

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

OR0542

PERIOD ENDING

December, 2012

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	4,119,417	3,969,590
2. Network Access Services Revenues	5,651,512	5,560,174
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	22,272	20,673
5. Miscellaneous Revenues	130,233	118,507
6. Uncollectible Revenues	19,097	14,546
7. Net Operating Revenues (1 thru 5 less 6)	9,904,337	9,654,398
8. Plant Specific Operations Expense	1,915,440	1,713,538
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	493,800	506,292
10. Depreciation Expense	2,427,133	2,711,281
11. Amortization Expense		
12. Customer Operations Expense	1,167,097	1,135,335
13. Corporate Operations Expense	1,527,699	1,440,555
14. Total Operating Expenses (8 thru 13)	7,531,169	7,507,001
15. Operating Income or Margins (7 less 14)	2,373,168	2,147,397
16. Other Operating Income and Expenses		
17. State and Local Taxes		1,437
18. Federal Income Taxes		2,901
19. Other Taxes	361,883	345,182
20. Total Operating Taxes (17+18+19)	361,883	349,520
21. Net Operating Income or Margins (15+16-20)	2,011,285	1,797,877
22. Interest on Funded Debt	224,143	247,087
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	224,143	247,087
27. Nonoperating Net Income	(783,695)	178,843
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	107,102	54,002
31. Total Net Income or Margins (21+27+28+29+30-26)	1,110,549	1,783,635
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year	13,227,889	13,108,100
34. Miscellaneous Credits Year-to-Date	229,026	204,130
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital	1,459,365	1,410,655
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	13,108,099	13,685,210
40. Patronage Capital Beginning-of-Year	9,733,181	10,621,916
41. Transfers to Patronage Capital	1,459,365	1,410,655
42. Patronage Capital Credits Retired	570,630	487,118
43. Patronage Capital End-of-Year (40+41-42)	10,621,916	11,545,453
44. Annual Debt Service Payments	974,161	1,234,280
45. Cash Ratio [(14+20-10-11) / 7]	0.5519	0.5329
46. Operating Accrual Ratio [(14+20+26) / 7]	0.8196	0.8394
47. TIER [(31+26) / 26]	5.9546	8.2187
48. DSCR [(31+26+10+11) / 44]	3.8616	3.8419

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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)
MLLORXADSO	19.95	14.95	1,075	2,932	4,007	1,221.83	532.59
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			1,075	2,932	4,007	1,221.83	532.59
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)
MLLORXADSO	4,007	3,787	1,439	>6,000	1,500	39.95	StandAlone	Fiber to the Home
Total	4,007	3,787						

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PART D. SYSTEM DATA

1. No. Plant Employees 11	2. No. Other Employees 15	3. Square Miles Served 128	4. Access Lines per Square Mile 31.30	5. Subscribers per Route Mile 3.28
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PART E. TOLL DATA

1. Study Area ID Code(s) a. 532383 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	9,138,246
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)	1,095,860
6. Salvaged Materials	
7. Contribution in Aid to Construction	
8. Gross Additions to Telecom. Plant (1 thru 7)	10,234,106

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			2,419,429		2,419,429
2. Investment in Affiliated Companies - Nonrural Development					

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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	11.40%
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	7.50%
5. Land and support assets - Buildings	3.60%
6. Land and support assets - Furniture and Office equipment	8.20%
7. Land and support assets - General purpose computers	15.00%
8. Central Office Switching - Digital	14.28%
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	10.60%
13. Information origination/termination - Station apparatus	12.90%
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	6.00%
19. Cable and wire facilities - Aerial cable - Metal	5.80%
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	4.60%
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	5.30%
24. Cable and wire facilities - Buried cable - Fiber	4.80%
25. Cable and wire facilities - Conduit systems	2.00%
26. Cable and wire facilities - Other	11.80%

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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)	1,600,071
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	1,783,635
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	2,711,281
4. Add: Amortization	0
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	142,270
7. Decrease/(Increase) in Materials and Inventory	114,540
8. Decrease/(Increase) in Prepayments and Deferred Charges	(12,694)
9. Decrease/(Increase) in Other Current Assets	0
10. Increase/(Decrease) in Accounts Payable	(48,819)
11. Increase/(Decrease) in Advance Billings & Payments	6,883
12. Increase/(Decrease) in Other Current Liabilities	(70,526)
13. Net Cash Provided/(Used) by Operations	4,626,570
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	(2,610)
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	4,908,420
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	0
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	333
20. Less: Payment of Dividends	0
21. Less: Patronage Capital Credits Retired	(487,118)
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	4,419,025
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	(9,486,236)
25. Other Long-Term Investments	206,307
26. Other Noncurrent Assets & Jurisdictional Differences	(223,685)
27. Other (Explain) Patronage Discounts	(292,184)
28. Net Cash Provided/(Used) by Investing Activities	(9,795,798)
29. Net Increase/(Decrease) in Cash	(750,203)
30. Ending Cash	849,868

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	