

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

WA0538

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	425,670	429,238
2. Network Access Services Revenues	3,516,845	3,555,904
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	8,343	8,085
5. Miscellaneous Revenues	51,923	52,453
6. Uncollectible Revenues	9,371	111,055
7. Net Operating Revenues (1 thru 5 less 6)	3,993,410	3,934,625
8. Plant Specific Operations Expense	973,006	893,341
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	312,486	380,341
10. Depreciation Expense	965,638	966,580
11. Amortization Expense		
12. Customer Operations Expense	327,734	269,753
13. Corporate Operations Expense	783,262	811,944
14. Total Operating Expenses (8 thru 13)	3,362,126	3,321,959
15. Operating Income or Margins (7 less 14)	631,284	612,666
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes	250,951	161,909
19. Other Taxes	120,148	272,246
20. Total Operating Taxes (17+18+19)	371,099	434,155
21. Net Operating Income or Margins (15+16-20)	260,185	178,511
22. Interest on Funded Debt	296,143	377,868
23. Interest Expense - Capital Leases		
24. Other Interest Expense	6	
25. Allowance for Funds Used During Construction	18,245	59,349
26. Total Fixed Charges (22+23+24-25)	277,904	318,519
27. Nonoperating Net Income	62,053	244,732
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	355,275	348,471
31. Total Net Income or Margins (21+27+28+29+30-26)	399,609	453,195
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	5,640,301	6,039,910
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date	0	
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	6,039,910	6,493,105
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	1,368,605	1,654,577
45. Cash Ratio [(14+20-10-11) / 7]	0.6930	0.7090
46. Operating Accrual Ratio [(14+20+26) / 7]	1.0044	1.0356
47. TIER [(31+26) / 26]	2.4379	2.4228
48. DSCR [(31+26+10+11) / 44]	1.2006	1.0506

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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)
Toledo, WA	16.00	16.00	270	1,419	1,689	301.50	75.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			270	1,419	1,689	301.50	75.00
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)
Toledo, WA	1,689	1,364	412	1,500	512	39.95	Package	DSL
Total	1,689	1,364						

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INSTRUCTIONS- See RUS Bulletin 1744-2

PART D. SYSTEM DATA

1. No. Plant Employees 8	2. No. Other Employees 11	3. Square Miles Served 386	4. Access Lines per Square Mile 4.31	5. Subscribers per Route Mile 5.52
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PART E. TOLL DATA

1. Study Area ID Code(s) a. 522447 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis
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PART F. FUNDS INVESTED IN PLANT DURING YEAR

1. RUS, RTB, & FFB Loan Funds Expended	7,989,300
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)	
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	7,989,300

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development			276,031	367,048	643,079

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PART H. CURRENT DEPRECIATION RATES

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

YES

NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	16.00%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	16.00%
5. Land and support assets - Buildings	4.00%
6. Land and support assets - Furniture and Office equipment	20.00%
7. Land and support assets - General purpose computers	
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	
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	20.00%
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	20.40%
21. Cable and wire facilities - Underground cable - Metal	4.55%
22. Cable and wire facilities - Underground cable - Fiber	5.00%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	4.55%
26. Cable and wire facilities - Other	

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INSTRUCTIONS – See help in the online application.

PART I – STATEMENT OF CASH FLOWS

1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	7,927,736
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	453,195
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	966,580
4. Add: Amortization	0
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	199,964
7. Decrease/(Increase) in Materials and Inventory	(203,551)
8. Decrease/(Increase) in Prepayments and Deferred Charges	35,874
9. Decrease/(Increase) in Other Current Assets	(680,131)
10. Increase/(Decrease) in Accounts Payable	(460,670)
11. Increase/(Decrease) in Advance Billings & Payments	(214,048)
12. Increase/(Decrease) in Other Current Liabilities	(366,124)
13. Net Cash Provided/(Used) by Operations	(268,911)
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	(170)
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(1,275,540)
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	35,757
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	(53,250)
20. Less: Payment of Dividends	0
21. Less: Patronage Capital Credits Retired	0
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	(1,293,203)
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	(4,430,122)
25. Other Long-Term Investments	(33,351)
26. Other Noncurrent Assets & Jurisdictional Differences	0
27. Other (Explain) Net/reclass from other activities	(651,693)
28. Net Cash Provided/(Used) by Investing Activities	(5,115,166)
29. Net Increase/(Decrease) in Cash	(6,677,280)
30. Ending Cash	1,250,456

Revision Date 2010

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NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

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CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	