

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	This data will be used by RUS to review your financial situation. 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. BORROWER NAME  Western Wahkiakum County Telephone Company
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INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2016	BORROWER DESIGNATION WA0535
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**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.

**ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII**  
 (Check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.
  There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

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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	865,390	2,145,546	25. Accounts Payable	35,462	46,214
2. Cash-RUS Construction Fund	279	285	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	19,974	21,054
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt	137,000	187,700
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	390,771	401,848	32. Income Taxes Accrued		56,366
b. Other Accounts Receivable			33. Other Taxes Accrued	52,916	69,491
c. Notes Receivable			34. Other Current Liabilities	122,813	323,469
5. Interest and Dividends Receivable			<b>35. Total Current Liabilities (25 thru 34)</b>	<b>368,165</b>	<b>704,294</b>
6. Material-Regulated	294,331	245,165	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	59	0	36. Funded Debt-RUS Notes		
8. Prepayments	25,926	14,992	37. Funded Debt-RTB Notes		
9. Other Current Assets	135,907		38. Funded Debt-FFB Notes	2,504,283	3,128,004
<b>10. Total Current Assets (1 Thru 9)</b>	<b>1,712,663</b>	<b>2,807,836</b>	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. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt	1,506,247	1,506,247
b. Nonrural Development			<b>46. Total Long-Term Debt (36 thru 45)</b>	<b>4,010,530</b>	<b>4,634,251</b>
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	413,993	553,999	47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	1,576,834	1,678,382
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>17. Total Noncurrent Assets (11 thru 16)</b>	<b>413,993</b>	<b>553,999</b>	50. Total Other Liabilities and Deferred Credits (47 thru 49)	<b>1,576,834</b>	<b>1,678,382</b>
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service	20,965,028	21,305,128	51. Cap. Stock Outstand. & Subscribed	54,171	54,171
19. Property Held for Future Use			52. Additional Paid-in-Capital	279,251	279,251
20. Plant Under Construction	85,104	123,420	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	12,986,918	13,329,562	55. Other Capital		
<b>23. Net Plant (18 thru 21 less 22)</b>	<b>8,063,214</b>	<b>8,098,986</b>	56. Patronage Capital Credits		
<b>24. TOTAL ASSETS (10+17+23)</b>			57. Retained Earnings or Margins	3,900,919	4,110,472
	10,189,870	11,460,821	<b>58. Total Equity (51 thru 57)</b>	<b>4,234,341</b>	<b>4,443,894</b>
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>10,189,870</b>	<b>11,460,821</b>

Total Equity = 38.77% % of Total Assets

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

WA0535

PERIOD ENDING

December, 2016

INSTRUCTIONS- See RUS Bulletin 1744-2

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

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	245,707	253,580
2. Network Access Services Revenues	3,049,185	3,301,264
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	22,894	22,864
5. Miscellaneous Revenues	973	1,550
6. Uncollectible Revenues	316	3
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>	<b>3,318,443</b>	<b>3,579,255</b>
8. Plant Specific Operations Expense	520,123	457,931
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	482,485	469,478
10. Depreciation Expense	605,044	937,493
11. Amortization Expense		
12. Customer Operations Expense	173,926	170,948
13. Corporate Operations Expense	903,594	902,620
<b>14. Total Operating Expenses (8 thru 13)</b>	<b>2,685,172</b>	<b>2,938,470</b>
15. Operating Income or Margins (7 less 14)	633,271	640,785
16. Other Operating Income and Expenses		
17. State and Local Taxes	75,861	104,163
18. Federal Income Taxes	152,471	140,340
19. Other Taxes		
<b>20. Total Operating Taxes (17+18+19)</b>	<b>228,332</b>	<b>244,503</b>
21. Net Operating Income or Margins (15+16-20)	404,939	396,282
22. Interest on Funded Debt	55,419	56,422
23. Interest Expense - Capital Leases		
24. Other Interest Expense	63,265	60,250
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>	<b>118,684</b>	<b>116,672</b>
27. Nonoperating Net Income	2,767	(4,018)
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	(31,328)	(15,354)
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>257,694</b>	<b>260,238</b>
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	4,129,620	3,900,919
34. Miscellaneous Credits Year-to-Date		107,315
35. Dividends Declared (Common)	243,000	158,000
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	243,395	
38. Transfers to Patronage Capital		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>	<b>3,900,919</b>	<b>4,110,472</b>
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44. Annual Debt Service Payments	181,639	279,529
45. Cash Ratio [(14+20-10-11) / 7]	0.6956	0.6274
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9137	0.9219
47. TIER [(31+26) / 26]	3.1713	3.2305
48. DSCR [(31+26+10+11) / 44]	5.4031	4.7022

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INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

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**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Grays River 465	18.80	18.00	42	329	371	207.73	104.41
Naselle 464	18.80	18.00	127	519	646	181.07	107.43
MobileWireless					0		
Route Mileage Outside Exchange Area						2.00	2.00
Total			169	848	1,017	390.80	213.84
No. Exchanges	2						

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**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

**4. BROADBAND SERVICE**

**Details on Least Expensive Broadband Service**

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Grays River 465	371	294	82	1,500	768	29.95	Package	DSL
Naselle 464	646	498	137	1,500	768	29.95	Package	DSL
Total	1,017	792						

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INSTRUCTIONS- See RUS Bulletin 1744-2

**PART D. SYSTEM DATA**

1. No. Plant Employees 7	2. No. Other Employees 5	3. Square Miles Served 314	4. Access Lines per Square Mile 3.24	5. Subscribers per Route Mile 2.60
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**PART E. TOLL DATA**

1. Study Area ID Code(s) a. 522451 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
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**PART F. FUNDS INVESTED IN PLANT DURING YEAR**

1. RUS, RTB, & FFB Loan Funds Expended	837,278
2. Other Long-Term Loan Funds Expended	
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	124,098
6. Salvaged Materials	1,300
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	962,676

**PART G. INVESTMENTS IN AFFILIATED COMPANIES**

INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development	0	0	0	0	0
2. Investment in Affiliated Companies - Nonrural Development	0	0	0	0	0

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**PART H. CURRENT DEPRECIATION RATES**

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

YES

NO

**EQUIPMENT CATEGORY**

**DEPRECIATION RATE**

1. Land and support assets - Motor Vehicles	16.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	16.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	20.00%
7. Land and support assets - General purpose computers	20.00%
8. Central Office Switching - Digital	9.00%
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	13.00%
12. Central Office Transmission - Circuit equipment	11.19%
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	7.59%
19. Cable and wire facilities - Aerial cable - Metal	20.40%
20. Cable and wire facilities - Aerial cable - Fiber	7.11%
21. Cable and wire facilities - Underground cable - Metal	6.00%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	4.55%
26. Cable and wire facilities - Other	

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**OPERATING REPORT FOR  
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INSTRUCTIONS – See help in the online application.

**PART I – STATEMENT OF CASH FLOWS**

<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>	865,669
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>2. Net Income</b>	260,238
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	937,493
4. Add: Amortization	0
5. Other (Explain) Other items allocated to and from financing activities, includes prior period adjustment	(85,044)
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	(11,077)
7. Decrease/(Increase) in Materials and Inventory	49,225
8. Decrease/(Increase) in Prepayments and Deferred Charges	10,934
9. Decrease/(Increase) in Other Current Assets	135,907
10. Increase/(Decrease) in Accounts Payable	10,752
11. Increase/(Decrease) in Advance Billings & Payments	1,080
12. Increase/(Decrease) in Other Current Liabilities	273,597
<b>13. Net Cash Provided/(Used) by Operations</b>	1,583,105
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
14. Decrease/(Increase) in Notes Receivable	0
15. Increase/(Decrease) in Notes Payable	0
16. Increase/(Decrease) in Customer Deposits	0
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	674,421
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	101,548
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	0
20. Less: Payment of Dividends	(158,000)
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain) Other items allocated to and from operating and investment activities	52,353
<b>23. Net Cash Provided/(Used) by Financing Activities</b>	670,322
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	(378,416)
25. Other Long-Term Investments	0
26. Other Noncurrent Assets & Jurisdictional Differences	(140,006)
27. Other (Explain) Plant adjustments not on line 24 and other items allocated to financing activities	(454,843)
<b>28. Net Cash Provided/(Used) by Investing Activities</b>	(973,265)
<b>29. Net Increase/(Decrease) in Cash</b>	1,280,162
<b>30. Ending Cash</b>	2,145,831

Revision Date 2010

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  WA0535
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2016
<b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	
Part 1 - Statement of Cash Flows, line 20, dividends declared on the income statement automatically populated line 20 payment of dividends Even though dividends were declared in 2016, they were not paid in 2016.	

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  WA0535
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2016
<b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	