# 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)

McDaniel Telephone Co. d/b/a TDS Telecom

	Balance	Part 64	Adj. Balance		Balance	Part 64	Adj. Balance
ASSETS	End of Year	Adj to NonReg	End of Year	LIABILITIES AND STOCKHOLDERS' EQUITY	End of Year	Adj to NonReg	End of Year
	2013 (A)	2013 (B)	2013 (C)		2013 (A)	2013 (B)	2013 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and Equivalents	5,884,319		5,884,319	25. Accounts Payable	474,393		474,393
2. Cash-RUS Construction Fund	0		0	26. Notes Payable	0		0
3. Affiliates:				27. Advance Billings and Payments	45,701		45,701
a. Telecom, Accounts Receivable	0		0	28. Customer Deposits	0		0
b. Other Accounts Receivable	15,460		15,460	29. Current Mat. L/T Debt	0		0
c. Notes Receivable	0		0	30. Current Mat. L/T Debt Rur. Dev.	0		0
4. Non-Affiliates:				31. Current Mat Capital Leases	0		0
a. Telecom, Accounts Receivable	170,340		170,340	32. Income Taxes Accrued	57,724		57,724
b. Other Accounts Receivable	528,521		528,521	33. Other Taxes Accrued	26,177		26,177
c. Notes Receivable	0		0	34. Other Current Liabilities	19,376		19,376
5. Interest and Dividends Receivable	187		187	35. Total Current Liabilities (25 thru 34)	623,371	0	623,371
6. Material-Regulated	34,609		34,609	LONG-TERM DEBT			
7. Material-Nonregulated	0		0	36. Funded Debt-RUS Notes	0		0
8. Prepayments	6,455		6,455	37. Funded Debt-RTB Notes	0		0
9. Other Current Assets	0		0	38. Funded Debt-FFB Notes	0		0
10. Total Current Assets (1 Thru 9)	6,639,892	0	6,639,892	39. Funded Debt-Other	0		0
				40. Funded Debt-Rural Develop. Loan	0		0
NONCURRENT ASSETS				41. Premium (Discount) on L/T Debt	0		0
11. Investment in Affiliated Companies				42. Reacquired Debt	0		0
a. Rural Development	0		0	43. Obligations Under Capital Lease	0		0
b. Nonrural Development	0		0	44. Adv. From Affiliated Companies	0		0
12. Other Investments				45. Other Long-Term Debt	0		0
a. Rural Development	0		0	46. Total Long-Term Debt (36 thru 45)	0	0	0
b. Nonrural Development	0		0	OTHER LIAB. & DEF. CREDITS			
13. Nonregulated Investments (B1)	48,103	40,309	88,412	47. Other Long-Term Liabilities	(3,777)		(3,777)
14. Other Noncurrent Assets	0		0	48. Other Deferred Credits (C)	1,046,154	(20,326)	1,025,828
15. Deferred Charges	(3)		(3)	49. Other Jurisdictional Differences	0		0
16. Jurisdictional Differences	0		0	50. Total Other Liab. & Def. Credits (47 thru 49)	1,042,377	(20,326)	1,022,051
17. Total noncurrent Assets (11 thru 16)	48,101	40,309	88,410	EQUITY			
				51. Cap. Stock Outstanding & Subscribed	26,200		26,200
PLANT, PROPERTY AND EQUIPMENT				52. Additional Paid-in-Capital	0		0
18. Telecom Plant-In-Service	14,699,532	(62,760)	14,636,772	53. Treasury Stock	0		0
19. Property Held for Future Use	0		0	54. Membership and cap. Certificates	0		0
20. Plant Under Construction	448,366		448,366	55. Other Capital	15,007		15,007
21. Plant Adj.,Nonop Plant & Goodwill	0		0	56. Patronage Capital Credits	0		0
22. Accumulated Depreciation (CR.)	(10,063,980)	22,451	(10,041,529)	57. Retained Earnings or Margins (B2)	10,064,955	20,326	10,085,281
23. Net Plant (18 thru 21 less 22)	5,083,918	(40,309)	5,043,609	58. Total Equity (51 thru 57)	10,106,162	20,326	10,126,488
24. TOTAL ASSETS (10+17+23)	11,771,910	0	11,771,910	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	11,771,910	0	11,771,910
(,	,		,		,,510		,
Footnotes:	L			Footnotes:		ļ	ļ

Footnotes:

(A) - As reported on RUS Form 479

(B) - Part 64 adjustments from regulated

to nonregulated.

Footnotes:

(B1) - Part 64 offset to nonreg investment

(B2) - Part 64 offset to retained earnings

(C) - Includes deferred taxes

Page 2 of 12 7/31/2015

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

Company Name: (Below)

McDaniel Telephone Co. d/b/a TDS Telecom

	Balance	Part 64	Adj. Balance		Balance	Part 64	Adj. Balance
ASSETS	End of Year	Adj to NonReg	End of Year	LIABILITIES AND STOCKHOLDERS' EQUITY	End of Year	Adj to NonReg	End of Year
	2014 (A)	2014 (B)	2014 (C)		2014 (A)	2014 (B)	2014 (C)
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and Equivalents	1,349,938		1,349,938	25. Accounts Payable	322,811		322,811
Cash-RUS Construction Fund	0		0	26. Notes Payable	0		0
3. Affiliates:				27. Advance Billings and Payments	47,732		47,732
a. Telecom, Accounts Receivable	0		0	28. Customer Deposits	0		0
b. Other Accounts Receivable	87,585		87,585	29. Current Mat. L/T Debt	0		0
c. Notes Receivable	0		0	30. Current Mat. L/T Debt Rur. Dev.	0		0
4. Non-Affiliates:				31. Current Mat Capital Leases	0		0
a. Telecom, Accounts Receivable	168,652		168,652	32. Income Taxes Accrued	58,234		58,234
b. Other Accounts Receivable	370,235		370,235	33. Other Taxes Accrued	22,672		22,672
c. Notes Receivable	0		0	34. Other Current Liabilities	25,110		25,110
5. Interest and Dividends Receivable	135		135	35. Total Current Liabilities (25 thru 34)	476,560	0	476,560
6. Material-Regulated	37,825		37,825	LONG-TERM DEBT			
7. Material-Nonregulated	0		0	36. Funded Debt-RUS Notes	0		0
8. Prepayments	6,455		6,455	37. Funded Debt-RTB Notes	0		0
9. Other Current Assets	0		0	38. Funded Debt-FFB Notes	0		0
10. Total Current Assets (1 Thru 9)	2,020,826	0	2,020,826	39. Funded Debt-Other	0		0
				40. Funded Debt-Rural Develop. Loan	0		0
NONCURRENT ASSETS				41. Premium (Discount) on L/T Debt	0		0
11. Investment in Affiliated Companies				42. Reacquired Debt	0		0
a. Rural Development	0		0	43. Obligations Under Capital Lease	0		0
b. Nonrural Development	0		0	44. Adv. From Affiliated Companies	0		0
12. Other Investments				45. Other Long-Term Debt	0		0
a. Rural Development	0		0	46. Total Long-Term Debt (36 thru 45)	0	0	0
b. Nonrural Development	0		0	OTHER LIAB. & DEF. CREDITS			
13. Nonregulated Investments (B1)	29,201	39,402	68,603	47. Other Long-Term Liabilities	(33,314)		(33,314)
14. Other Noncurrent Assets	4,333		4,333	48. Other Deferred Credits (C)	957,789	(16,457)	941,332
15. Deferred Charges	(3)		(3)	49. Other Jurisdictional Differences	0		0
16. Jurisdictional Differences	0		0	50. Total Other Liab. & Def. Credits (47 thru 49)	924,475	(16,457)	908,018
17. Total noncurrent Assets (11 thru 16)	33,532	39,402	72,934	EQUITY			
				51. Cap. Stock Outstanding & Subscribed	26,200		26,200
PLANT, PROPERTY AND EQUIPMENT				52. Additional Paid-in-Capital	0		0
18. Telecom Plant-In-Service	15,075,679	(64,887)	15,010,792	53. Treasury Stock	0		0
19. Property Held for Future Use	0		0	54. Membership and cap. Certificates	0		0
20. Plant Under Construction	110,631		110,631	55. Other Capital	31,147		31,147
21. Plant Adj., Nonop Plant & Goodwill	25,762		25,762	56. Patronage Capital Credits	0		0
22. Accumulated Depreciation (CR.)	(10,841,210)	25,485	(10,815,725)	57. Retained Earnings or Margins (B2)	4,966,838	16,457	4,983,295
23. Net Plant (18 thru 21 less 22)	4,370,862	(39,402)	4,331,460	58. Total Equity (51 thru 57)	5,024,185	16,457	5,040,642
24. TOTAL ASSETS (10+17+23)	6,425,220	0	6,425,220	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	6,425,220	0	6,425,220

Footnotes:

(A) - As reported on RUS Form 479

(B) - Part 64 adjustments from regulated

to nonregulated.

Footnotes:

(B1) - Part 64 offset to nonreg investment

(B2) - Part 64 offset to retained earnings

(C) - Includes deferred taxes

Page 3 of 12 7/31/2015

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

Company Name: (Below)

McDaniel Telephone Co. d/b/a TDS Telecom

	Adjusted	Adjusted		Adjusted	Adjusted
ASSETS	Prior Year	Current Year	LIABILITIES AND STOCKHOLDERS' EQUITY	Prior Year	Current Year
	Balance 2013	Balance 2014		Balance 2013	Balance 2014
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and Equivalents	5,884,319	1,349,938	25. Accounts Payable	474,393	322,811
2. Cash-RUS Construction Fund	0	0	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	45,701	47,732
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	0	0
b. Other Accounts Receivable	15,460	87,585	29. Current Mat. L/T Debt	0	0
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat Capital Leases	0	0
a. Telecom, Accounts Receivable	170,340	168,652	32. Income Taxes Accrued	57,724	58,234
b. Other Accounts Receivable	528,521	370,235	33. Other Taxes Accrued	26,177	22,672
c. Notes Receivable	0	0	34. Other Current Liabilities	19,376	25,110
5. Interest and Dividends Receivable	187	135	35. Total Current Liabilities (25 - 34)	623,371	476,560
6. Material-Regulated	34,609	37,825	LONG-TERM DEBT		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	0	0
8. Prepayments	6,455	6,455	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 Thru 9)	6,639,892	2,020,826	39. Funded Debt-Other	0	0
			40. Funded Debt-Rural Develop. Loan	0	0
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt	0	0
11. Investment in Affiliated Companies			42. Reacquired Debt	0	0
a. Rural Development	0	0	43. Obligations Under Capital Lease	0	0
b. Nonrural Development	0	0	44. Adv. From Affiliated Companies	0	0
12. Other Investments			45. Other Long-Term Debt	0	0
a. Rural Development	0	0	46. Total Long-Term Debt (36-45)	0	0
b. Nonrural Development	0	0	OTHER LIAB. & DEF. CREDITS		
13. Nonregulated Investments	88,412	68,603	47. Other Long-Term Liabilities	(3,777)	(33,314)
14. Other Noncurrent Assets	0	4,333	48. Other Deferred Credits	1,025,828	941,332
15. Deferred Charges	(3)	(3)	49. Other Jurisdictional Differences	0	0
16. Jurisdictional Differences	0	0	50. Total Other Liab. & Def. Credits (47 thru 49)	1,022,051	908,018
17. Total noncurrent Assets (11 thru 16)	88,410	72,934	EQUITY		
			51. Cap. Stock Outstanding & Subscribed	26,200	26,200
PLANT, PROPERTY AND EQUIPMENT			52. Additional Paid-in-Capital	0	0
18. Telecom Plant-in-Service	14,636,772	15,010,792	53. Treasury Stock	0	0
19. Property Held for Future Use	0	0	54. Membership and cap. Certificates	0	0
20. Plant Under Construction	448,366	110,631	55. Other Capital	15,007	31,147
21. Plant Adj., Nonop Plant & Goodwill	0	25,762	56. Patronage Capital Credits	0	0
22. Accumulated Depreciation (CR.)	(10,041,529)	(10,815,725)	57. Retained Earnings or Margins	10,085,281	4,983,295
23. Net Plant (18 thru 21 less 22)	5,043,609	4,331,460	58. Total Equity (51 thru 57)	10,126,488	5,040,642
24. TOTAL ASSETS (10+17+23)	11,771,910	6,425,220	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	11,771,910	6,425,220
	•		•	•	

Footnote:

Adjusted Balances represents balances after Part 64 adjustments

Page 4 of 12 7/31/2015

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

Company Name: (Below)

McDaniel Telephone Co. d/b/a TDS Telecom

		B/S	Adj. Balance	Adj. Balance	Average
Line#	Description	Line	End of Year	End of Year	Adj End of Year
		#	2013	2014	Balance
	Average Rate Base:				
1	Total Regulated Adjusted Telecom Plant-In-service	18	14,636,772	15,010,792	14,823,782
2	Total Property Held for Future Use	19	0	0	0
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(10,041,529)	(10,815,725)	(10,428,627)
4	Total Regulated Materials & Supplies	6	34,609	37,825	36,217
5	Deferred Income Taxes (CR)		(1,016,666)	(917,202)	(966,934)
6	Total Regulated Rate Base		3,613,186	3,315,690	3,464,438

#### Footnotes:

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

Page 5 of 12 7/31/2015

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

Company Name: (Below) McDaniel Telephone Co. d/b/a TDS Telecom

Line#	Description	Prior Year End of Yr.	Current Year End of Yr.	Difference	%
		Balance - 2013	Balance - 2014		Change
	Access Lines:				
1	Residential	3,010	2,974	(36)	-1.2%
2	Business	512	487	(25)	-4.9%
3	Total	3,522	3,461	(61)	-1.7%

Page 6 of 12 7/31/2015

Company Name: (Below) McDaniel Telephone Co. d/b/a TDS Telecom

		Prior Year	Part 64	Prior Year
Line #	Description	2013	Adj. to NonReg	Adjusted
LITTE #	Description	(A)	(B)	2013 (C)
1	Local Network Services Revenues	914,022	(6)	914,022
2	Network Access Services Revenues	1,762,603		1,762,603
3	Long Distance Network Services Revenues	434		434
4	Carrier Billing and Collection Revenues	102,064		102,064
5	Miscellaneous Revenues	48,204		48,204
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(45,615)		(45,615)
7	Net Operating Revenues (1 thru 6)	2,781,712	0	2,781,712
8	Plant Specific Operations Expense	527,602	(23,230)	504,372
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	387,800	(16,445)	371,355
10	Depreciation Expense	823,599	(42,838)	780,761
11	Amortization Expense	50,496	(7,524)	42,972
12	· ·	,		343,274
13	Customer Operations Expense Corporate Operations	362,793 631,510	(19,519)	605,003
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )	631,510	(26,507)	0
		C21 F10	(26 507)	605,003
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	631,510	(26,507)	-
14	Total Operations Expenses (8 thru 12 +13b)	2,783,800	(136,063)	<b>2,647,737</b> 133,974
15	Operating Income or Margins (7 less 14)	(2,089)	136,063	,
16	Other Operating Income and Expenses ( )	0		0
17	State and Local Taxes	(26.782)	40.000	12.196
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(36,783)	48,969	12,186
19	Other Taxes	103,202	(3,847)	99,355
20	Total Operating Taxes (17+18+19)	66,419	45,122	111,541
21	Net Operating Income or Margins (15+16-20)	(68,508)	90,941	22,433
22	Interest on Funded Debt	0		0
23	Interest Expense - Capital Leases	0		0
24	Other Interest Expense	0		0
25	Allowance for Funds Used During Construction (CR)	0	0	0
26	Total Fixed Charges (22+23+24-25)	0	0	0
27	Nonoperating Net Income	3,253		3,253
28	Extraordinary Items	0		0
29	Jurisdictional Differences	0	(00.044)	0
30	Nonregulated Net Income (B1)	582,941	(90,941)	492,000
31	Total Net Income or Margins (21+27+28+29+30-26)	517,687	0	517,687
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	9,547,268		9,547,268
34	Miscellaneous Credits Year-to-Date	20,326		20,326
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 End-of-Period ((31+33+34)-(35+36+37+38)(A2)	10,085,281	0	10,085,281
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	0
44	Annual Debt Service Payments	0		0
45	Cash Ratio ((14+20-10-11)/7)	0.7104	#DIV/0!	0.6958
46	Operating Accrual Ratio ((14+20+26)/7)	1.0246	#DIV/0!	0.9919
47	TIER ((31+26)/26)	#DIV/0!	#DIV/0!	#DIV/0!
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 8, Inc. Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 57 of Page 1, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)
- (C) Corp. Op. Adj Exp. Reduction See Exhibit 7 of Petition which takes () amount \* 65% to Line 13a, Column C

(Reduces total operating expense (L 14) and increases Operating Inc. (L15)

Page 7 of 12 7/31/2015

(C)

Company Name: (Below) McDaniel Telephone Co. d/b/a TDS Telecom

	Description	Current Year 2014	Part 64 Adj. to NonReg	Current Year Adjusted
1	Beschphon	-		
		(A)	(B)	2014 (C)
	Local Network Services Revenues	899,697	(6)	899,697
2	Network Access Services Revenues	1,801,138		1,801,138
	Long Distance Network Services Revenues	301		301
	Carrier Billing and Collection Revenues	94,590		94,590
	Miscellaneous Revenues	44,627		44,627
	Uncollectible Revenues (Normal Balance is debit or in brackets)	(4,063)		(4,063)
	Net Operating Revenues (1 thru 6)	2,836,290	0	2,836,290
	Plant Specific Operations Expense	568,585	(37,925)	530,660
-	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	382,860	(22,248)	360,612
-	Depreciation Expense	862,716	(61,410)	801,306
	Amortization Expense			52,027
	Customer Operations Expense	60,103 313,287	(8,076) (20,776)	292,511
	·	608,963	(38,365)	570,598
	Corporate Operations	008,903	(38,303)	0
	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )	C00.0C2	(20.205)	570,598
	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	608,963	(38,365)	2,607,714
	Total Operations Expenses (8 thru 12 +13b)	<b>2,796,514</b> 39,776	(188,800)	
	Operating Income or Margins (7 less 14)		188,800	228,576
	Other Operating Income and Expenses ( )	0	52,940	52,940 0
	State and Local Taxes	-	07 100	ŭ
	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(21,372)	87,109	65,737
	Other Taxes	100,848	(7,144)	93,704
	Total Operating Taxes (17+18+19)	79,476	79,965	159,441
	Net Operating Income or Margins (15+16-20)	(39,700)	161,775	122,075
	Interest on Funded Debt	0		0
	Interest Expense - Capital Leases	0		0
	Other Interest Expense	0		0
	Allowance for Funds Used During Construction (CR)	0		0
	Total Fixed Charges (22+23+24-25)	0	0	0
	Nonoperating Net Income	4,226		4,226
	Extraordinary Items	0		0
	Jurisdictional Differences	0	/	0
	Nonregulated Net Income (B1)	661,357	(161,775)	499,582
31	Total Net Income or Margins (21+27+28+29+30-26)	625,883	0	625,883
-	Total Taxes Based on Income			
	Retained Earning or Margins Beginning-of-Year	10,064,955		10,064,955
	Miscellaneous Credits Year-to-Date	16,457		16,457
	Dividends Declared (Common)	5,724,000		5,724,000
	Dividends Declared (Preferred)	0		0
	Other Debits Year-to-Date	0		0
	Transfers to Patronage Capital	0		0
	Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)	4,983,295	0	4,983,295
	Patronage Capital Beginning-of-Year	0		0
	Transfers to Patronage Capital	0		0
	Patronage Capital Credits Retired	0		0
	Patronage Capital End-of-Year (40+41-42)	0	0	0
	Annual Debt Service Payments	0		0
	Cash Ratio ((14+20-10-11)/7)	0.6886	#DIV/0!	0.6748
	Operating Accrual Ratio ((14+20+26)/7)	1.0140	#DIV/0!	0.9756
	TIER ((31+26)/26)	#DIV/0!	#DIV/0!	#DIV/0!
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!	#DIV/0!
	Footnotes:			

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 8, Inc. Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 57 of Page 2, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)
- (C) Corp. Op. Adj Exp. Reduction See Exhilbt 7 of Petition which takes
  () amount \* 65% to Line 13a, Column C
  (Reduces total operating expense (L 14) and increases Operating Inc. (L15)

Page 8 of 12 7/31/2015

(C)

Company Name: McDaniel Telephone Co. d/b/a TDS Telecom

Line #   Description			Adjusted	Adjusted
1	Line #	Description		-
1				
Network Access Services Revenues	1	Local Network Services Revenues		
1				,
Carrier Billing and Collection Revenues   102,064   94,59				301
Miscellaneous Revenues   48,204   44,62		•	_	
Oncollectible Revenues (Normal Balance is debit or in brackets)		5	,	
Net Operating Revenues (1 thru 6)				
Plant Specific Operations Expense   504,372   530,66     Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)   371,355   360,61     Depreciation Expense   42,972   52,02     Amortization Expense   42,972   52,02     Customer Operations Expense   343,274   292,51     Corporate Operations Supense   605,003   570,59     Lass: Corporate Operations Adjustment (FCC 36,621) report in ( )   0     Adjusted Corporate Operations Expenses (Line 13 minus Line 13a)   605,003   570,59     Total Operation Expenses (8 thru 12 +13b)   2,647,737   2,607,71     Operating Income or Margins (7 less 14)   133,974   228,57     Other Operating Income and Expenses ( )   0   52,94     State and Local Taxes   0   0     Other Taxes   61,000   7,000   7,000     Total Operating Taxes (17+18+19)   111,541   159,44     Net Operating Income or Margins (15+16-20)   12,433   122,07     Interest Operating Income or Margins (15+16-20)   22,433   122,07     Interest Expense   0   0     Allowance for Funds Used During Construction   0   0     Total Fixed Charges (22+23+24-25)   0   0     Monoperating Net Income   492,000   499,58     Total Taxes Based on Income   492,000   499,58     Total Taxes Based on Income   3,253   4,22     Extraordinary Items   0   0   0     Jurisdictional Differences   0   0     Monoperating Net Income   492,000   499,58     Total Taxes Based on Income   492,000   499,58     Taxes Based on Income   492,000   499,58     Taxes Based on Income   492,000   499,58     Taxes Based on Income   492,000   492,000   492,000   492,000   492,000   492,000   492,000		·		
Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)   371,355   360,61     Depreciation Expense   780,761   801,30     Amortization Expense   42,972   52,02     Customer Operations Expense   343,274   292,51     Corporate Operations Adjustment (FCC 36.621) report in ( )   0     Corporate Operations Adjustment (FCC 36.621) report in ( )   0     Adjusted Corporate Operations Expense (Line 13 minus Line 13a)   605,003   570,59     Total Operations Expenses (8 thru 12 +13b)   2,647,737   2,607,71     Operating Income or Margins (7 less 14)   133,974   228,57     Other Operating Income and Expenses ( )   0   52,74     Other Operating Income and Expenses ( )   0   52,74     Other Operating Income and Expenses ( )   0   52,74     Other Taxes   0   0   11,154   159,44     Other Taxes   0   0   11,154   159,44     Other Taxes   0   0   11,154   159,44     Net Operating Income or Margins (15+16-20)   22,433   122,07     Interest on Funded Debt   0   0     Other Interest Expense - Capital Leases   0   0     Other Interest Expense - Capital Leases   0   0     Other Interest Expense   0   0   0   0     Other Interest Expense   0   0   0   0   0     Other Interest Expense   0   0   0   0   0   0     Other Interest Expense   0   0   0   0   0   0   0   0   0				
Depreciation Expense		·		,
Amortization Expense			-	
12         Customer Operations Expense         343,274         29,51           13         Corporate Operations Adjustment (FCC 36.621) report in ()         0           13b         Less: Corporate Operations Expense (Line 13 minus Line 13a)         605,003         570,59           14         Total Operations Expenses (8 thru 12 +13b)         2,647,737         2,607,71           15         Operating Income or Margins (7 less 14)         133,974         228,57           16         Other Operating Income and Expenses ()         0         52,94           17         State and Local Taxes         0         52,94           18         Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)         12,186         65,73           20         Total Operating Taxes (17+18+19)         111,541         159,44           11         Net Operating Income or Margins (15+16-20)         12,2433         122,07           12         Interest Ixpense - Capital Leases         0         0           24         Other Interest Expense         0         0           25         Allowance for Funds Used During Construction         0         0           26         Total Fixed Charges (22+32+4-25)         0         0           27         Total Fixed Charges (22+32+4-25)         0 <td></td> <td>·</td> <td></td> <td></td>		·		
13		•	,	
13a		·		
Adjusted Corporate Operations Expense (Line 13 minus Line 13a)   605,003   570,59     Total Operations Expenses (8 thru 12 + 13b)   2,647,737   2,607,71     Comparing Income or Margins (7 less 14)   133,974   228,57     Comparing Income and Expenses ( )   0   52,94     State and Local Taxes   0   52,94     State and Local Taxes   0   12,186   65,73     Other Taxes   99,355   93,70     Other Taxes   99,355   93,70     Total Operating Income or Margins (15+16-20)   111,541   159,44     Net Operating Income or Margins (15+16-20)   22,433   122,07     Interest con Funded Debt   0   111,541   159,44     Interest Expense - Capital Leases   0   0     Other Interest Expense - Capital Leases   0   0     Other Interest Expense - Capital Leases   0   0     Other Interest Expense   0   0     Other Interest Expense   0   0     Other State of Funds Used During Construction   0   0     Total Fixed Charges (22+23+24-25)   0   0     Nonoperating Net Income   3,253   4,22     Extraordinary Items   0   0     Jurisdictional Differences   0   0     Nonregulated Net Income   492,000   499,58     Total Nat Income or Margins (21+27+28+29+30-26)   517,687   625,88     Total Taxes Based on Income   3,253   16,45     Dividends Declared (Common)   0   5,724,00     Dividends Declared (Common)   0   5,724,00     Other Debits Year-to-Date   0   0     Other Debits Year-to-Date   0   0     Patronage Capital Beginning-of-Year   0   0     Patronage Capital Beginning-of-Year   0   0     Patronage Capital Beginning-of-Year   0   0     Patronage Capital End-of-Year (40+41-42)   0   0     Annual Debt Service Payments   0   0,975     Cash Ratio ((14+20-10-11)/7)   0,6958   0,674     Cash Ratio ((14+20-10-11)/7)   0,09919   0,975     TIER ((31+26)/26)   #DIV/0! #DIV/0! #DIV/0! #DIV/0!		·		
Total Operations Expenses (8 thru 12 +13b)				0
15   Operating Income or Margins (7 less 14)   133,974   228,57   16   Other Operating Income and Expenses ( )   0   52,94   17   State and Local Taxes   0   0   52,94   18   Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)   12,186   65,73   19   Other Taxes   99,355   93,70   20   Total Operating Taxes (17+18+19)   111,541   159,44   Net Operating Income or Margins (15+16-20)   22,433   122,07   Interest on Funded Debt   0   0   21   Interest Expense - Capital Leases   0   0   22   Interest Expense - Capital Leases   0   0   23   Allowance for Funds Used During Construction   0   0   26   Total Fixed Charges (22+23+24-25)   0   0   27   Nonoperating Net Income   3,253   4,22   28   Extraordinary Items   0   0   29   Jurisdictional Differences   0   0   30   Nonregulated Net Income   492,000   499,58   31   Total Taxes Based on Income   3   492,000   499,58   32   Total Taxes Based on Income   3   492,000   499,58   33   Retained Earning or Margins Beginning-of-Year   9,547,268   10,064,95   34   Miscellaneous Credits Year-to-Date   0   0   0   35   Other Debits Year-to-Date   0   0   0   36   Dividends Declared (Preferred)   0   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)   10,085,281   4,983,29   40   Patronage Capital Beginning-of-Year   0   0   41   Patronage Capital End-of-Year (40+41-42)   0   0   42   Patronage Capital End-of-Year (40+41-42)   0   0   43   Patronage Capital End-of-Year (40+41-42)   0   0   44   Annual Debt Service Payments   0   0   0   45   Cash Ratio ((14+20-10-11)/7)   0.6958   0.674   46   Operating Accrual Ratio ((14+20+26)/7)   0.9919   0.975   47   TIER ((31+26)/26)   #DIV/0! #DIV/0! #DIV/0!		,		,
16				
State and Local Taxes			-	
Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)   12,186   65,73		, , , , , ,	-	
Other Taxes			-	0
Total Operating Taxes (17+18+19)				65,737
Net Operating Income or Margins (15+16-20)   22,433   122,07     Interest on Funded Debt   0     Interest Expense - Capital Leases   0     Other Interest Expense   0     Allowance for Funds Used During Construction   0     Total Fixed Charges (22+23+24-25)   0     Nonoperating Net Income   3,253   4,22     Extraordinary Items   0     Jurisdictional Differences   0     Nonregulated Net Income   492,000   499,58     Total Net Income or Margins (21+27+28+29+30-26)   517,687   625,88     Total Taxes Based on Income   3,253   10,064,95     Retained Earning or Margins Beginning-of-Year   9,547,268   10,064,95     Miscellaneous Credits Year-to-Date   20,326   16,45     Dividends Declared (Common)   0   5,724,00     Dividends Declared (Preferred)   0     Other Debits Year-to-Date   0     Transfers to Patronage Capital   0     Patronage Capital Beginning-of-Year   0     Patronage Capital End-of-Year (40+41-42)   0     Patronage Capital End-of-Year (40+41-42)   0     Annual Debt Service Payments   0     Cash Ratio ((14+20-10-11)/7)   0.6958   0.674     Operating Accrual Ratio ((14+20+26)/7)   0.9919   0.975     TIER ((31+26)/26)   #DIV/0! #DIV/0! #DIV/0!				93,704
Interest on Funded Debt				159,441
Interest Expense - Capital Leases				122,075
24         Other Interest Expense         0           25         Allowance for Funds Used During Construction         0           26         Total Fixed Charges (22+23+24-25)         0           27         Nonoperating Net Income         3,253         4,22           28         Extraordinary Items         0           29         Jurisdictional Differences         0           30         Nonregulated Net Income         492,000         499,58           31         Total Net Income or Margins (21+27+28+29+30-26)         517,687         625,88           32         Total Taxes Based on Income         9,547,268         10,064,95           34         Miscellaneous Credits Year-to-Date         20,326         16,45           35         Dividends Declared (Common)         0         5,724,00           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))         10,085,281         4,983,29           40         Patronage Capital Beginning-of-Year         0         0           41				0
Allowance for Funds Used During Construction   0	23	Interest Expense - Capital Leases		0
Total Fixed Charges (22+23+24-25)		•	-	0
Nonoperating Net Income   3,253   4,22	25	Allowance for Funds Used During Construction		0
28         Extraordinary Items         0           29         Jurisdictional Differences         0           30         Nonregulated Net Income         492,000         499,58           31         Total Net Income or Margins (21+27+28+29+30-26)         517,687         625,88           32         Total Taxes Based on Income         9,547,268         10,064,95           34         Miscellaneous Credits Year-to-Date         20,326         16,45           35         Dividends Declared (Common)         0         5,724,00           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)         10,085,281         4,983,29           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         0				0
Jurisdictional Differences   0   Nonregulated Net Income   492,000   499,58	27	Nonoperating Net Income	3,253	4,226
Nonregulated Net Income   492,000   499,58	28	Extraordinary Items	0	0
Total Net Income or Margins (21+27+28+29+30-26)   517,687   625,88	29	Jurisdictional Differences	0	0
Total Taxes Based on Income   Retained Earning or Margins Beginning-of-Year   9,547,268   10,064,95   16,45   10,064,95   16,45   10,064,95   16,45   10,064,95   16,45   10,064,95   16,45   10,064,95   16,45   10,064,95   16,45   10,064,95   16,45   10,064,95   10,065,05   10,065	30		492,000	499,582
33       Retained Earning or Margins Beginning-of-Year       9,547,268       10,064,95         34       Miscellaneous Credits Year-to-Date       20,326       16,45         35       Dividends Declared (Common)       0       5,724,00         36       Dividends Declared (Preferred)       0         37       Other Debits Year-to-Date       0         38       Transfers to Patronage Capital       0         39       Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))       10,085,281       4,983,29         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       0       0         45       Cash Ratio ((14+20-10-11)/7)       0.6958       0.674         46       Operating Accrual Ratio ((14+20+26)/7)       0.9919       0.975         47       TIER ((31+26)/26)       #DIV/0!       #DIV/0!       #DIV/0!	31	Total Net Income or Margins (21+27+28+29+30-26)	517,687	625,883
34     Miscellaneous Credits Year-to-Date     20,326     16,45       35     Dividends Declared (Common)     0     5,724,00       36     Dividends Declared (Preferred)     0       37     Other Debits Year-to-Date     0       38     Transfers to Patronage Capital     0       39     Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))     10,085,281     4,983,29       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       44     Annual Debt Service Payments     0       45     Cash Ratio ((14+20-10-11)/7)     0.6958     0.674       46     Operating Accrual Ratio ((14+20+26)/7)     0.9919     0.975       47     TIER ((31+26)/26)     #DIV/0!     #DIV/0!	32	Total Taxes Based on Income		
Dividends Declared (Common)   0   5,724,000	33	Retained Earning or Margins Beginning-of-Year	9,547,268	10,064,955
Dividends Declared (Preferred)   0   0   37   Other Debits Year-to-Date   0   0   0   0   0   0   0   0   0	34	Miscellaneous Credits Year-to-Date	20,326	16,457
37     Other Debits Year-to-Date     0       38     Transfers to Patronage Capital     0       39     Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))     10,085,281     4,983,29       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       44     Annual Debt Service Payments     0       45     Cash Ratio ((14+20-10-11)/7)     0.6958     0.674       46     Operating Accrual Ratio ((14+20+26)/7)     0.9919     0.975       47     TIER ((31+26)/26)     #DIV/0!     #DIV/0!	35	Dividends Declared (Common)	0	5,724,000
Transfers to Patronage Capital   0	36	Dividends Declared (Preferred)	0	0
Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)   10,085,281   4,983,29     Patronage Capital Beginning-of-Year   0     Transfers to Patronage Capital   0     Patronage Capital Credits Retired   0     Patronage Capital End-of-Year (40+41-42)   0     44   Annual Debt Service Payments   0     45   Cash Ratio ((14+20-10-11)/7)   0.6958   0.674     46   Operating Accrual Ratio ((14+20+26)/7)   0.9919   0.975     47   TIER ((31+26)/26)   #DIV/0!   #DIV/0!	37	Other Debits Year-to-Date	0	0
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 44 Annual Debt Service Payments 0 45 Cash Ratio ((14+20-10-11)/7) 0.6958 0.674 46 Operating Accrual Ratio ((14+20+26)/7) 0.9919 0.975 47 TIER ((31+26)/26) #DIV/0! #DIV/0!	38	Transfers to Patronage Capital	0	0
41     Transfers to Patronage Capital     0       42     Patronage Capital Credits Retired     0       43     Patronage Capital End-of-Year (40+41-42)     0       44     Annual Debt Service Payments     0       45     Cash Ratio ((14+20-10-11)/7)     0.6958     0.674       46     Operating Accrual Ratio ((14+20+26)/7)     0.9919     0.975       47     TIER ((31+26)/26)     #DIV/0!     #DIV/0!	39	Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)	10,085,281	4,983,295
42     Patronage Capital Credits Retired     0       43     Patronage Capital End-of-Year (40+41-42)     0       44     Annual Debt Service Payments     0       45     Cash Ratio ((14+20-10-11)/7)     0.6958     0.674       46     Operating Accrual Ratio ((14+20+26)/7)     0.9919     0.975       47     TIER ((31+26)/26)     #DIV/0!     #DIV/0!	40	Patronage Capital Beginning-of-Year	0	0
43     Patronage Capital End-of-Year (40+41-42)     0       44     Annual Debt Service Payments     0       45     Cash Ratio ((14+20-10-11)/7)     0.6958     0.674       46     Operating Accrual Ratio ((14+20+26)/7)     0.9919     0.975       47     TIER ((31+26)/26)     #DIV/0!     #DIV/0!	41	Transfers to Patronage Capital	0	0
44     Annual Debt Service Payments     0       45     Cash Ratio ((14+20-10-11)/7)     0.6958     0.674       46     Operating Accrual Ratio ((14+20+26)/7)     0.9919     0.975       47     TIER ((31+26)/26)     #DIV/0!     #DIV/0!	42	Patronage Capital Credits Retired	0	0
45 Cash Ratio ((14+20-10-11)/7) 0.6958 0.674 46 Operating Accrual Ratio ((14+20+26)/7) 0.9919 0.975 47 TIER ((31+26)/26) #DIV/0! #DIV/0!	43	Patronage Capital End-of-Year (40+41-42)	0	0
46 Operating Accrual Ratio ((14+20+26)/7) 0.9919 0.975 47 TIER ((31+26)/26) #DIV/0! #DIV/0!	44	Annual Debt Service Payments	0	0
47 TIER ((31+26)/26) #DIV/0! #DIV/0!	45	Cash Ratio ((14+20-10-11)/7)	0.6958	0.6748
47 TIER ((31+26)/26) #DIV/0! #DIV/0!	46	Operating Accrual Ratio ((14+20+26)/7)	0.9919	0.9756
	47		#DIV/0!	#DIV/0!
	48	** ** **	#DIV/0!	#DIV/0!
, , , , , , , , , , , , , , , , , , ,				•

Footnote 2013 2014

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

Note:

Adjusted Income Statement reflects Part 64 Adustments (Regulated to  $\overset{\cdot}{\ldots}$ 

Nonregulated).

Page 9 of 12 7/31/2015

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

Company Name: (Below) McDaniel Telephone Co. d/b/a TDS Telecom

			Prior Year	Current Year
Line#	Description	Part 32	2013	2014
		Account		
1	End User Revenue (SLC, ARC, etc.)	5081	313,440	331,543
2	Switched Access (excluding USF):	5082		
2a	Intrastate		296,322	242,646
2b	Interstate (includes CAF)		211,116	506,983
3	Special Access:	5083		
3a	Intrastate		18,803	1,274
3b	Interstate		114,043	199,341
4	Federal USF (ICLS/HCL/SN)	Varies	808,879	402,321
5	State USF		0	117,031
6	Other*			
7	Total (must equal line 2 of Income Stmt.)		1,762,603	1,801,138
8	Line 2 of Income Stmt.		1,762,603	1,801,138
9	Difference		0	0

Footnote:

Page 10 of 12 7/31/2015

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

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

	Description of Out-of-Period - 2014 (As Recorded)	Part 32 Acc	count
Adjustment #1:		Debit	Credit
Adjustment #2:			
Adjustment #3:			
Adjustment #4			

Page 11 of 12 7/31/2015

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

Company Name: (Below)

McDaniel Telephone Co. d/b/a TDS Telecom

Line #	Description	2014
1	Rate Base (Jan. 1)	3,613,186
2	Rate Base (Dec 31)	3,315,690
3	Average Rate Base	3,464,438
4	Net Operating Income	122,075
5	Out-of-Period Adjustments Net of FIT (A)	
6	Adjusted Net Operating Income	122,075
7	Earned Regulated Rate of Return	3.52%
8	Consolidated Equity (Jan 1)	10,126,488
9	Consolidated Equity (Dec 31)	5,040,642
10	Average Equity	7,583,565
11	Consolidated Net Income	625,883
12	Out-of-Period Adjustments Net of FIT (B)	
13	Adjusted Consolidated Net Income	625,883
14	Earned Return on Equity	8.25%

Footnote:

(A) Source: Line 31 from Out-of-Period Adjustment work sheet

Page 12 of 12 7/31/2015