

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p><i>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.</i></p> <p>BORROWER NAME</p> <p style="text-align: center;">Western Wahkiakum County Telephone Company</p>
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<p><i>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.</i></p>	<p>PERIOD ENDING December, 2014</p>	<p>BORROWER DESIGNATION WA0535</p>
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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

DATE

PART A. BALANCE SHEET					
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	1,282,175	1,654,260	25. Accounts Payable	23,363	30,705
2. Cash-RUS Construction Fund	278	279	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	18,398	20,219
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt	112,300	121,900
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	334,361	431,710	32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued	50,943	48,914
c. Notes Receivable			34. Other Current Liabilities	4,061	135,886
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	209,065	357,624
6. Material-Regulated	333,112	181,904	LONG-TERM DEBT		
7. Material-Nonregulated	555	190	36. Funded Debt-RUS Notes		
8. Prepayments	21,151	13,903	37. Funded Debt-RTB Notes		
9. Other Current Assets	24,358	424,208	38. Funded Debt-FFB Notes	2,093,250	2,301,690
10. Total Current Assets (1 Thru 9)	1,995,990	2,706,454	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			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies	29,695	7,071
a. Rural Development			45. Other Long-Term Debt		2,000,000
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)	2,122,945	4,308,761
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	9,189		47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	935,704	1,418,985
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	9,189	0	50. Total Other Liabilities and Deferred Credits (47 thru 49)	935,704	1,418,985
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	18,028,553	20,280,919	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	210,768	62,983	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	12,737,183	12,501,944	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	5,502,138	7,841,958	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	3,906,181	4,129,620
	7,507,317	10,548,412	58. Total Equity (51 thru 57)	4,239,603	4,463,042
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	7,507,317	10,548,412

USDA-RUS

BORROWER DESIGNATION

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WA0535

PERIOD ENDING

December, 2014

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	219,575	227,421
2. Network Access Services Revenues	3,037,205	3,108,921
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	22,142	23,332
5. Miscellaneous Revenues		713
6. Uncollectible Revenues	185	67
7. Net Operating Revenues (1 thru 5 less 6)	3,278,737	3,360,320
8. Plant Specific Operations Expense	465,023	452,478
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	582,320	471,145
10. Depreciation Expense	604,736	346,790
11. Amortization Expense		
12. Customer Operations Expense	144,091	162,853
13. Corporate Operations Expense	910,916	903,244
14. Total Operating Expenses (8 thru 13)	2,707,086	2,336,510
15. Operating Income or Margins (7 less 14)	571,651	1,023,810
16. Other Operating Income and Expenses		
17. State and Local Taxes	57,000	128,192
18. Federal Income Taxes	153,302	264,702
19. Other Taxes		
20. Total Operating Taxes (17+18+19)	210,302	392,894
21. Net Operating Income or Margins (15+16-20)	361,349	630,916
22. Interest on Funded Debt	37,304	56,627
23. Interest Expense - Capital Leases		
24. Other Interest Expense	1,089	22,668
25. Allowance for Funds Used During Construction	9,469	0
26. Total Fixed Charges (22+23+24-25)	28,924	79,295
27. Nonoperating Net Income	511	256
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	(33,124)	(33,438)
31. Total Net Income or Margins (21+27+28+29+30-26)	299,812	518,439
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	3,606,369	3,906,181
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		295,000
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)]	3,906,181	4,129,620
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. Annual Debt Service Payments	1,004,455	157,474
45. Cash Ratio [(14+20-10-11) / 7]	0.7053	0.7090
46. Operating Accrual Ratio [(14+20+26) / 7]	0.8986	0.8358
47. TIER [(31+26) / 26]	11.3655	7.5381
48. DSCR [(31+26+10+11) / 44]	0.9293	5.9980

USDA-RUS

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BORROWER DESIGNATION

WA0535

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December, 2014

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	16.80	16.00	44	326	372	197.95	94.63
Naselle 464	16.80	16.00	140	507	647	176.30	102.66
MobileWireless					0		
Route Mileage Outside Exchange Area						2.00	2.00
Total			184	835	1,019	376.25	199.29
No. Exchanges	2						

USDA-RUS

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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 485	372	264	87	1,500	768	29.95	Package	DSL
Naselle 464	647	469	136	1,500	768	29.95	Package	DSL
Total	1,019	733						

USDA-RUS
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WA0535

PERIOD ENDING

December, 2014

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PART D. SYSTEM DATA

1. No. Plant Employees 7	2. No. Other Employees 8	3. Square Miles Served 314	4. Access Lines per Square Mile 3.25	5. Subscribers per Route Mile 2.71
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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

PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	318,887
2. Other Long-Term Loan Funds Expended	2,000,000
3. Funds Expended Under RUS Interim Approval	
4. Other Short-Term Loan Funds Expended	
5. General Funds Expended (Other than Interim)	369,248
6. Salvaged Materials	850
7. Contribution in Aid to Construction	(1,525)
8. Gross Additions to Telecom. Plant (1 thru 7)	2,687,460

PART G. INVESTMENTS IN AFFILIATED COMPANIES

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

USDA-RUS
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BORROWER DESIGNATION
 WA0535
 PERIOD ENDING
 December, 2014

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	
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	

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		WA0535	
INSTRUCTIONS – See help in the online application.		PERIOD ENDED	
		December, 2014	
PART I – STATEMENT OF CASH FLOWS			
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		1,282,453
CASH FLOWS FROM OPERATING ACTIVITIES			
2.	Net Income		518,439
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3.	Add: Depreciation		346,790
4.	Add: Amortization		0
5.	Other (Explain) Other items allocated to and from financing and investing activities		465,480
<i>Changes in Operating Assets and Liabilities</i>			
6.	Decrease/(Increase) in Accounts Receivable		(97,349)
7.	Decrease/(Increase) in Materials and Inventory		151,573
8.	Decrease/(Increase) in Prepayments and Deferred Charges		7,248
9.	Decrease/(Increase) in Other Current Assets		(399,850)
10.	Increase/(Decrease) in Accounts Payable		7,342
11.	Increase/(Decrease) in Advance Billings & Payments		1,821
12.	Increase/(Decrease) in Other Current Liabilities		129,796
13.	Net Cash Provided/(Used) by Operations		1,131,290
CASH FLOWS FROM FINANCING ACTIVITIES			
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)		2,195,416
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits		483,281
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0
20.	Less: Payment of Dividends		(295,000)
21.	Less: Patronage Capital Credits Retired		0
22.	Other (Explain) Other items allocated to operating activities		(456,291)
23.	Net Cash Provided/(Used) by Financing Activities		1,927,406
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)		(2,104,581)
25.	Other Long-Term Investments		0
26.	Other Noncurrent Assets & Jurisdictional Differences		9,189
27.	Other (Explain) Plant adjustments not on line 24 and allocating depreciation and inventory to operating activities		(591,218)
28.	Net Cash Provided/(Used) by Investing Activities		(2,686,610)
29.	Net Increase/(Decrease) in Cash		372,086
30.	Ending Cash		1,654,539

Revision Date 2010

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<p>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	

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<p>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	

Operating Report Checks

Borrower Name: Western Wahkiakum County Telephone Company

Year: 2014

Borrower ID: WA0535

Period: December

Part A: Balance Sheet

Type	Check Key	Description
Warning	100	"Line 17. Total Noncurrent Assets End of Period" [0] is generally greater than 0 (zero). <i>Borrower Explanation: Unamortized debt issuance cost fully amortized causing balance to be zero.</i>