

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

ASSETS	Balance End of Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2013 (A)	Part 64 Adj to NonReg 2013 (B)	Adj. Balance End of Year 2013 (C)
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. 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	<b>LONG-TERM DEBT</b>			
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
<b>NONCURRENT ASSETS</b>				40. Funded Debt-Rural Develop. Loan	0		0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt	0		0
a. Rural Development	0		0	42. Reacquired Debt	0		0
b. Nonrural Development	0		0	43. Obligations Under Capital Lease	0		0
12. Other Investments				44. Adv. From Affiliated Companies	0		0
a. Rural Development	0		0	45. Other Long-Term Debt	0		0
b. Nonrural Development	0		0	46. Total Long-Term Debt (36 thru 45)	0	0	0
13. Nonregulated Investments (B1)	48,103	40,309	88,412	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
14. Other Noncurrent Assets	0		0	47. Other Long-Term Liabilities	(3,777)		(3,777)
15. Deferred Charges	(3)		(3)	48. Other Deferred Credits (C)	1,046,154	0	1,046,154
16. Jurisdictional Differences	0		0	49. Other Jurisdictional Differences	0		0
17. Total noncurrent Assets (11 thru 16)	48,101	40,309	88,410	50. Total Other Liab. & Def. Credits (47 thru 49)	1,042,377	0	1,042,377
<b>PLANT, PROPERTY AND EQUIPMENT</b>				<b>EQUITY</b>			
18. Telecom Plant-In-Service	14,699,532	(62,760)	14,636,772	51. Cap. Stock Outstanding & Subscribed	26,200		26,200
19. Property Held for Future Use	0		0	52. Additional Paid-in-Capital	0		0
20. Plant Under Construction	448,366		448,366	53. Treasury Stock	0		0
21. Plant Adj., Nonop Plant & Goodwill	0		0	54. Membership and cap. Certificates	0		0
22. Accumulated Depreciation (CR.)	(10,063,980)	22,451	(10,041,529)	55. Other Capital	15,007		15,007
23. Net Plant (18 thru 21 less 22)	5,083,918	(40,309)	5,043,609	56. Patronage Capital Credits	0		0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>11,771,910</b>	<b>0</b>	<b>11,771,910</b>	57. Retained Earnings or Margins (B2)	10,064,955	0	10,064,955
				58. Total Equity (51 thru 57)	10,106,162	-	10,106,162
				<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>11,771,910</b>	<b>0</b>	<b>11,771,910</b>

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

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

ASSETS	Balance End of Year 2014 (A)	Part 64 Adj to NonReg 2014 (B)	Adj. Balance End of Year 2014 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2014 (A)	Part 64 Adj to NonReg 2014 (B)	Adj. Balance End of Year 2014 (C)
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. Cash and Equivalents	1,349,938		1,349,938	25. Accounts Payable	322,811		322,811
2. 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	<b>LONG-TERM DEBT</b>			
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
<b>NONCURRENT ASSETS</b>				40. Funded Debt-Rural Develop. Loan	0		0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt	0		0
a. Rural Development	0		0	42. Reacquired Debt	0		0
b. Nonrural Development	0		0	43. Obligations Under Capital Lease	0		0
12. Other Investments				44. Adv. From Affiliated Companies	0		0
a. Rural Development	0		0	45. Other Long-Term Debt	0		0
b. Nonrural Development	0		0	46. Total Long-Term Debt (36 thru 45)	0	0	0
13. Nonregulated Investments (B1)	29,201	39,402	68,603	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
14. Other Noncurrent Assets	4,333		4,333	47. Other Long-Term Liabilities	(33,314)		(33,314)
15. Deferred Charges	(3)		(3)	48. Other Deferred Credits (C)	957,789	0	957,789
16. Jurisdictional Differences	0		0	49. Other Jurisdictional Differences	0		0
17. Total noncurrent Assets (11 thru 16)	33,532	39,402	72,934	50. Total Other Liab. & Def. Credits (47 thru 49)	924,475	0	924,475
<b>PLANT, PROPERTY AND EQUIPMENT</b>				<b>EQUITY</b>			
18. Telecom Plant-In-Service	15,075,679	(64,887)	15,010,792	51. Cap. Stock Outstanding & Subscribed	26,200		26,200
19. Property Held for Future Use	0		0	52. Additional Paid-in-Capital	0		0
20. Plant Under Construction	110,631		110,631	53. Treasury Stock	0		0
21. Plant Adj., Nonop Plant & Goodwill	25,762		25,762	54. Membership and cap. Certificates	0		0
22. Accumulated Depreciation (CR.)	(10,841,210)	25,485	(10,815,725)	55. Other Capital	31,147		31,147
23. Net Plant (18 thru 21 less 22)	4,370,862	(39,402)	4,331,460	56. Patronage Capital Credits	0		0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>6,425,220</b>	<b>0</b>	<b>6,425,220</b>	57. Retained Earnings or Margins (B2)	4,966,838	0	4,966,838
				58. Total Equity (51 thru 57)	5,024,185	-	5,024,185
				<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>6,425,220</b>	<b>0</b>	<b>6,425,220</b>

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

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

ASSETS	Adjusted Prior Year Balance 2013	Adjusted Current Year Balance 2014	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2013	Adjusted Current Year Balance 2014
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. 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	<b>LONG-TERM DEBT</b>		
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
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	0	0	46. Total Long-Term Debt (36-45)	0	0
13. Nonregulated Investments	88,412	68,603	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	0	4,333	47. Other Long-Term Liabilities	(3,777)	(33,314)
15. Deferred Charges	(3)	(3)	48. Other Deferred Credits	1,046,154	957,789
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total noncurrent Assets (11 thru 16)	88,410	72,934	50. Total Other Liab. & Def. Credits (47 thru 49)	1,042,377	924,475
<b>PLANT, PROPERTY AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom Plant-in-Service	14,636,772	15,010,792	51. Cap. Stock Outstanding & Subscribed	26,200	26,200
19. Property Held for Future Use	0	0	52. Additional Paid-in-Capital	0	0
20. Plant Under Construction	448,366	110,631	53. Treasury Stock	0	0
21. Plant Adj., Nonop Plant & Goodwill	0	25,762	54. Membership and cap. Certificates	0	0
22. Accumulated Depreciation (CR.)	(10,041,529)	(10,815,725)	55. Other Capital	15,007	31,147
23. Net Plant (18 thru 21 less 22)	5,043,609	4,331,460	56. Patronage Capital Credits	0	0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>11,771,910</b>	<b>6,425,220</b>	57. Retained Earnings or Margins	10,064,955	4,966,838
			58. Total Equity (51 thru 57)	10,106,162	5,024,185
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>	<b>11,771,910</b>	<b>6,425,220</b>

Footnote:  
 Adjusted Balances represents balances  
 after Part 64 adjustments

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

Line #	Description	B/S Line #	Adj. Balance End of Year 2013	Adj. Balance End of Year 2014	Average Adj End of Year Balance
<b>Average Rate Base:</b>					
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	<b>Total Regulated Rate Base</b>		<b>3,613,186</b>	<b>3,315,690</b>	<b>3,464,438</b>

Footnotes:

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

**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. Balance - 2013	Current Year End of Yr. Balance - 2014	Difference	% Change
	<b>Access Lines:</b>				
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%

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior Year Income Statement

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

Line #	Description	Prior Year 2013 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2013 (C)
1	Local Network Services Revenues	914,022		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	<b>Net Operating Revenues (1 thru 6)</b>	<b>2,781,712</b>	<b>0</b>	<b>2,781,712</b>
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	Customer Operations Expense	362,793	(19,519)	343,274
13	Corporate Operations	631,510	(26,507)	605,003
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	631,510	(26,507)	605,003
14	<b>Total Operations Expenses (8 thru 12 +13b)</b>	<b>2,783,800</b>	<b>(136,063)</b>	<b>2,647,737</b>
15	Operating Income or Margins (7 less 14)	(2,089)	136,063	133,974
16	Other Operating Income and Expenses ( )	0		0
17	State and Local Taxes	0		0
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	<b>Total Operating Taxes (17+18+19)</b>	<b>66,419</b>	<b>45,122</b>	<b>111,541</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>(68,508)</b>	<b>90,941</b>	<b>22,433</b>
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
26	<b>Total Fixed Charges (22+23+24-25)</b>	<b>0</b>	<b>0</b>	<b>0</b>
27	Nonoperating Net Income	3,253		3,253
28	Extraordinary Items	0		0
29	Jurisdictional Differences	0		0
30	Nonregulated Net Income (B1)	582,941	(90,941)	492,000
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>517,687</b>	<b>0</b>	<b>517,687</b>
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	0		0
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	<b>Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)</b>	<b>10,064,955</b>	<b>0</b>	<b>10,064,955</b>
40	Patronage Capital Beginning-of-Year	0		0
41	Transfers to Patronage Capital	0		0
42	Patronage Capital Credits Retired	0		0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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)

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
Current Year Income Statement

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

Line #	Description	Current Year 2014 (A)	Part 64 Adj. to NonReg (B)	Current Year Adjusted 2014 (C)
1	Local Network Services Revenues	899,697		899,697
2	Network Access Services Revenues	1,801,138		1,801,138
3	Long Distance Network Services Revenues	301		301
4	Carrier Billing and Collection Revenues	94,590		94,590
5	Miscellaneous Revenues	44,627		44,627
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(4,063)		(4,063)
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>2,836,290</b>	<b>0</b>	<b>2,836,290</b>
8	Plant Specific Operations Expense	568,585	(37,925)	530,660
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	382,860	(22,248)	360,612
10	Depreciation Expense	862,716	(61,410)	801,306
11	Amortization Expense	60,103	(8,076)	52,027
12	Customer Operations Expense	313,287	(20,776)	292,511
13	Corporate Operations	608,963	(38,365)	570,598
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )			0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	608,963	(38,365)	570,598
14	<b>Total Operations Expenses (8 thru 12 +13b)</b>	<b>2,796,514</b>	<b>(188,800)</b>	<b>2,607,714</b>
15	Operating Income or Margins (7 less 14)	39,776	188,800	228,576
16	Other Operating Income and Expenses ( )	0	52,940	52,940
17	State and Local Taxes	0		0
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(21,372)	87,109	65,737
19	Other Taxes	100,848	(7,144)	93,704
20	<b>Total Operating Taxes (17+18+19)</b>	<b>79,476</b>	<b>79,965</b>	<b>159,441</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>(39,700)</b>	<b>161,775</b>	<b>122,075</b>
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
26	<b>Total Fixed Charges (22+23+24-25)</b>	<b>0</b>	<b>0</b>	<b>0</b>
27	Nonoperating Net Income	4,226		4,226
28	Extraordinary Items	0		0
29	Jurisdictional Differences	0		0
30	Nonregulated Net Income (B1)	661,357	(161,775)	499,582
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>625,883</b>	<b>0</b>	<b>625,883</b>
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	10,064,955		10,064,955
34	Miscellaneous Credits Year-to-Date	0		0
35	Dividends Declared (Common)	5,724,000		5,724,000
36	Dividends Declared (Preferred)	0		0
37	Other Debits Year-to-Date	0		0
38	Transfers to Patronage Capital	0		0
39	<b>Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38)(A2)</b>	<b>4,966,838</b>	<b>0</b>	<b>4,966,838</b>
40	Patronage Capital Beginning-of-Year	0		0
41	Transfers to Patronage Capital	0		0
42	Patronage Capital Credits Retired	0		0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	0		0
45	Cash Ratio ((14+20-10-11)/7)	0.6886	#DIV/0!	0.6748
46	Operating Accrual Ratio ((14+20+26)/7)	1.0140	#DIV/0!	0.9756
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 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 Exhibit 7 of Petition which takes ( ) amount \* 65% to Line 13a, Column C (Reduces total operating expense (L 14) and increases Operating Inc. (L15)



State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior and Current Year Income Statement

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

Line #	Description	Adjusted Prior Year 2013	Adjusted Current Year 2014
1	Local Network Services Revenues	914,022	899,697
2	Network Access Services Revenues	1,762,603	1,801,138
3	Long Distance Network Services Revenues	434	301
4	Carrier Billing and Collection Revenues	102,064	94,590
5	Miscellaneous Revenues	48,204	44,627
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(45,615)	(4,063)
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>2,781,712</b>	<b>2,836,290</b>
8	Plant Specific Operations Expense	504,372	530,660
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	371,355	360,612
10	Depreciation Expense	780,761	801,306
11	Amortization Expense	42,972	52,027
12	Customer Operations Expense	343,274	292,511
13	Corporate Operations	605,003	570,598
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ( )	0	0
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	605,003	570,598
14	<b>Total Operations Expenses (8 thru 12 +13b)</b>	<b>2,647,737</b>	<b>2,607,714</b>
15	Operating Income or Margins (7 less 14)	133,974	228,576
16	Other Operating Income and Expenses ( )	0	52,940
17	State and Local Taxes	0	0
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	12,186	65,737
19	Other Taxes	99,355	93,704
20	<b>Total Operating Taxes (17+18+19)</b>	<b>111,541</b>	<b>159,441</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>22,433</b>	<b>122,075</b>
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	0	0
26	<b>Total Fixed Charges (22+23+24-25)</b>	<b>0</b>	<b>0</b>
27	Nonoperating Net Income	3,253	4,226
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	492,000	499,582
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>517,687</b>	<b>625,883</b>
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	9,547,268	10,064,955
34	Miscellaneous Credits Year-to-Date	0	0
35	Dividends Declared (Common)	0	5,724,000
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	<b>Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))</b>	<b>10,064,955</b>	<b>4,966,838</b>
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	0	0
45	Cash Ratio ((14+20-10-11)/7)	0.6958	0.6748
46	Operating Accrual Ratio ((14+20+26)/7)	0.9919	0.9756
47	TIER ((31+26)/26)	#DIV/0!	#DIV/0!
48	DSCR ((31+26+10+11)/44)	#DIV/0!	#DIV/0!

Footnote  
 (A1) S Corporation Effective Tax Rate (2 decimal places):  
 Note:  
 Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).

2013 2014

**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

Line #	Description	Part 32 Account	Prior Year 2013	Current Year 2014
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:

\* - 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 Account	
	Debit	Credit
Adjustment #1:		
Adjustment #2:		
Adjustment #3:		
Adjustment #4		

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Rate of Return and Consolidated 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	<b>Average Rate Base</b>	<b>3,464,438</b>
4	Net Operating Income	122,075
5	Out-of-Period Adjustments Net of FIT (A)	
6	<b>Adjusted Net Operating Income</b>	<b>122,075</b>
7	<b>Earned Regulated Rate of Return</b>	<b>3.52%</b>
8	Consolidated Equity (Jan 1)	4,670,097,000
9	Consolidated Equity (Dec 31)	4,455,011,000
10	<b>Average Equity</b>	<b>4,562,554,000</b>
11	Consolidated Net Income	(147,292,000)
12	Out-of-Period Adjustments Net of FIT (B)	
13	<b>Adjusted Consolidated Net Income</b>	<b>(147,292,000)</b>
14	<b>Earned Return on Equity</b>	<b>-3.23%</b>

Footnote:

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