

**K & M Telephone Company, Inc.**

**Progress Report on 5 Year Plan – Community Anchor Institutions**

K & M Telephone Company does not have any newly served community anchor institutions because all anchor institutions had broadband service available to them prior to 2014.

**REDACTED - FOR PUBLIC INSPECTION**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></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>K. &amp; M. Telephone Company, Inc.</p> <p align="center">(Prepared with Audited Data)</p>	
<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 NE0548</p>
<p><b>CERTIFICATION</b></p> <p><i>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.</i></p> <p><b>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.</b></p> <p align="center"><b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b> (Check one of the following)</p> <p><input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.</p> <p><input type="checkbox"/> 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</p> <p>Thomas Magnuson <span style="float: right;">3/6/2015</span></p> <p align="center">DATE</p>		

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			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		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = [REDACTED] % of Total Assets

**REDACTED - FOR PUBLIC INSPECTION**

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  NE0548
	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		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
<b>7. Net Operating Revenues (1 thru 5 less 6)</b>		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
<b>14. Total Operating Expenses (8 thru 13)</b>		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
<b>20. Total Operating Taxes (17+18+19)</b>		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
<b>26. Total Fixed Charges (22+23+24-25)</b>		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
<b>31. Total Net Income or Margins (21+27+28+29+30-26)</b>		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
<b>39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
<b>43. Patronage Capital End-of-Year (40+41-42)</b>		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

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<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p> <p><i>INSTRUCTIONS - See RUS Bulletin 1744-2</i></p>	<p>BORROWER DESIGNATION NE0548</p> <p>PERIOD ENDED December, 2014</p>
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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)
Chambers	█	█	█	█	█	█	█
Inman	█	█	█	█	█	█	█
MobileWireless					█		
Route Mileage Outside Exchange Area						█	█
Total			█	█	█	█	█
No. Exchanges	█						



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USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION NE0548  PERIOD ENDING December, 2014
INSTRUCTIONS- See RUS Bulletin 1744-2	

**PART D. SYSTEM DATA**

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile
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**PART E. TOLL DATA**

1. Study Area ID Code(s) a. [REDACTED] 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	
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)	

**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					
2. Investment in Affiliated Companies - Nonrural Development					

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USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION NE0548  PERIOD ENDING December, 2014
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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	██████
2. Land and support assets - Aircraft	██████
3. Land and support assets - Special purpose vehicles	██████
4. Land and support assets - Garage and other work equipment	██████
5. Land and support assets - Buildings	██████
6. Land and support assets - Furniture and Office equipment	██████
7. Land and support assets - General purpose computers	██████
8. Central Office Switching - Digital	██████
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	██████
17. Information origination/termination - Other terminal equipment	██████
18. Cable and wire facilities - Poles	██████
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	██████
25. Cable and wire facilities - Conduit systems	██████
26. Cable and wire facilities - Other	██████

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USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		BORROWER DESIGNATION NE0548
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2014
<b>PART I – STATEMENT OF CASH FLOWS</b>		
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	[REDACTED]
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2.	Net Income	[REDACTED]
	<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3.	Add: Depreciation	[REDACTED]
4.	Add: Amortization	[REDACTED]
5.	Other (Explain) [REDACTED]	[REDACTED]
<i>Changes in Operating Assets and Liabilities</i>		
6.	Decrease/(Increase) in Accounts Receivable	[REDACTED]
7.	Decrease/(Increase) in Materials and Inventory	[REDACTED]
8.	Decrease/(Increase) in Prepayments and Deferred Charges	[REDACTED]
9.	Decrease/(Increase) in Other Current Assets	[REDACTED]
10.	Increase/(Decrease) in Accounts Payable	[REDACTED]
11.	Increase/(Decrease) in Advance Billings & Payments	[REDACTED]
12.	Increase/(Decrease) in Other Current Liabilities	[REDACTED]
13.	Net Cash Provided/(Used) by Operations	[REDACTED]
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14.	Decrease/(Increase) in Notes Receivable	[REDACTED]
15.	Increase/(Decrease) in Notes Payable	[REDACTED]
16.	Increase/(Decrease) in Customer Deposits	[REDACTED]
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	[REDACTED]
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	[REDACTED]
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	[REDACTED]
20.	Less: Payment of Dividends	[REDACTED]
21.	Less: Patronage Capital Credits Retired	[REDACTED]
22.	Other (Explain) [REDACTED]	[REDACTED]
23.	Net Cash Provided/(Used) by Financing Activities	[REDACTED]
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24.	Net Capital Expenditures (Property, Plant & Equipment)	[REDACTED]
25.	Other Long-Term Investments	[REDACTED]
26.	Other Noncurrent Assets & Jurisdictional Differences	[REDACTED]
27.	Other (Explain) [REDACTED]	[REDACTED]
28.	Net Cash Provided/(Used) by Investing Activities	[REDACTED]
29.	Net Increase/(Decrease) in Cash	[REDACTED]
30.	Ending Cash	[REDACTED]

Revision Date 2010

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USDA-RUS  OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION  NE0548
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
<b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	
 The content of this section is redacted with several thick black horizontal bars of varying lengths, completely obscuring the text underneath.	

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<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>NE0548</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<p><b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	

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Five-Year Plan Progress Report

K&M Tel Co, Inc

SAC 371565

**Year 2014 Federal Universal Service Receipts:**

Interstate Access Support	\$	
Interstate Common Line Support	\$	
Connect America Fund Support	\$	
High Cost Loop Support	\$	
Safety Net Additive Support	\$	
Safety Valve Loop Cost Adjustment	\$	
CAF-ICC	\$	
<b>TOTAL</b>	\$	

**Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding:**

Network support (Accts 6110-16)	\$	
General support (Accts 6120-24)	\$	
Central office (Accts 6210-6232)	\$	
Cable and wire facilities (Accts 6410-41)	\$	
Network operations (Accts 6530-35)	\$	
Interstate Universal Service (Acct 6540.10)	\$	
Depreciation and amortization (Accts 6560-65)	\$	
<b>Customer Operations Expenses</b>		
Customer services (Accts 6611-23)	\$	
<b>Corporate Operations Expenses</b>		
Executive and planning (Accts 6710-12)	\$	
General and administrative (Accts 6720-28)	\$	
<b>Total Years Supported Expenses, Before Return on Investment</b>	\$	
<b>Additions/Capx</b>		
Switching (Acct 2210)	\$	
Cable and wire (Acct 2410)	\$	
<b>Total</b>	\$	
<b>Total Supported Expenditures, Before Return on Investment</b>	\$	
Plant Under Construction	\$	

It is estimated that [REDACTED] of universal service funding received in 2014 was used to ensure and improve *service quality*. This ensures that the network is maintained and operated to provide telecommunications and information services as well as interexchange services and advanced telecommunications that are reasonably comparable to those services offered in urban areas and are available at rates that are reasonably comparable to rates charged for similar services in urban areas. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that for 2015, a [REDACTED] [REDACTED] of universal service funding received will be used to ensure and improve service quality and a [REDACTED] will be used to improve service coverage and service capacity. These percentages will be reported on next year's progress report.

It is estimated that [REDACTED] of universal service funding received in 2014 was used to improve *service coverage* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). Due to these expenditures, [REDACTED] subscribers in our service area have access to our broadband capable network as of July 1, 2015. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that [REDACTED] [REDACTED] of universal service funding will be used to improve service coverage in 2015.

It is estimated that [REDACTED] of universal service funding received in 2014 was used to improve *service capacity* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). Due to these expenditures, [REDACTED] subscribers in our service area have access to our broadband capable network at speeds that meet or exceed [REDACTED] as of July 1, 2015. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that [REDACTED] [REDACTED] of universal service funding will be used to improve service capacity in 2015.



**REDACTED – FOR PUBLIC INSPECTION**

Five-Year Plan Progress Report

K&M Tel Co, Inc

SAC 371565

**Year 2014 Federal Universal Service Receipts:**

Interstate Access Support	\$	
Interstate Common Line Support	\$	
Connect America Fund Support	\$	
High Cost Loop Support	\$	
Safety Net Additive Support	\$	
Safety Valve Loop Cost Adjustment	\$	
CAF-ICC	\$	
<b>TOTAL</b>	\$	

**Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding:**

Network support (Accts 6110-16)	\$	
General support (Accts 6120-24)	\$	
Central office (Accts 6210-6232)	\$	
Cable and wire facilities (Accts 6410-41)	\$	
Network operations (Accts 6530-35)	\$	
Interstate Universal Service (Acct 6540.10)	\$	
Depreciation and amortization (Accts 6560-65)	\$	
<b>Customer Operations Expenses</b>		
Customer services (Accts 6611-23)	\$	
<b>Corporate Operations Expenses</b>		
Executive and planning (Accts 6710-12)	\$	
General and administrative (Accts 6720-28)	\$	
<b>Total Years Supported Expenses, Before Return on Investment</b>	\$	
<b>Additions/Capx</b>		
Switching (Acct 2210)	\$	
Cable and wire (Acct 2410)	\$	
<b>Total</b>	\$	
<b>Total Supported Expenditures, Before Return on Investment</b>	\$	
Plant Under Construction	\$	

It is estimated that [REDACTED] of universal service funding received in 2014 was used to ensure and improve *service quality*. This ensures that the network is maintained and operated to provide telecommunications and information services as well as interexchange services and advanced telecommunications that are reasonably comparable to those services offered in urban areas and are available at rates that are reasonably comparable to rates charged for similar services in urban areas. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that for 2015, a [REDACTED] [REDACTED] of universal service funding received will be used to ensure and improve service quality and a [REDACTED] will be used to improve service coverage and service capacity. These percentages will be reported on next year's progress report.

It is estimated that [REDACTED] of universal service funding received in 2014 was used to improve *service coverage* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). Due to these expenditures, [REDACTED] subscribers in our service area have access to our broadband capable network as of July 1, 2015. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that [REDACTED] [REDACTED] of universal service funding will be used to improve service coverage in 2015.

It is estimated that [REDACTED] of universal service funding received in 2014 was used to improve *service capacity* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). Due to these expenditures, [REDACTED] subscribers in our service area have access to our broadband capable network at speeds that meet or exceed [REDACTED] as of July 1, 2015. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that [REDACTED] of universal service funding will be used to improve service capacity in 2015.



■ [Redacted]  
■ [Redacted]  
■ [Redacted]  
 Exchange Boundary

K&M TELEPHONE COMPANY NE 548		
FIVE YEAR PLAN PROGRESS REPORT		
RW, Inc.	COLUMBUS, NEBRASKA	
DRAWN	AJM	APPROVED
CHECKED	DATE	5-21-16

**REDACTED – FOR PUBLIC INSPECTION**

Five-Year Plan Progress Report

K&M Tel Co, Inc

SAC 371565

**Year 2014 Federal Universal Service Receipts:**

Interstate Access Support	\$	
Interstate Common Line Support	\$	
Connect America Fund Support	\$	
High Cost Loop Support	\$	
Safety Net Additive Support	\$	
Safety Valve Loop Cost Adjustment	\$	
CAF-ICC	\$	
<b>TOTAL</b>	\$	

**Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding:**

Network support (Accts 6110-16)	\$	
General support (Accts 6120-24)	\$	
Central office (Accts 6210-6232)	\$	
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Network operations (Accts 6530-35)	\$	
Interstate Universal Service (Acct 6540.10)	\$	
Depreciation and amortization (Accts 6560-65)	\$	
<b>Customer Operations Expenses</b>		
Customer services (Accts 6611-23)	\$	
<b>Corporate Operations Expenses</b>		
Executive and planning (Accts 6710-12)	\$	
General and administrative (Accts 6720-28)	\$	
<b>Total Years Supported Expenses, Before Return on Investment</b>	\$	
<b>Additions/Capx</b>		
Switching (Acct 2210)	\$	
Cable and wire (Acct 2410)	\$	
<b>Total</b>	\$	
<b>Total Supported Expenditures, Before Return on Investment</b>	\$	
Plant Under Construction	\$	

It is estimated that [REDACTED] of universal service funding received in 2014 was used to ensure and improve *service quality*. This ensures that the network is maintained and operated to provide telecommunications and information services as well as interexchange services and advanced telecommunications that are reasonably comparable to those services offered in urban areas and are available at rates that are reasonably comparable to rates charged for similar services in urban areas. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that for 2015, a [REDACTED] [REDACTED] of universal service funding received will be used to ensure and improve service quality and a [REDACTED] will be used to improve service coverage and service capacity. These percentages will be reported on next year's progress report.

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It is estimated that [REDACTED] of universal service funding received in 2014 was used to improve *service capacity* at wire centers served by our company for telecommunications and information services as well as interexchange services and advanced telecommunications (broadband). Due to these expenditures, [REDACTED] subscribers in our service area have access to our broadband capable network at speeds that meet or exceed [REDACTED] as of July 1, 2015. Expenditures are not tracked at the wire center or census block level and are reported here on a total service area basis. We believe it is reasonable to conclude that [REDACTED] of universal service funding will be used to improve service capacity in 2015.



  
Exchange Boundary

K&M TELEPHONE COMPANY NE 548		
FIVE YEAR PLAN PROGRESS REPORT		
<small>RYW, Inc.</small>	<small>COLUMBUS, NEBRASKA</small>	
<small>DRAWN</small>	<small>AIN</small>	<small>APPROVED</small>
<small>CHECKED</small>	<small>DATE</small>	<small>5-21-15</small>