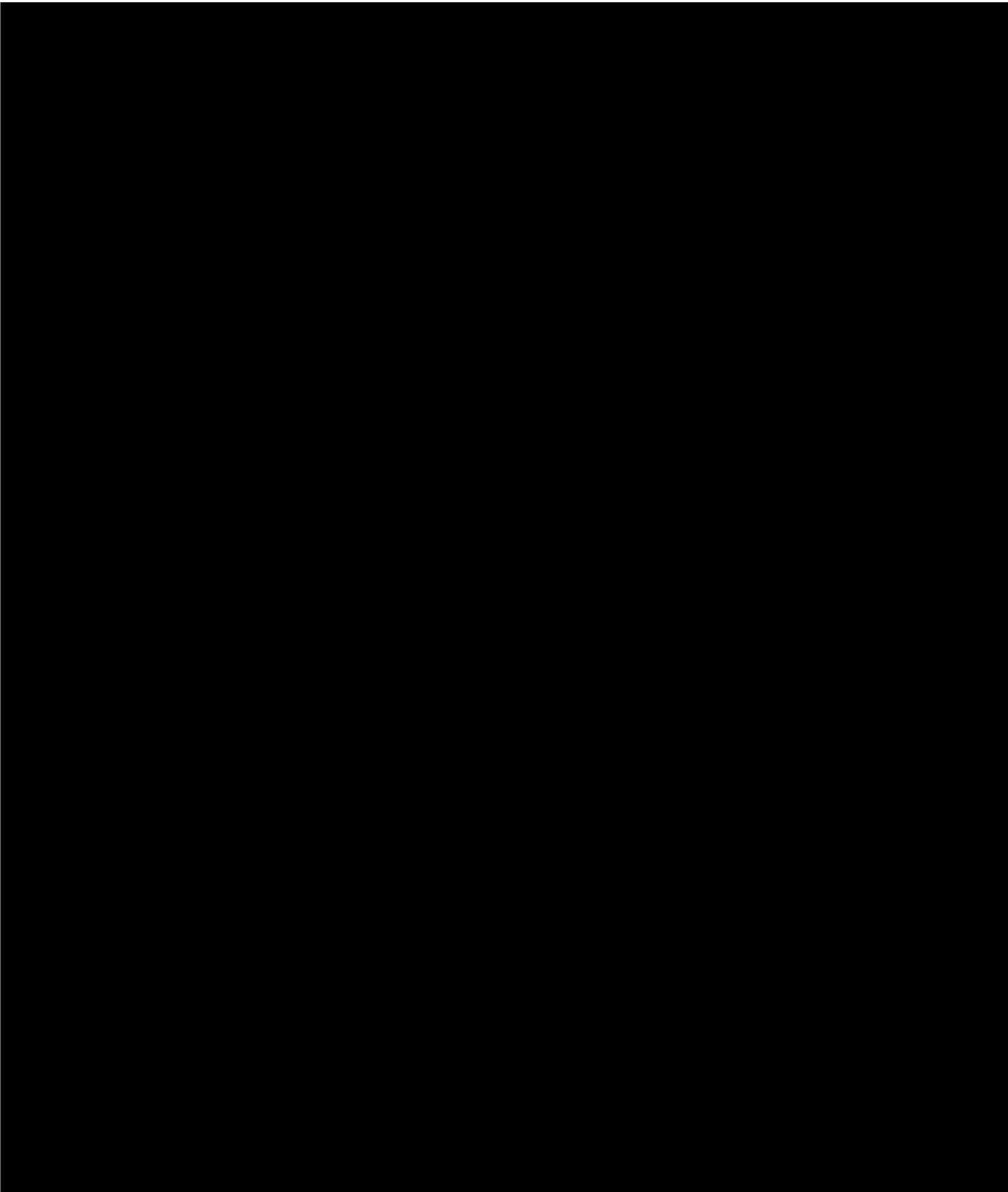
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



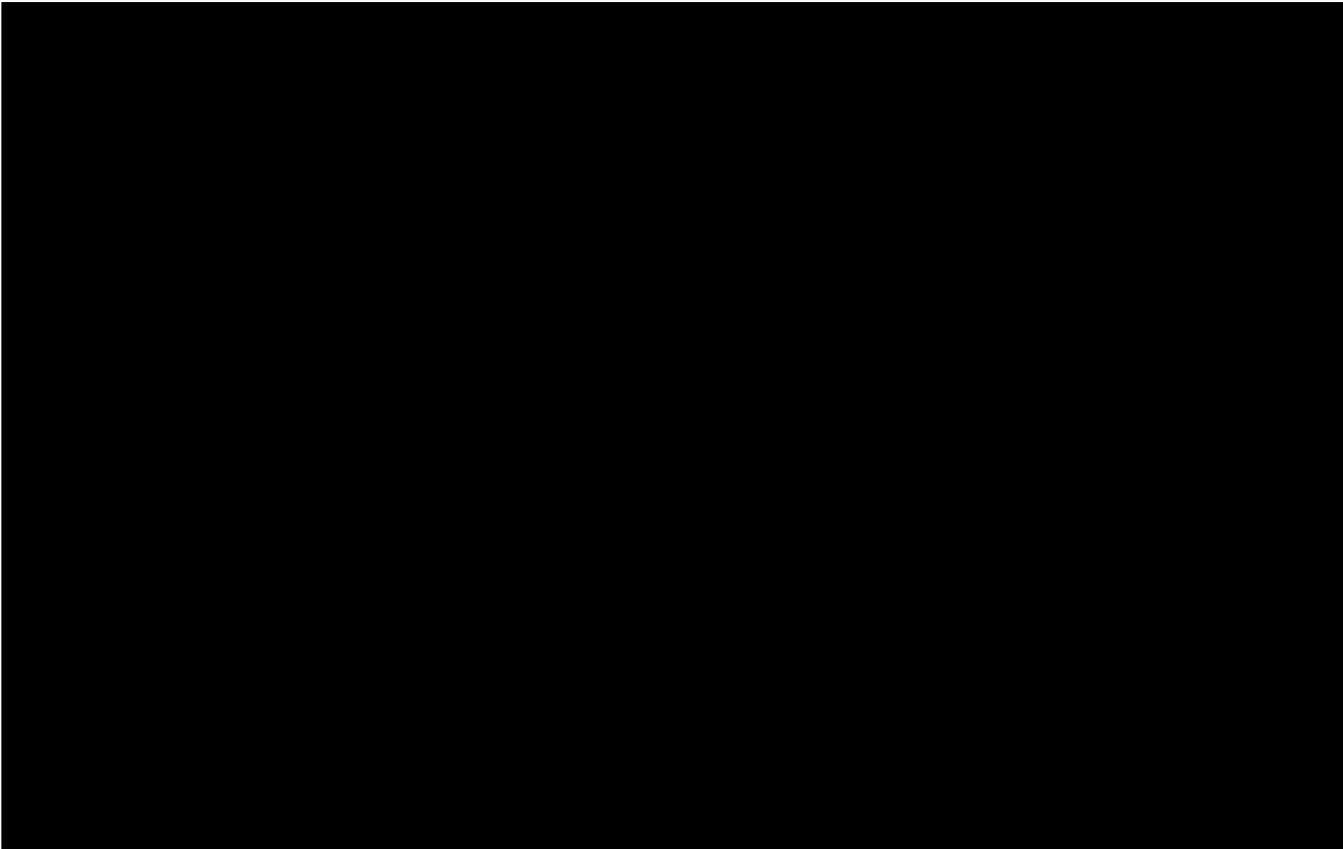
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



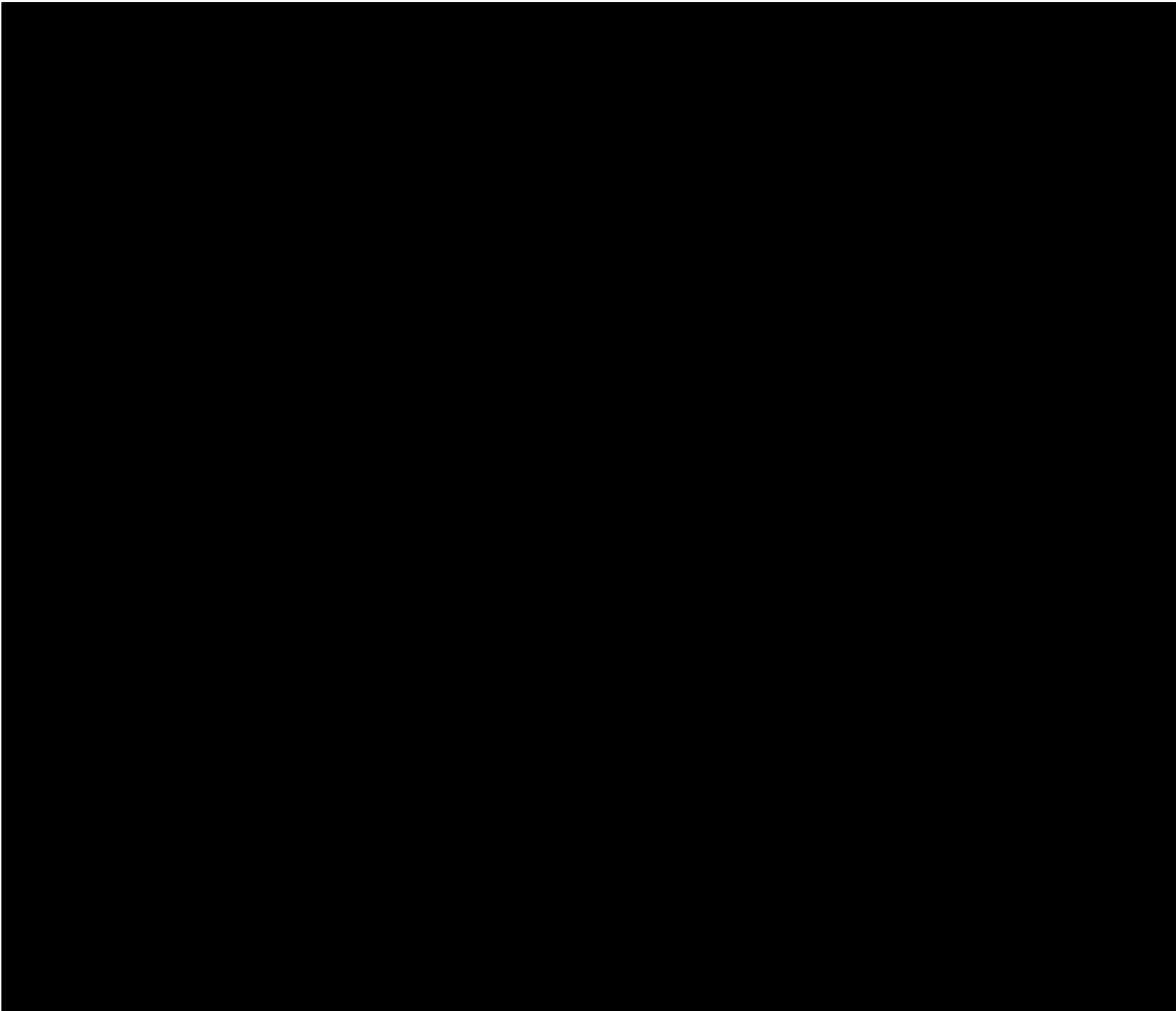
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



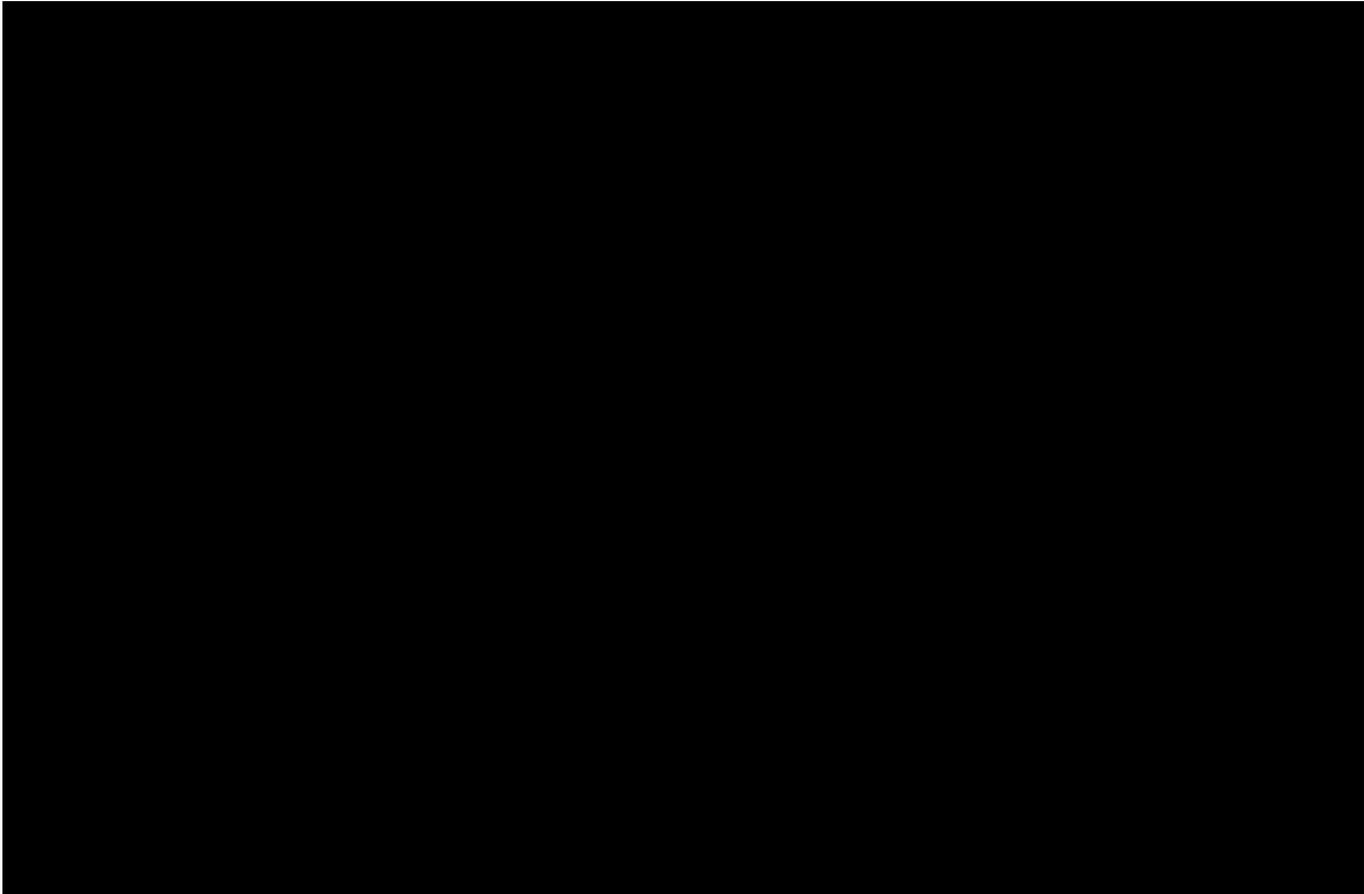
MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



MASHELL, INC. AND SUBSIDIARY dba RAINIER CONNECT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS





NAVIGATION

- Reports
- [Op. Report-Telecom Certification Point Of Contact](#)
- [Part A](#)
- [Part B](#)
- [Part C](#)
- [Part D](#)
- [Part E](#)
- [Part F](#)
- [Part G](#)
- [Part H](#)
- [Part I](#)
- [Notes](#)

Part A: Balance Sheet

Your response is required by 7 U.S.C. 901 et seq. and subject to federal laws and regulations regarding confidential information, will be treated as confidential. The Balance Prior Year figures have been brought forward from the December 2015 submission and cannot be edited here. If these figures need to be corrected please revise them in that submission and resubmit.

ASSETS	Balance Prior Year	Balance End of Period	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance Prior Year	Balance End of Period
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	654,374	457,058	25. Accounts Payable	2,490,808	729,596
2. Cash-RUS Construction Fund		1,239,651	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits	700	831
b. Other Accounts Receivable	(897)		29. Current Mat. L/T Debt	608,224	912,534
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases	28,689	10,815
a. Telecom, Accounts Receivable	118,402	219,365	32. Income Taxes Accrued		
b. Other Accounts Receivable	2,719	6,558	33. Other Taxes Accrued	90,377	59,314
c. Notes Receivable			34. Other Current Liabilities	361,036	366,107
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	3,579,834	2,079,197
6. Material-Regulated	253,921	207,918	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets	62,485	87,644	38. Funded Debt-FFB Notes	6,103,034	9,129,783
10. Total Current Assets (1 thru 9)	1,091,004	2,218,194	39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	110,821	210,837	43. Obligations Under Capital Lease	13,489	
12. Other Investments			44. Adv. From Affiliated Companies	707,820	1,071,602
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	60,003	100,304	46. Total Long-Term Debt (36 thru 45)	6,824,343	10,201,385
13. Nonregulated Investments	8,453,657	5,610,239	OTHER LIABILITIES & DEF. CREDITS		
14. Other Noncurrent Assets	141,312	183,150	47. Other Long-Term Liabilities		
15. Deferred Charges	604,681	537,494	48. Other Deferred Credits	80,193	90,211
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	9,370,474	6,642,024	50. Total Other Liabilities and Deferred Credits (47 thru 49)	80,193	90,211
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	16,747,980	16,571,966	51. Cap. Stock Outstand. & Subscribed	57,050	57,050
19. Property Held for Future Use			52. Additional Paid-in Capital	8,093,354	8,093,354
20. Plant Under Construction	921,186	1,666,824	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	16,747,980	14,264,634	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	921,186	3,974,156	56. Patronage Capital Credits		
24. Total Assets (10+17+23)	11,382,664	12,834,374	57. Retained Earnings or Margins	(7,252,110)	(7,686,823)

58. Total Equity (51 thru 57)	898,294	463,581
59. Total Liabilities and Equity (35+46+50+58)	11,382,664	12,834,374

Total Equity = **3.61** % of Total Assets

[View Checks](#)

[Next >](#)

[USDA](#) | [Rural Development](#) | [eAuth](#)
[Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination](#)



NAVIGATION

- Reports
- Op. Report-Telecom Certification Point Of Contact**
- Part A
- Part B
- Part C
- Part D
- Part E
- Part F
- Part G
- Part H
- Part I
- Notes

Part B: Statements of Income and Retained Earnings or Margins

Your response is required by 7 U.S.C. 901 et seq. and subject to federal laws and regulations regarding confidential information, will be treated as confidential. The Prior Year figures have been brought forward from the December 2015 submission and cannot be edited here. If these figures need to be corrected please revise them in that submission and resubmit.

Item	Prior Year	This Year
1. Local Network Services Revenues	638,853	644,596
2. Network Access Services Revenues	2,756,166	2,844,228
3. Long Distance Network Services Revenues	163,403	172,777
4. Carrier Billing and Collection Revenues	20	3
5. Miscellaneous Revenues	36,811	28,079
6. Uncollectible Revenues	13,571	43
7. Net Operating Revenues (1 Thru 5 Less 6)	3,581,682	3,689,640
8. Plant Specific Operations Expense	1,384,429	1,528,858
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	528,657	616,202
10. Depreciation Expense	368,156	752,423
11. Amortization Expense	8,629	8,629
12. Customer Operations Expense	899,399	1,048,963
13. Corporate Operations Expense	1,028,900	1,168,562
14. Total Operating Expenses (8 Thru 13)	4,218,170	5,123,637
15. Operating Income or Margins (7 less 14)	(636,488)	(1,433,997)
16. Other Operating Income and Expense	(133,666)	
17. State and Local Taxes		159,403
18. Federal Income Taxes	897	(41,820)
19. Other Taxes	191,052	
20. Total Operating Taxes (17+18+19)	191,949	117,583
21. Net Operating Income or Margins (15+16-20)	(962,103)	(1,551,580)
22. Interest on Funded Debt	152,743	158,639
23. Interest Expense - Capital Leases	2,961	1,418
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		(24,618)
26. Total Fixed Charges (22+23+24-25)	155,704	184,675
27. Nonoperating Net Income	(88,450)	115,238
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	1,006,447	1,186,304
31. Total Net Income or Margins (21+27+28+29+30-26)	(199,810)	(434,713)
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	(7,052,300)	(7,252,110)
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-Of-Period [(31+33+34)-(35+36+37+38)]	(7,252,110)	(7,686,823)
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		

42. Patronage Capital Credits Retired		
43. Patronage Capital End-Of-Year (40+41-42)	0	0
44. Debt Service Payments for the period(principal interest on long term debt)	455,897	823,497
45. Cash Ratio [(14+20-10-11) / 7]	1.1261	1.2143
46. Operating Accrual Ratio [(14+20+26) / 7]	1.2748	1.4706
47. TIER [(31+26) / 26]	(0.2833)	(1.3539)
48. DSCR [(31+26+10+11) / 44]	0.7297	0.6205

< Previous

View Checks

Next >

[USDA](#) | [Rural Development](#) | [eAuth](#)
[Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination](#)

EXHIBIT 7

**CORPORATE OPERATION EXPENSE ADJUSTMENT AND CERTIFICATION
As Required in WAC 480-123-110(e)(vi)**

I, Brian Haynes, an officer of Mashell Telecom, Inc. with personal knowledge and responsibility, under penalty of perjury, hereby certify that a corporate operations adjustment(s) to existing high-cost loop and/or interstate common line support mechanisms, as required by the Federal Communications Commission applied to the Company in the amount of \$136,426 in 2016 and \$0 in 2015.

Dated this 27th day of July, 2017.

Brian Haynes / President and CEO

EXHIBIT 8

FINANCIAL ACCOUNTING CERTIFICATE

I, Brian Haynes, an officer of Mashell Telecom, Inc. with personal knowledge and responsibility, based upon my discussions with Company staff and outside consultants retained by the Company to handle such matters, under penalty of perjury, state that the Company complies with state and federal accounting, cost allocation and cost adjustment rules pertaining to incumbent local exchange companies.

Dated this 27th day of July, 2017.

Brian Haynes / President and CEO

EXHIBIT 9

CONTINUED OPERATIONS CERTIFICATE

I, Brian Haynes, an officer of the Company, under penalty of perjury, hereby certify that if the Company receives Program support, the Company will continue to provide communications services pursuant to its tariffs on file with the Commission throughout its service territory in Washington for which the company is seeking and receives Program support during the entirety of 2017.

Dated this 27th day of July, 2017.

Brian Haynes / President & CEO