

<b>OPERATING REPORT FOR TELECOMMUNICATIONS COMPANIES</b>	COMPANY NAME
	PIONEER TELEPHONE COMPANY
	PERIOD ENDING December 31, 2015

**CERTIFICATION**

*We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.*

\_\_\_\_\_  
DATE

**PART A BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	1,487,984	1,667,403	25. Accounts Payable	99,556	25,545
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits	1,655	1,114
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat. - Capital Leases		
a. Telecom, Accounts Receivable	25,338	46,663	32. Income Taxes Accrued	19,767	17,461
b. Other Accounts Receivable	132,550	25,020	33. Other Taxes Accrued	63,281	64,983
c. Notes Receivable			34. Other Current Liabilities	66,751	81,545
5. Interest and Dividends Receivable			35. <b>Total Current Liabilities</b>	251,010	190,648
6. Material-Regulated	73,466	54,449	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	4,157	3,140	36. Funded Debt-RUS Notes		
8. Prepayments		30,456	37. Funded Debt-RTB Notes		
9. Other Current Assets	217,593	219,475	38. Funded Debt-FFB Notes		
10. <b>Total Current Assets (1 Thru 9)</b>	1,941,088	2,046,606	39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reaquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies	57,477	81,657
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. <b>Total Long-Term Debt (36 thru 45)</b>	57,477	81,657
13. Nonregulated Investments	35,277	35,277	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	496,877	512,294
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. <b>Total Noncurrent Assets (11 thru 16)</b>	35,277	35,277	50. <b>Total Other Liabilities and Deferred Credits (47 thru 49)</b>	496,877	512,294
<b>PLANT, PROPERTY AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	12,365,015	12,629,667	51. Cap. Stock Outstand. & Subscribed	56,052	56,052
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj. Nonop, Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	7,978,437	8,558,721	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	4,386,578	4,070,946	56. Patronage Capital Credits		
24. <b>TOTAL ASSETS (10+17+23)</b>	6,362,943	6,152,829	57. Retained Earnings or Margins	5,501,527	5,312,178
			58. <b>Total Equity (51 thru 57)</b>	5,557,579	5,368,230
			59. <b>TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	6,362,943	6,152,829

**OPERATING REPORT FOR  
TELECOMMUNICATIONS  
COMPANIES**

Company Name: PIONEER TELEPHONE COMPANY

PERIOD ENDING: December 31, 2015

**PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	134,207	144,597
2. Network Access Services Revenues	1,388,971	1,399,531
3. Long Distance Network Services Revenues	39,923	42,291
4. Carrier Billing and Collection Revenues	1,878	1,800
5. Miscellaneous Revenues	8,864	8,866
6. Uncollectible Revenues	927	100
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>	<b>1,572,916</b>	<b>1,596,985</b>
8. Plant Specific Operations Expense	342,707	367,252
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	40,970	54,344
10. Depreciation Expense	504,963	580,284
11. Amortization Expense		
12. Customer Operations Expense	61,948	94,541
13. Corporate Operations Expense	391,445	374,435
<b>14. Total Operating Expenses (8 thru 13)</b>	<b>1,342,033</b>	<b>1,470,856</b>
15. Operating Income or Margins (7 less 14)	230,883	126,129
16. Other Operating Income and Expenses		
17. State and Local Taxes	62,704	67,196
18. Federal Income Taxes	55,869	23,455
19. Other Taxes		
<b>20. Total Operating Taxes (17+18+19)</b>	<b>118,573</b>	<b>90,651</b>
21. Net Operating Income or Margins (15+16-20)	112,310	35,478
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>	<b>0</b>	<b>0</b>
27. Nonoperating Net Income	4,612	7,173
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	15,990	22,814
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>132,912</b>	<b>65,465</b>
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	6,360,062	5,501,527
34. Miscellaneous Credits Year-to-Date - Other Comprehensive Income	8,553	
35. Dividends Declared (Common)	(1,000,000)	(250,000)
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date - Other Comprehensive Loss		(4,814)
38. Transfers to Patronage Capital		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+31) - (35+35+37+38)]</b>	<b>5,501,527</b>	<b>5,312,178</b>