EXHIBIT 4

FINANCIAL INFORMATION

PETITION OF MCDANIEL TELEPHONE COMPANY TO RECEIVE SUPPORT FROM THE UNIVERSAL SERVICE COMMUNICATIONS PROGRAM EXHIBIT 4 - COVER

	Balance	Part 64	Adj. Balance		Balance	Part 64	Adj. Balance
ASSETS	End of Year	Adj to NonReg	End of Year	LIABILITIES AND STOCKHOLDERS' EQUITY	Prior Year	Adj to NonReg	End of Year
	2012 (A)	2012 (B)	2012		2012 (A)	2012 (B)	2012
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and Equivalents	5,254,769		5,254,769	25. Accounts Payable	482,966		482,966
Cash-RUS Construction Fund	0		0	26. Notes Payable	0		0
3. Affiliates:				27. Advance Billings and Payments	44,520		44,520
a. Telecom, Accounts Receivable	0		0	28. Customer Deposits	0		0
b. Other Accounts Receivable	18,570		18,570	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	212,870		212,870	32. Income Taxes Accrued	130,262		130,262
b. Other Accounts Receivable	526,224		526,224	33. Other Taxes Accrued	23,628		23,628
c. Notes Receivable	0		0	34. Other Current Liabilities	20,289		20,289
5. Interest and Dividends Receivable	218		218	35. Total Current Liabilities (25 thru 34)	701,665		701,665
6. Material-Regulated	31,158	-	31,158	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)	6,050,264	-	6,050,264	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
b. Nonrural Development	0		0	OTHER LIAB. & DEF. CREDITS			
13. Nonregulated Investments (B1)	1,442	31,996	33,438	47. Other Long-Term Liabilities	33,300		33,300
14. Other Noncurrent Assets	0		0	48. Other Deferred Credits (C)	1,152,402	(14,479)	1,137,923
15. Deferred Charges	0		0	49. Other Jurisdictional Differences	0		0
16. Jurisdictional Differences	0		0	50. Total Other Liab. & Def. Credits (47 thru 49)	1,185,702	(14,479)	1,171,223
17. Total noncurrent Assets (11 thru 16)	1,442	31,996	33,438	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	14,522,132	(52,718)	14,469,414	53. Treasury Stock	0		0
19. Property Held for Future Use	0		0	54. Membership and cap. Certificates	0		0
20. Plant Under Construction	201,734		201,734	55. Other Capital	(7,086)		(7,086)
21. Plant Adj., Nonop Plant & Goodwill	0		0	56. Patronage Capital Credits	0		0
22. Accumulated Depreciation (CR.)	(9,321,822)	20,722	(9,301,100)	57. Retained Earnings or Margins (B2)	9,547,268	14,479	9,561,747
23. Net Plant (18 thru 21 less 22)	5,402,043	(31,996)	5,370,047	58. Total Equity (51 thru 57)	9,566,382	14,479	9,580,861
TOTAL ASSETS (10+17+23)	11,453,749	0	11,453,749	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	11,453,749	0	11,453,749

⁽A) - As reported on Form 481

⁽B) - Part 64 adjustments to rate base from regulated to nonregulated.

⁽B1) - Part 64 offset to nonreg investment

⁽B2) - Part 64 offset to retained earnings

⁽C) - Part 64 Adj. for line 48 is only for deferred taxes.

ASSETS	End of Year						Adj. Balance
	Liiu oi Teai	Adj to NonReg	End of Year	LIABILITIES AND STOCKHOLDERS' EQUITY	Prior Year	Adj to NonReg	End of Year
	2013 (A)	2013 (B)	2013		2013 (A)	2013 (B)	2013
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		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	-	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
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
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

⁽A) - As reported on Form 481

⁽B) - Part 64 adjustments to rate base from regulated to nonregulated.

⁽B1) - Part 64 offset to nonreg investment

⁽B2) - Part 64 offset to retained earnings

⁽C) - Part 64 Adj. for line 48 is only for deferred taxes.

	Adjusted	Adjusted		Adjusted	Adjusted
ASSETS	Prior Year	Current Year	LIABILITIES AND STOCKHOLDERS' EQUITY	Prior Year	Prior Year
	Balance 2012	Balance 2013		Balance 2012	Balance 2013
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	5,254,769	5,884,319	25. Accounts Payable	482,966	474,393
2. Cash-RUS Construction Fund	0	0	26. Notes Payable	0	C
3. Affiliates:			27. Advance Billings and Payments	44,520	45,701
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	0	C
b. Other Accounts Receivable	18,570	15,460	29. Current Mat. L/T Debt	0	C
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	C
4. Non-Affiliates:			31. Current Mat Capital Leases	0	C
a. Telecom, Accounts Receivable	212,870	170,340	32. Income Taxes Accrued	130,262	57,724
b. Other Accounts Receivable	526,224	528,521	33. Other Taxes Accrued	23,628	26,177
c. Notes Receivable	0	0	34. Other Current Liabilities	20,289	19,376
5. Interest and Dividends Receivable	218	187	35. Total Current Liabilities (25 - 34)	701,665	623,371
6. Material-Regulated	31,158	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)	6,050,264	6,639,892	39. Funded Debt-Other	0	C
			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	C
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	33,438	88,412	47. Other Long-Term Liabilities	33,300	(3,777
14. Other Noncurrent Assets	0	0	48. Other Deferred Credits (B)	1,137,923	1,025,828
15. Deferred Charges	0	(3)	49. Other Jurisdictional Differences	0	C
16. Jurisdictional Differences	0	0	50. Total Other Liab. & Def. Credits (47 thru 49)	1,171,223	1,022,051
17. Total noncurrent Assets (11 thru 16)	33,438	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	14,469,414	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	201,734	448,366	55. Other Capital	(7,086)	15,007
21. Plant Adj.,Nonop Plant & Goodwill	0	0	56. Patronage Capital Credits	0	0
22. Accumulated Depreciation (CR.)	(9,301,100)	(10,041,529)	57. Retained Earnings or Margins	9,561,747	10,085,281
23. Net Plant (18 thru 21 less 22)	5,370,047	5,043,609	58. Total Equity (51 thru 57)	9,580,861	10,126,488
TOTAL ASSETS (10+17+23)	11,453,749	11,771,910	59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	11,453,749	11,771,910

Note:

Adjusted Balances represents balances after current year Part 64 adjustments (B) - Provide Deferred Taxes on separate rate base schedule

2014 State USF Petition Filing Requirement - WAC 480-123-110(e)Prior and Current Year Rate Base

Company Name: (Below) McDaniel Telephone Co

		Adj. Balance	Adj. Balance	Average
	Line	End of Year	End of Year	Adj End of Year
	#	2012	2013	Balance
Average Rate Base:				
Total Regulated Adjusted Telecom Plant-In-service	18	14,469,414	14,636,772	14,553,093
Total Property Held for Future Use	19	0	0	0
Total Regulated Adjusted Accumulated Depreciation (CR)	22	(9,301,100)	(10,041,529)	(9,671,315)
Total Regulated Materials & Supplies	6	31,158	34,609	32,883
Deferred Income Taxes (CR)		(1,148,847)	(1,016,666)	(1,082,757)
Total Regulated Rate Base		4,050,624	3,613,186	3,831,905
		_		

Note:

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

Description	Prior Year End of Yr.	Current Year End of Yr	Difference	%
	Balance - 2012	Balance - 2013		Change
Access Lines:				
Residential	3,107	3,010	(97)	-3.1%
Business	522	512	(10)	-1.9%
Total	3,629	3,522	(107)	-2.9%
	End of Yr.	End of Year	Difference	%
	Balance - 2012	Balance -2013		Change
Broadband Connections	2,349	2,373	24	1.0%
	Prior Yr.	Current Yr.	Difference	%
	2012	2013		Change
Total Annual Amount:				
Gross Capital Expenditures	324,514	527,294	202,780	62.5%

FCC Form 481

Part B Statement of Income and Retained Earnings Statement

Company Name: (Below) McDaniel Telephone Co

Line # Item			Drior Voor	Dort 64	Drior Voor
(A) (B) 2012	Line #	Itom	Prior Year	Part 64	Prior Year
1 Local Network Services Revenues 922,045 922,045 1,741,377 1,741,377 3 Long Distance Network Services Revenues 1,741,377 1,741,377 3 Long Distance Network Services Revenues 484 0 484 4 6 484 4 6 484 4 6 484	Line #	item			•
Network Access Services Revenues	1	Local Notwork Conject Povonuos	` '	(B)	
10mg Distance Network Services Revenues			=		•
4 Carrier Billing and Collection Revenues 104,049 0 104,369 6 Uncollectible Revenues (Wormal Balance is debit or in brackets) (12,636) 0 (12,636) 7 Net Operating Revenues (1 thru 6) 2,804,687 0 2,804,687 8 Plant Specific Operations Expense 528,904 (29,465) 499,439 9 Plant Nonspecific Operations Expense (excluding Depreciation & Amort.) 398,401 (15,465) 382,936 10 Depreciation Expense 788,317 (54,332) 73,938 11 Amortization Expense 48,380 (5,352) 43,028 12 Customer Operations Expense 399,832 (13,183) 366,677 13 Corporate Operations 632,511 (24,536) 607,975 14 Cate Operation Expenses (I thru 12 *13b) 632,511 (24,536) 607,975 15 Cate Operation Expenses (8 thru 12 *13b) 7,763,46 (142,333) 2,554,011 16 Operating Expenses (8 thru 12 *13b) 2,796,346 (142,335) 60,795 16 Operating Income or Margins (7 less 14) 8,342 142,335 150,671 17 State and Local Taxes 0				0	
Miscellaneous Revenues (Normal Balance is debit or in brackets)				_	_
Oncollectible Revenues (Normal Balance is debit or in brackets)		_	=	_	-
Net Operating Revenues (1 thru 6)			-	_	-
Plant Specific Operations Expense 528,904 (29,465) 499,439 Plant Nonspecific Operations Expense (excluding Depreciation & Amort.) 398,401 (15,465) 320,936 10 Depreciation Expense 788,317 (85,332) 733,985 340,000 398,301 (15,465) 320,936 320		·			<u> </u>
Plant Nonspecific Operations Expense (excluding Depreciation & Amort.) 398,401 (15,465) 382,395 10 10 10 10 10 10 10 1					
Depreciation Expense		· · · ·	=		-
Amortization Expense			=	` ′ ′	-
Customer Operations Expense 399,832 (13,185) 386,647					
Corporate Operations		·	=		
Less: Corporate Operations Adjustment (FCC 36.621) report in ()		·	=	, , ,	-
Adjusted Corporate Operations Expense (Line 13 minus Line 13a) Adjusted Corporate Operations Expenses (Brhu 12 + 13b) Total Operating Income or Margins (7 leaves) Other Operating Income or Margins (7 leaves) Federal Income Through State and Local Taxes Other Operating Income and Expenses (1) State and Local Taxes Federal Income Taxes (A1) Other Taxes Total Operating Taxes (17+18+19) Total Operating Income or Margins (15+16-20) Interest on Funded Debt Interest Expense - Capital Leases Other Interest Expense - Capital Leases Other Interest Expense - Capital Leases Total Organizing Income or Margins (15+16-20) Interest Fixed Charges (22+23+24-25) Allowance for Funds Used During Construction (CR) Total Fixed Charges (22+23+24-25) Nonoperating Net Income Interest Expense Nonoperating Net Income Interest Expense Nonoperating Net Income Interest Capital Leases O			=		
Total Operating Income or Margins (7 less 14)					
15 Operating Income or Margins (7 less 14) 8,342 142,335 150,677 150 Other Operating Income and Expenses () 0 0 0 0 0 0 0 0 0					
16 Other Operating Income and Expenses () 0 0 0 17 State and Local Taxes 0 0 0 18 Federal Income Taxes (A1) (22,975) 51,383 28,408 19 Other Taxes 74,054 (4,473) 69,581 20 Total Operating Taxes (17+18+19) 51,079 46,910 97,989 21 Net Operating Income or Margins (15+16-20) (42,737) 95,425 52,688 21 Interest on Funded Debt 0 0 0 22 Interest Expense - Capital Leases 0 0 0 24 Other Interest Expense 0 0 0 25 Allowance for Funds Used During Construction (CR) 0 0 0 26 Total Fixed Charges (22+23+24-25) 0 0 0 0 27 Nonoperating Net Income 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 12,917 12,917 12,917					
17 State and Local Taxes 0 0 0 18 Federal Income Taxes (A1) (22,975) 51,383 28,408 19 Other Taxes 74,054 (4,473) 69,581 20 Total Operating Taxes (17+18+19) 51,079 46,910 97,989 21 Net Operating Income or Margins (15+16-20) (42,737) 95,425 52,688 1nterest on Funded Debt 0 0 0 21 Interest Expense - Capital Leases 0 0 0 23 Interest Expense - Capital Leases 0 0 0 24 Other Interest Expense 0 0 0 25 Allowance for Funds Used During Construction (CR) 0 0 0 26 Total Fixed Charges (22+23+24-25) 0 0 0 0 27 Nonoperating Net Income 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 11,917 </td <td></td> <td></td> <td>=</td> <td>142,333</td> <td>•</td>			=	142,333	•
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Total Operating Taxes (17+18+19) Net Operating Income or Margins (15+16-20) Interest ton Funded Debt Interest Expense - Capital Leases Other Interest Expense - Capital Leases Interest Department on Other Interest Expense - Capital Leases Interest Department on Other Interest Expense - Capital Leases Interest Department on Other Interest Expense - Other Interest Expense		` '	, , ,	•	-
Net Operating Income or Margins (15+16-20) (42,737) 95,425 52,688 Interest on Funded Debt					
Interest on Funded Debt 0					
Interest Expense - Capital Leases 0 0 0 0 0 0 0 0 0				33,423	
24 Other Interest Expense 0 0 0 25 Allowance for Funds Used During Construction (CR) 0 0 0 26 Total Fixed Charges (22+23+24-24-25) 0 0 0 0 27 Nonoperating Net Income 11,917 11,917 11,917 28 Extraordinary Items 0 0 0 29 Jurisdictional Differences 0 0 0 30 Nonregulated Net Income (B1) 518,133 (95,425) 422,708 31 Total Net Income or Margins (21+27+28+29+30-26) 487,314 0 487,314 20 Lividends and Income 262,437 262,437 262,437 32 Retained Earning or Margins Beginning-of-Year 9,059,954 9,059,954 43 Miscellaneous Credits Year-to-Date 14,479 14,479 34 Miscellaneous Credits Year-to-Date 0 0 35 Dividends Declared (Preferred) 0 0 36 Dividends Declared (Preferred) 0 0			_		•
Allowance for Funds Used During Construction (CR)		· · · · · · · · · · · · · · · · · · ·			
26 Total Fixed Charges (22+23+24-25) 0 0 0 27 Nonoperating Net Income 11,917 11,917 28 Extraordinary Items 0 0 0 29 Jurisdictional Differences 0 0 0 30 Nonregulated Net Income (B1) 518,133 (95,425) 422,708 31 Total Net Income or Margins (21+27+28+29+30-26) 487,314 0 487,314 31 Total Taxes Based on Income 262,437 262,437 32 Retained Earning or Margins Beginning-of-Year 9,059,954 9,059,954 34 Miscellaneous Credits Year-to-Date 14,479 14,479 35 Dividends Declared (Preferred) 0 0 0 36 Dividends Declared (Preferred) 0 0 0 37 Other Debits Year-to-Date 0 0 0 38 Transfers to Patronage Capital 0 0 0 39 Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38) 9,561,747 0		·	_		
Nonoperating Net Income 11,917 11,917				0	
28 Extraordinary Items 0 0 0 29 Jurisdictional Differences 0 0 0 30 Nonregulated Net Income (B1) 518,133 (95,425) 422,708 31 Total Net Income or Margins (21+27+28+29+30-26) 487,314 0 487,314 32 Total Taxes Based on Income 262,437 262,437 33 Retained Earning or Margins Beginning-of-Year 9,059,954 9,059,954 34 Miscellaneous Credits Year-to-Date 14,479 14,479 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 or Margins End-of-Period ((31+33+34)-(35+36+37+38) 9,561,747 0 9,561,747 40 Patronage Capital Beginning-of-Year 0 0 0 41 Transfers to Patronage Capital 0 0 0 42 Patronage Capital End-of-Year (40+41-42) 0 0 0 <td></td> <td></td> <td></td> <td>0</td> <td></td>				0	
Jurisdictional Differences 0 0 0 0 0 0 0 0 0			=		
Nonregulated Net Income (B1) 518,133 (95,425) 422,708		•			-
Total Net Income or Margins (21+27+28+29+30-26) Total Taxes Based on Income 262,437 Retained Earning or Margins Beginning-of-Year Miscellaneous Credits Year-to-Date Dividends Declared (Common) Other Debits Year-to-Date Transfers to Patronage Capital Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38)) Patronage Capital Beginning-of-Year Transfers to Patronage Capital Patronage Capital Credits Retired Annual Debt Service Payments Cash Ratio ((14+20-10-11)/7) Operating Accrual Ratio ((14+20+26)/7) TIER ((31+26)/26) #DIV/O!			_	(95.425)	•
Total Taxes Based on Income Retained Earning or Margins Beginning-of-Year Miscellaneous Credits Year-to-Date Dividends Declared (Common) Other Debits Year-to-Date Transfers to Patronage Capital Patronage Capital Beginning-of-Year Transfers to Patronage Capital Patronage Capital Credits Retired Patronage Capital End-of-Year (40+41-42) Annual Debt Service Payments Cash Ratio ((14+20-10-11)/7) Operating Accrual Ratio ((14+20+26)/7) TIER ((31+26)/26) Possess designing or Margins Beginning-of-Year (40+41-42) Operating Accrual Ratio ((14+20+26)/7) TIER ((31+26)/26) Patronage Capital Ratio ((14+20+26)/7) TIER ((31+26)/26) TIER ((31+26)/26) Patronage Capital Ratio ((14+20+26)/7) TIER ((31+26)/26) TIER ((31+26)/26) TIER ((31+26)/26)				1 1	
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Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

Internal			Drior Voor	Part 64	Prior Year
(A) (B) 2013	Line #	Itom	Prior Year		
1 Local Network Services Revenues 914,022 914,022 Network Access Services Revenues 1,762,603 1,762,6	Line #	item			*
Network Access Services Revenues	1	Local Notwork Sorvices Payanues	` '	(B)	·
1			=		-
4 Carrier Billing and Collection Revenues 102,064 0 102,064 6 Uncollectible Revenues (Normal Balance is debit or in brackets) (45,615) 0 48,204 7 Net Operating Revenues (1 thru 6) 2,781,712 0 0 0 0 1,781,715 0 0 0 2,781,712 0				0	
Miscellaneous Revenues (Normal Balance is debit or in brackets)				-	
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Net Operating Revenues (1 thru 6)			-	· .	-
Plant Specific Operations Expense 527,602 (23,230) 504,372 Plant Nonspecific Operations Expense (excluding Depreciation & Amort.) 387,800 (16,445) 371,355 Depreciation Expense 50,496 (7,524) 42,972 Loustomer Operations Expense 50,496 (7,524) 42,972 Loustomer Operations Expense 50,496 (7,524) 42,972 Loustomer Operations Expense 362,793 (19,519) 343,274 Corporate Operations Adjustment (FCC 36,621) report in () 0 0 0 Discovery of the Corporate Operations Expense (Line 13 minus Line 13a) 631,510 (26,507) 605,003 Total Operations Expenses (B thru 12 + 13b) (2,687) (26,507) (605,003 Total Operations Expenses (B thru 12 + 13b) (2,687) (3,689) 136,063 133,974 Other Operating Income and Expenses () 0 0 0 State and Local Taxes 0 0 0 0 Federal Income Taxes (A1) (36,783) 48,969 12,186 Other Taxes 103,202 (3,847) 99,355 Total Operating Taxes (17+18+19) (68,508) 49,969 12,186 Other Taxes 103,202 (3,847) 99,355 Total Operating Taxes (17+18+19) (68,508) 90,941 22,433 Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 Other Interest Expense - Capital Leases 0 0 0 0 Other Interest Expense - Capital Leases 0 0 0 0 Othe		·			<u> </u>
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47 TIER ((31+26)/26) #DIV/0! #DIV/0! #DIV/0!				· ·	
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Notes:

- (A) As reported on Form 481
- (A1) S Corporations provide effective tax rate on Income Statement Summary Schedule footnote, Page 8
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Part 64 offset to nonregulated income (No Impact to retained earnings)

Company Name: McDaniel Telephone Co

		Adjusted	Adjusted
Line #	ltem	Prior Year	Current Year
		2012	2013
1	Local Network Services Revenues	922,045	914,022
2	Network Access Services Revenues	1,741,377	1,762,603
3	Long Distance Network Services Revenues	484	434
4	Carrier Billing and Collection Revenues	104,049	102,064
5	Miscellaneous Revenues	49,369	48,204
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(12,636)	(45,615)
7	Net Operating Revenues (1 thru 6)	2,804,687	2,781,712
8	Plant Specific Operations Expense	499,439	504,372
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	382,936	371,355
10	Depreciation Expense	733,985	780,761
11	Amortization Expense	43,028	42,972
12	Customer Operations Expense	386,647	343,274
13	Corporate Operations	607,975	605,003
13a	Less: Corporate Operations Adjustment (FCC 36.621) report in ()	007,579	003,003
13b	Adjusted Corporate Operations Expense (Line 13 minus Line 13a)	607,975	605,003
14	Total Operations Expenses (8 thru 12 +13b)	2,654,011	
	Operating Income or Margins (7 less 14)		2,647,737
15		150,677	133,974
16	Other Operating Income and Expenses () State and Local Taxes	0 0	0
17		_	_
18	Federal Income Taxes	28,408	12,186
19	Other Taxes	69,581	99,355
20	Total Operating Taxes (17+18+19)	97,989	111,541
21	Net Operating Income or Margins (15+16-20)	52,688	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	0	0
26	Total Fixed Charges (22+23+24-25)	0	0
27	Nonoperating Net Income	11,917	3,253
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	422,708	492,000
31	Total Net Income or Margins (21+27+28+29+30-26)	487,314	517,687
32	Total Taxes Based on Income	262,437	278,860
33	Retained Earning or Margins Beginning-of-Year	9,059,954	9,547,268
34	Miscellaneous Credits Year-to-Date	_	20,326
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)		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)	9,547,268	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
44	Annual Debt Service Payments	0	0
45	Cash Ratio ((14+20-10-11)/7)	0.7042	0.6958
46	Operating Accrual Ratio ((14+20+26)/7)	0.9812	0.9919
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):

2012

2013

2014 State USF Petition Filing requirement - WAC 480-123-110 (e)Network Access Services RevenuePrior and Current Year

Description	Part 32 Account	2012	2013
End User Revenue (SLC, ARC, etc.)	5081	300,181	313,440
Switched Access (excluding USF):	5082		
Intrastate		392,819	296,322
Interstate		317,746	211,116
Special Access:	5083		
Intrastate		29,781	18,803
Interstate		69,043	114,043
Federal USF (ICLS/CAF/HCL/SN)	Varies	631,808	808,879
Total (must equal line 2 of Income Stmt.)		1,741,377	1,762,603
Line 2 of Income Stmt.		1,741,377	1,762,603
Difference		0	0

2014 State USF Petition Filing requirement - WAC 480-123-110 (e)Return on Rate Base and Equity Prior and Current Year

Description	2012	2013
Rate Base (Jan. 1)	3,301,158	4,050,624
Rate Base (Dec 31)	4,050,624	3,613,186
Average Rate Base	3,675,891	3,831,905
Net Operating Income	52,688	22,433
Earned Regulated Rate of Return	1.43%	0.59%
Equity (Jan 1)	9,080,519	9,580,861
Equity (Dec 31)	9,580,861	10,126,488
Average Equity	9,330,690	9,853,675
Net Income	487,314	517,687
Earned Return on Equity	5.22%	5.25%