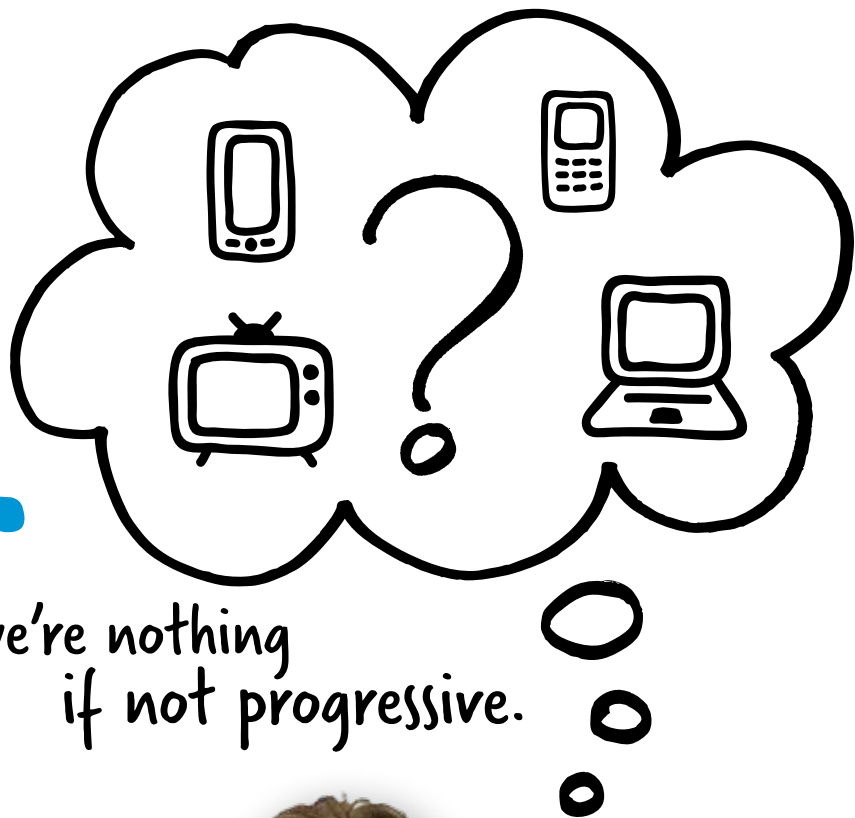


Think forward.

2015 Community Report



# Looking for the next big idea.



At Duo County Telecom, we're nothing  
if not progressive.

We're thinkers, believers, planners, dreamers. But most importantly, we're doers. That's why, in six decades of service to Russell, Adair and Cumberland counties, we are heads above the rest in the services we provide.

The leadership at Duo County Telecom has spent countless hours on idea generation and has given careful consideration to those that could launch our company forward. We have never wanted to be just what we are. We want to be more. Do more. Provide the best and most advanced services within reach. Our evolution from telephone cooperative to full-service telecommunications company is evidence of that.

Over the years, we've been successful in looking to the future to determine what services our customers will want and need and strategically planning a way to provide them. And in many cases, we've been the first to deliver.

We began construction of our fiber optic network in 2009, knowing that within the next decade, technology demands were going to grow at such a fast rate that the need to be able to offer speeds of 100 MBPS or higher would be ever-present. Fiber is essentially future proof, providing the ability for continued speed and growth with minimal expense. As of 2013, only 8.9% of the state's population had access to fiber technology. We are proud to be one of the first telecommunications companies to deliver this sophisticated service to our coverage area.

We continue to bring unique and innovative services to our customers, like Watch TV Everywhere and My Duo Roku TV, both of which offer ways to expand the digital TV experience outside the home and service area. This fall, we will bring our exclusive local coverage to you in HD.

At Duo County Telecom, we strive every day to think forward. And we have a lot of fun doing it.



**Thomas E. Preston**  
Chief Executive Officer

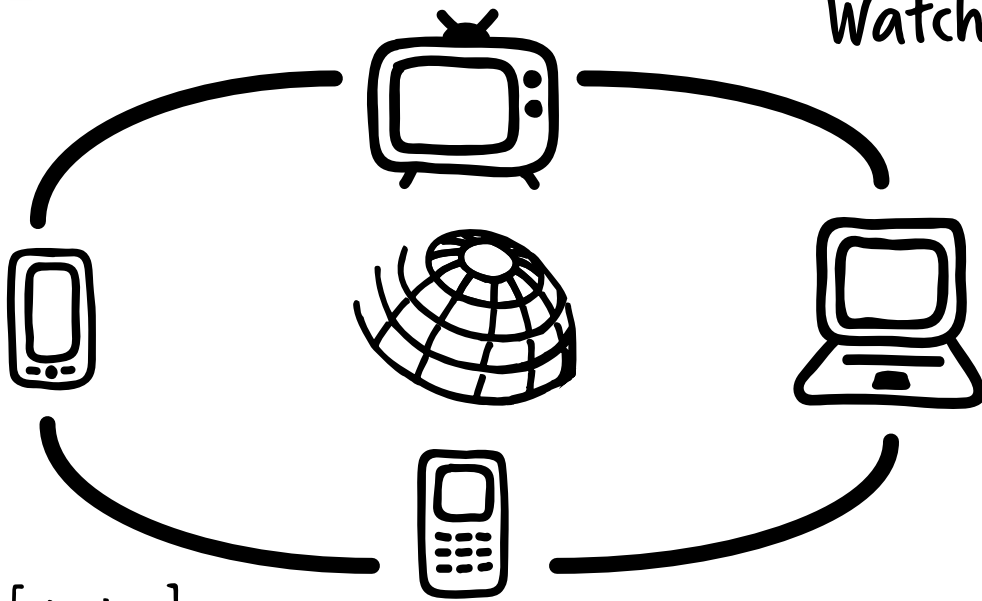


Now playing

Watch our promo 'Checked out,' featuring our friends at the Russell County Public Library, and a variety of local programming on our YouTube channel!

## Watch TV Everywhere (even the library!)

Duo County is continuously looking for new ways for customers to experience its digital TV service, expanding the boundaries of how and where you can watch your favorite programming. When you sign up for our Watch TV Everywhere service at [duocounty.com](http://duocounty.com), you no longer have to be at home to experience your digital TV service. You can watch anywhere you are, with a mobile device or computer.



[my] duo



PBS



NBC

FOX



Duo County is also expanding the physical boundaries of digital TV service by offering My Duo Roku TV to Internet customers outside the service area. These customers get the benefit of local programming at a competitive rate, providing an excellent alternative to satellite service.

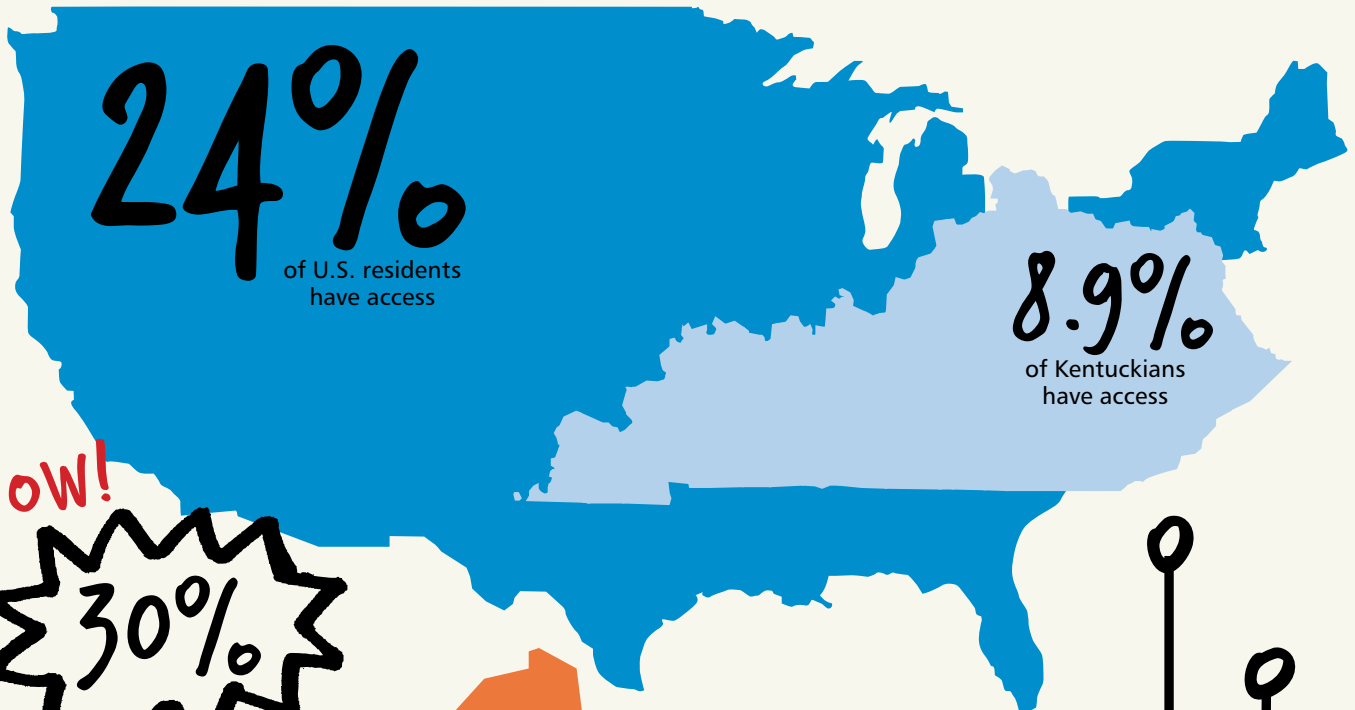
Digital TV

# A culture of innovation.



As a result of Duo County's commitment to innovation and planning, we are able to provide services to our customers they can get nowhere else — services that in some cases are unavailable in some of the largest metropolitan areas across the country.

## Access to fiber optic services



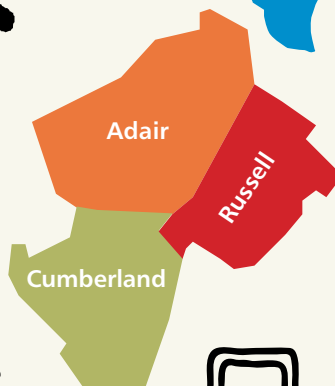
WOW!



of the population in Duo County's coverage area has access to download speeds of

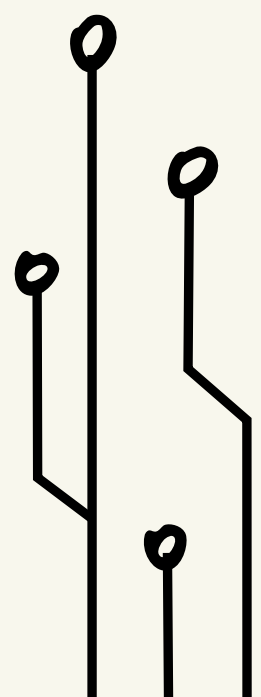
100 MBPS.

Residents in only 30 of 120 Kentucky counties enjoy speeds this fast.

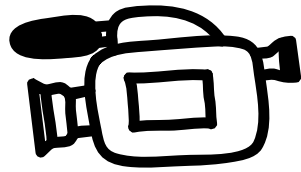


Duo County began constructing its fiber optic network, called Lightspeed, in 2009. It became operational in

2010.



Soon in HD!



# Live & local



Gov. Steve Beshear visits Adair County High School

Not only are we forward-thinking in the types of programming we offer, but also the quality. We are dedicated to promoting and supporting our community. So why shouldn't our exclusive local coverage of sports, government and community events — as well as the advertisements produced for our customers in house — be offered in HD? The exciting news is they soon will be. Duo Channel 2 will launch in HD this fall, starting with local high school and Lindsey Wilson College home football games. Government meetings, Plate It Up and other content will be broadcast in HD (and SD for those without HD technology).



Lots of local flavor on 'Plate It Up' and 'Aaron outdoors' series



Farmers Market on the Square



Your source for local high school & college sports



# Annual financial statement



Duo County Telecom  
Consolidated **BALANCE SHEET**  
December 31, 2014

<b>ASSETS</b>	
Current Assets:	
Cash & Temporary Cash Investments	\$11,533,071
Accounts Receivable, Less Allowance for Doubtful Accounts	1,534,186
Materials and Supplies	2,191,254
Accrued Interest Receivable	200,003
Prepaid Expenses	521,278
<b>Total Current Assets</b>	<b>\$15,979,792</b>
Other Assets:	
Long-Term Investments	\$31,592,051
Nonregulated Investments	237,302
Investment in Affiliated Companies:	44,580,674
Deferred Charges	21,546
<b>Total Other Assets</b>	<b>\$76,431,573</b>
Telecommunications Plant:	
Telecommunications Plant in Service	\$94,458,031
Telecommunications Plant Under Construction	11,010,122
Non-Operating Plant	52,008
<b>Total Telecommunications Plant</b>	<b>\$105,520,161</b>
Less Accumulated Depreciation	(59,988,243)
Telecommunications Plant Net	45,531,918
<b>TOTAL ASSETS</b>	<b>\$137,943,283</b>
<b>LIABILITIES &amp; MEMBERS' EQUITIES</b>	
Current Liabilities:	
Current Portion of Long-Term Debt	\$122,756
Accounts Payable	991,903
Customer Deposits	9,400
Accrued Expenses	2,592,181
<b>Total Current Liabilities</b>	<b>\$3,716,240</b>
Deferred Income Taxes-Noncurrent	\$10,799,661
<b>Total Long-Term Liabilities</b>	<b>\$10,799,661</b>
Other Liabilities and Deferred Credits	\$145,346
Members' Equities:	
Patronage Capital	\$49,304,472
Other Equities	73,620,240
Acc. Other Comprehensive Income/Loss	(988,511)
Other Member Capital	1,345,835
<b>Total Members' Equities</b>	<b>\$123,282,036</b>
<b>TOTAL LIABILITIES/MEMBERS' EQUITIES</b>	<b>\$137,943,283</b>

Duo County Telecom  
Consolidated **STATEMENT OF INCOME**  
For Year Ended December 31, 2014

Operating Revenues:	
Local Network Services	\$8,900,465
Network Access Services	9,884,046
Carrier Billing and Collection	104,782
Miscellaneous Operating Revenue	1,819,416
Uncollectible Revenue	(118,944)
<b>Total Operating Revenues</b>	<b>\$20,589,765</b>
Operating Expenses:	
Plant Specific Operations	\$8,403,420
Plant Nonspecific Operations	1,731,126
Depreciation and Amortization	6,433,387
Customer Operations	1,479,959
Corporate Operations	2,632,033
<b>Total Operating Expenses</b>	<b>\$20,679,925</b>
Nonregulated Income	\$1,155,471
<b>Operating Income</b>	<b>\$1,065,311</b>
Non-Operating Income	\$8,630,807
Provision for Income Taxes	(2,854,599)
Non-Operating Income Net of Taxes	5,776,208
<b>Income Before Interest</b>	<b>\$6,841,519</b>
Interest on Long-Term Debt to RUS	(81,284)
<i>Net of Interest Capitalized \$62,898</i>	
<b>NET INCOME</b>	<b>\$6,760,235</b>

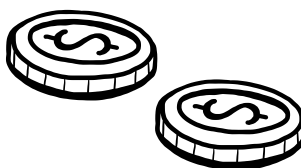
## Board of Directors

- Bill Norris  
Cumberland County,  
President
- Jerry D. Roy  
Russell Springs,  
Vice President
- Sharon Hill  
Jamestown, Secretary
- Joseph Sparks  
Adair County, Member
- James E. Monin, MD  
Jamestown, Member
- Randy Hart  
Russell Springs, Member
- Douglas Butler  
Cumberland County,  
Member
- Howard Kent Cooper  
Legal Counsel
- Thomas E. Preston  
Chief Executive Officer



### CONTACT US:

(270) 343-3131 [Russell]  
(270) 378-4141 [Adair]  
(270) 433-2121 [Cumberland]  
duotel@duo-county.com



Nearly  
**\$19 million**  
in dividends returned  
to members since 1988