

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<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> BORROWER NAME St. John Co-operative Telephone & Telegraph Co. (Prepared with Audited Data)
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<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>	PERIOD ENDING December, 2014	BORROWER DESIGNATION WA0533
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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	3,099,818	3,215,788	25. Accounts Payable	93,120	107,796
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits	100	100
b. Other Accounts Receivable			29. Current Mat. L/T Debt	292,385	422,972
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	13,345	7,769	32. Income Taxes Accrued	86,370	0
b. Other Accounts Receivable	274,556	187,906	33. Other Taxes Accrued	19,580	13,564
c. Notes Receivable			34. Other Current Liabilities	15,815	34,398
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	507,370	578,830
6. Material-Regulated	42,039	26,481	LONG-TERM DEBT		
7. Material-Nonregulated	1,238	1,110	36. Funded Debt-RUS Notes	6,105,497	5,573,321
8. Prepayments	32,929	65,561	37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)	3,463,925	3,504,615	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	1,164,844	1,389,435	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	288,431	463,326	46. Total Long-Term Debt (36 thru 45)	6,105,497	5,573,321
13. Nonregulated Investments	57,700	57,700	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	1,178,542	1,251,739
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	1,510,975	1,910,461	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,178,542	1,251,739
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom. Plant-in-Service	13,003,134	13,071,978	51. Cap. Stock Outstand. & Subscribed	36,760	36,920
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	202,394	71,308	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	4,497,631	5,005,179	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	8,707,897	8,138,107	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	5,854,628	6,112,373
	13,682,797	13,553,183	58. Total Equity (51 thru 57)	5,891,388	6,149,293
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	13,682,797	13,553,183

Total Equity = 45.37% of Total Assets

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	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	116,245	117,802
2. Network Access Services Revenues	241,899	280,297
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	2,053,566	1,908,389
5. Miscellaneous Revenues	38,176	34,146
6. Uncollectible Revenues	105,903	873
7. Net Operating Revenues (1 thru 6 less 6)	2,343,983	2,339,761
8. Plant Specific Operations Expense	581,724	595,741
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	18,697	57,133
10. Depreciation Expense	477,761	474,013
11. Amortization Expense		
12. Customer Operations Expense	172,036	168,558
13. Corporate Operations Expense	341,451	377,493
14. Total Operating Expenses (8 thru 13)	1,591,669	1,672,938
15. Operating Income or Margins (7 less 14)	752,314	666,823
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	4,940	16,660
19. Other Taxes	200,945	164,679
20. Total Operating Taxes (17+18+19)	205,885	181,339
21. Net Operating Income or Margins (15+16-20)	546,429	485,484
22. Interest on Funded Debt	383,151	353,114
23. Interest Expense - Capital Leases		
24. Other Interest Expense		3
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	383,151	353,117
27. Nonoperating Net Income	35,853	44,462
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	122,416	114,188
31. Total Net Income or Margins (21+27+28+29+30-26)	321,547	291,017
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	5,589,119	5,854,628
34. Miscellaneous Credits Year-to-Date		3,488
35. Dividends Declared (Common)	37,600	36,760
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	18,438	
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (36+36+37+38)]	5,854,628	6,112,373
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	713,419	713,419
45. Cash Ratio [(14+20-10-11) / 7]	0.5631	0.5899
46. Operating Accrual Ratio [(14+20+26) / 7]	0.9303	0.9434
47. TIER [(31+26) / 26]	1.8392	1.8241
48. DSCR [(31+26+10+11) / 44]	1.6575	1.5673

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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)
St John	16.00	16.00	130	441	571	302.00	302.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			130	441	571	302.00	302.00
No. Exchanges	1						

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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)
St John	571	373	111	3,000	1,500	38.00	Package	Fiber to the Home
Total	571	373						

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INSTRUCTIONS- See RUS Bulletin 1744-2	

PART D. SYSTEM DATA				
1. No. Plant Employees	2	2. No. Other Employees	4	3. Square Miles Served
				235
				2.43
				1.89

PART E. TOLL DATA							
1. Study Area ID Code(s) a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) <table style="width:100%;"> <tr> <td style="width: 30%;">Interstate:</td> <td style="width: 30%;"><input type="checkbox"/> Average Schedule</td> <td style="width: 30%;"><input checked="" type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input type="checkbox"/> Average Schedule</td> <td><input checked="" type="checkbox"/> Cost Basis</td> </tr> </table>	Interstate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis	Intrastate:	<input type="checkbox"/> Average Schedule	<input checked="" type="checkbox"/> Cost Basis
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	
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)	124,845
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	124,845

PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development	123,205	101,386	190,950	1,198,485	1,389,435

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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	16.00%
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	16.00%
7. Land and support assets - General purpose computers	12.50%
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	
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. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	4.00%
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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INSTRUCTIONS – See help in the online application.

PART I – STATEMENT OF CASH FLOWS

1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	3,099,818
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	291,017
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	474,013
4. Add: Amortization	0
5. Other (Explain) Non-Regulated Depreciation	36,142
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	92,226
7. Decrease/(Increase) in Materials and Inventory	15,686
8. Decrease/(Increase) in Prepayments and Deferred Charges	(32,632)
9. Decrease/(Increase) in Other Current Assets	0
10. Increase/(Decrease) in Accounts Payable	14,676
11. Increase/(Decrease) in Advance Billings & Payments	0
12. Increase/(Decrease) in Other Current Liabilities	(73,803)
13. Net Cash Provided/(Used) by Operations	817,325
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)	(401,589)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	73,197
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	160
20. Less: Payment of Dividends	(36,760)
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain) Stock Sold over Par	3,488
23. Net Cash Provided/(Used) by Financing Activities	(361,504)
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	62,242
25. Other Long-Term Investments	(399,486)
26. Other Noncurrent Assets & Jurisdictional Differences	0
27. Other (Explain) Addition Assets Purchased	(2,607)
28. Net Cash Provided/(Used) by Investing Activities	(339,851)
29. Net Increase/(Decrease) in Cash	115,970
30. Ending Cash	3,215,788

Revision Date 2010

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<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<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>	