



REDACTED – FOR PUBLIC INSPECTION

Ellerbe Telephone  
Voice Services Rate Comparability  
Line 1010

The FCC released a Public Notice on April 16, 2015 (DA 15-470) which listed the urban average rate as \$21.22 for residential customers. The same Public Notice listed the rate that is a reasonably comparable benchmark at \$47.48.

Ellerbe Telephone charges all residential customers \$15.14 plus a federal Subscriber Line Charge of \$6.50 for monthly service with unlimited local calling. The total of these charges is \$21.64 which is less than the reasonably comparable benchmark of \$47.48.

Because of this, Ellerbe Telephone is able to certify that it's pricing of fixed voice service is no more than two standard deviations above the applicable national average urban rate for voice service.

Ellerbe Telephone  
Lifeline Terms and Conditions  
Line 1210

As a state regulated wireline carrier, Ellerbe Telephone offers Lifeline service in accordance with FCC rules and terms and conditions in its tariff. The terms and conditions of the tariff are included starting on the next page of this file.

Minutes of Use

Each Lifeline customer has unlimited local usage and is able to make local calls at no additional charge. Each Lifeline customer is also able to receive unlimited local and long distance calls at no additional charge.

Toll Charges

Each Lifeline customer is able to receive toll blocking to avoid incurring unexpected toll charges. In the event the customer would like to make toll calls then the customer is able to choose which long distance company they would like to use and then choose which rate plan is best for them.

GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE  
TELEPHONE COMPANY

SECTION 3  
SIXTH REVISED PAGE 10  
CANCELING FIFTH REVISED PAGE 10

ISSUED: December 18, 2013  
EFFECTIVE DATE: January 1, 2014

DOCKET NO. P-100 SUB 133F  
Allowed To Become Effective Pursuant  
To G.S. 62-130 and G.S. 62-434

S3. BASIC LOCAL EXCHANGE SERVICE

DEC 27 2013

S3.11 LIFELINE

**FILED**  
N.C. UTILITIES COMMISSION

S3.11.1 DESCRIPTION OF SERVICE:

- a. The Lifeline Program is designed to increase the availability of telecommunication services to low income subscribers by providing a credit to monthly recurring local service to qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's rules found in CFR § 54.410. Customers must be certified by the appropriate state agency that they participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; Temporary Assistance for Needy Families (TANF); or, be able to provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines for all States. Such certification must be provided to the Company. Specific terms and conditions are as prescribed by the North Carolina Utilities Commission and are set forth in this Tariff.
- b. Lifeline is supported by federal and state universal support mechanisms.
- c. Federal baseline support of \$9.25 is available to each Lifeline Service and is passed through to the subscriber. The total Lifeline credit available to an eligible customer in North Carolina is \$9.25. The amount of credit will not exceed the charge for local service, which includes access line, touch tone service, the Subscriber line charge and local usage.

(C)  
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(C)

S3.11.2 REGULATIONS

a. General

- (1)
- (2) One low income credit is available per household and is applicable to the primary residential connection only. The name subscriber must be a current recipient of the low income assistance programs as identified in Section 3.11.2b following.
- (3) A lifeline customer may subscribe to any local service offering available to other residential customers

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Feb 26 2014

GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE  
TELEPHONE COMPANY

SECTION 3  
SECOND REVISED PAGE 11  
CANCELING FIRST REVISED PAGE 11

ISSUED: October 11, 2013  
BY: President

EFFECTIVE: October 11, 2013

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S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.2 REGULATIONS (Continued)

a. General (Continued)

- (4) Customized Code Restriction Option 2 as specified in Section 13.18.1e., and the Billed Number Screening as specified in Section 13.19 of this tariff, will be offered at no charge to the lifeline subscribers to establish toll blocking.
- (5) The deposit requirement is not applicable to a Lifeline customer who subscribes to toll blocking. If a Lifeline customer removes toll blocking prior to establishing an acceptable credit history, a deposit may be required.
- (6) A Lifeline subscriber's local service will not be disconnected for non-payment of regulated toll charges. Local service may be denied for non-payment of local calls in accordance with Section 2 of this Tariff. Access to toll service may be denied for non-payment of regulated tolls. In such cases Customized Code Restriction Option 2 and Billed Number Screening will be applied to the Lifeline Subscribers service at no charge. A lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges as long as all outstanding local charges are paid.
- (7) Partial payments made by customers will be applied first to local service charges, then to toll charges.
- (8) The presubscribed Interexchange Carrier Charge (PICC) will not be billed to Lifeline customers who subscribe to Customized Code Restriction Option 2 for toll blocking and who do not presubscribe to a long distance carrier.

b. Eligibility

- (1) To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low income assistance programs.
  - (a) Temporary Assistance for Needy Families (TANF)
  - (b) Supplemental Security Income (SSI)

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Allowed To Become Effective Pursuant  
To G.S. 82-130 and G.S. 82-134

OCT 13 2013

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GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE  
TELEPHONE COMPANY

SECTION 3  
THIRD REVISED PAGE 12  
CANCELING SECOND REVISED PAGE 12

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S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.2 REGULATIONS (Continued)

b. Eligibility (Continued)

- (e) Supplemental Nutrition Assistance Program (SNAP)
- (d) Medicaid
- (e) Low Income Home Energy Assistance Program (LIHEAP)
- (f) Federal Public Housing Assistance (Section 8)
- (g) National School Lunch Program's free lunch program; or
- (i) Provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines.

(C)  
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(2) A standard application form will be available only from the agency administering the qualifying program and not from the Company. All applications are subject to verification with the state agency responsible for administration of the qualifying program.

c. Certification

- (1) Proof of eligibility in any of the qualifying programs should be provided to the Company at the time of application of service. The Lifeline credit will not be established until proof of eligibility has been received by the company. If the customer requests installation prior to the Company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.
- (2) The Company will audit its records every 12 months working in conjunction with the appropriate state or federal agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.
- (3) When a customer is determined to be ineligible as a result of an audit, the Company will send the customer a written notice of ineligibility. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.

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DOCKET NO. P-100 SUB 133f  
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To G.S. 62-130 and G.S. 62-134

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**GENERAL SUBSCRIBER SERVICES TARIFF**

ELLERBE  
TELEPHONE COMPANY

SECTION 3  
SEVENTH REVISED PAGE 13  
CANCELING SIXTH REVISED PAGE 13

ISSUED: December 18, 2013  
EFFECTIVE DATE: January 1, 2014

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**S3. BASIC LOCAL EXCHANGE SERVICE**

**S3.11 LIFELINE (Continued)**

**3.11.3 RATES AND CHARGES**

a. General

- (1) Lifeline is provided as a monthly credit and the eligible residential subscriber's access line bill for local service.
- (2) Service Charges in section 4 are applicable for installing or changing Lifeline service.
- (3)
- (4) The secondary service Order Charge in section 4 is not applicable when existing service is converted intact to Lifeline.

b. The total Lifeline Credit consist of one federal.

(C)

(1) Federal Credit	Monthly Credit
(b) ALL PROGRAMS	\$9.25

(2)

(D)  
|  
(D)

DOCKET NO. P-100 SUB 133F  
Allowed To Become Effective Pursuant  
To G.S. 62-130 and G.S. 62-134

DEC 27 2013

**FILED**  
N.C. UTILITIES COMMISSION

Feb 26 2014

Ellerbe Telephone  
Milestone Certification  
Line 3010

**Certification**

During 2014, Ellerbe Telephone Company certifies that it took reasonable steps to provide broadband service at actual speeds of at least 4 Mbps downstream and 1 Mbps upstream upon reasonable request. Because of improvements to the network, Ellerbe is able to provide higher speeds to many customers.

Services are provided with latency suitable for real-time applications, including Voice over Internet Protocol. Customers receive an unlimited capacity each month

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Ellerbe Telephone  
Data on Community Anchor Institutions  
Line 3012

**Certification**

During 2014, Ellerbe Telephone Company did not start providing broadband to any new community anchor institutions.

Number	Name	Address

**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.

230478NC3017

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	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. <b>BORROWER NAME</b>  Ellerbe Telephone Company  (Prepared with Audited Data)
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<b>INSTRUCTIONS</b> -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.	<b>PERIOD ENDING</b> December, 2014	<b>BORROWER DESIGNATION</b> NC0539
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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

\_\_\_\_\_  
 Jeffrey Long

6/26/2015  
 DATE

**PART A. BALANCE SHEET**

	BALANCE PRIOR YEAR	BALANCE END OF PERIOD		BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>ASSETS</b>			<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<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			<b>35. Total Current Liabilities (25 thru 34)</b>		
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		
<b>10. Total Current Assets (1 Thru 9)</b>			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			<b>46. Total Long-Term Debt (36 thru 45)</b>		
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		
<b>17. Total Noncurrent Assets (11 thru 16)</b>			<b>50. Total Other Liabilities and Deferred Credits (47 thru 49)</b>		
<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		
<b>23. Net Plant (18 thru 21 less 22)</b>			56. Patronage Capital Credits		
<b>24. TOTAL ASSETS (10+17+23)</b>			57. Retained Earnings or Margins		
			<b>58. Total Equity (51 thru 57)</b>		
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>		

Total Equity =

% of Total Assets

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

NC0539

REDACTED – FOR PUBLIC INSPECTION

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]		

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  INSTRUCTIONS - See RUS Bulletin 1744-2	BORROWER DESIGNATION NC0539  PERIOD ENDED December, 2014
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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)
Ellerbe							
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total							
No. Exchanges	1						

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

NC0539

PERIOD ENDED

December, 2014

**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)
Ellerbe								
Total								

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USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION NC0539  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. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one)  <table style="width:100%;"> <tr> <td style="width: 40%;">Interstate:</td> <td style="width: 20%;"><input checked="" type="checkbox"/> Average Schedule</td> <td style="width: 40%;"><input type="checkbox"/> Cost Basis</td> </tr> <tr> <td>Intrastate:</td> <td><input checked="" type="checkbox"/> Average Schedule</td> <td><input type="checkbox"/> Cost Basis</td> </tr> </table>	Interstate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis	Intrastate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis
Interstate:	<input checked="" type="checkbox"/> Average Schedule	<input type="checkbox"/> Cost Basis					
Intrastate:	<input checked="" type="checkbox"/> Average Schedule	<input 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)	
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  (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					

USDA-RUS  
**OPERATING REPORT FOR  
 TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION  
 NC0539

PERIOD ENDING  
 December, 2014

**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 NC0539
INSTRUCTIONS – See help in the online application.	PERIOD ENDED December, 2014
<b>PART I – STATEMENT OF CASH FLOWS</b>	
<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>2. Net Income</b>	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
<b>13. Net Cash Provided/(Used) by Operations</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
<b>23. Net Cash Provided/(Used) by Financing Activities</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain) Retirements	
<b>28. Net Cash Provided/(Used) by Investing Activities</b>	
<b>29. Net Increase/(Decrease) in Cash</b>	
<b>30. Ending Cash</b>	

Revision Date 2010

<p>USDA-RUS</p> <p><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>NC0539</p>
<p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>PERIOD ENDED</p> <p>December, 2014</p>
<p><b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	

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USDA-RUS <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
<b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	

REDACTED – FOR PUBLIC INSPECTION

**EDDIE CARRICK, CPA, PC**  
Certified Public Accountant

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**Independent Auditors' Report on Compliance with Aspects of Contractual Agreements and  
Regulatory Requirements for Telecommunication Borrowers**

Board of Directors  
Ellerbe Telephone Company and Subsidiary  
Ellerbe, North Carolina

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ellerbe Telephone Company and Subsidiary (ETC), which comprise the balance sheet as of December 31, 2014, and the related statements of stockholders' equity, income, comprehensive income, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015, on our consideration of ETC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above and our schedule of findings and recommendations related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that ETC failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ETC's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding ETC's accounting and records to indicate that ETC did not:

Maintain adequate and effective accounting procedures;

Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

Reconcile continuing property records to the controlling general ledger plant accounts;

Clear construction accounts and accrue depreciation on completed construction;

Record and properly price the retirement of plant;

Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;

Maintain adequate control over materials and supplies;

Prepare accurate and timely Financial and Operating Reports;

Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;

Record depreciation in accordance with RUS requirements;

Comply with the requirements for the detailed schedule of deferred debits and deferred credits; and

Comply with the requirements for the detailed schedule of investments.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Eddie Carrick, CPA  
Lexington, North Carolina

May 28, 2015