

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1996

Commission File Number 0-9881

SHENANDOAH TELECOMMUNICATIONS COMPANY

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation or
organization)

54-1162806
(I.R.S. Employer
Identification
Number)

P. O. Box 459, Edinburg, Virginia 22824
(Address of principal executive office and zip code)

Registrant's telephone number,
including area code:

(540) 984-4141

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

Class	Outstanding at March 31, 1996
Common Stock, No Par Value	3,760,760 Shares

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 1996	December 31, 1995
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 5,646,245	\$ 6,106,447
Certificates of Deposit	1,254,084	1,242,228
Investments Held to Maturity	2,489,694	2,488,773
Accounts Receivable	3,117,922	3,068,379
Investment in Direct Financing Leases -		
Current Portion	74,350	74,350
Materials	2,293,123	1,922,090
Prepaid and Other Current Assets	272,594	406,653
Total Current Assets	\$15,148,012	\$15,308,920
NONCURRENT ASSETS		
Investment in available for sale Securities	\$ 1,993,270	\$ 2,000,077
Investment in held-to-maturity securities	2,098,969	2,098,968
Other investments	3,451,022	3,412,464
Investment in Direct Financing Leases	228,276	250,321
Total Noncurrent Assets	\$ 7,771,537	\$ 7,761,830
PLANT, PROPERTY AND EQUIPMENT		
Plant in Service	\$55,396,601	\$53,316,016
Plant Under Construction	2,845,193	2,372,750
Less Accumulated Depreciation	19,477,949	18,862,526
Net Plant, Property, and Equipment	\$38,763,845	\$36,826,240
TOTAL ASSETS	\$61,683,394	\$59,896,990

See accompanying notes to consolidated financial statements.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1996	December 31, 1995
CURRENT LIABILITIES		
Current Maturities of		
Long-Term Debt	\$ 461,927	\$ 461,927
Accounts Payable	787,968	813,887
Advance Billing	496,009	625,559
Customer Deposits	104,735	107,509
Accrued construction costs	930,938	1,097,844
Other Current Liabilities	768,481	1,066,225
Income Taxes Payable	635,999	0
Other Accrued Taxes	178,043	85,804
 Total Current Liabilities	 \$ 4,364,100	 \$ 4,258,755
 LONG TERM DEBT, LESS CURRENT MATURITIES	 \$ 9,981,163	 \$10,097,026
 OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred Investment		
Tax Credits	\$ 348,732	\$ 367,143
Deferred Income Taxes	4,072,958	3,965,318
Pension and Other	455,638	438,324
 Total Other Liabilities and Deferred Credits	 \$ 4,877,328	 \$ 4,770,785
 Minority interests	 \$ 1,620,592	 \$ 1,499,151
 STOCKHOLDERS' EQUITY		
Common Stock, no par, 8,000,000 shares authorized (3,760,760 shares issued and outstanding)	\$ 4,740,677	\$ 4,740,677
Retained Earnings	35,675,132	34,301,584
Unrealized Gain on available- for-sale securities, net	424,402	229,012
 Total Stockholders' Equity	 \$40,840,211	 \$39,271,273
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$61,683,394	 \$59,896,990

See accompanying notes to consolidated financial statements.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three months ended March 31	
	1996	1995
OPERATING REVENUES		
Telephone Revenues		
Local Service	\$790,812	\$751,840
Access	1,773,788	1,615,985
Toll	4,355	3,474
Miscellaneous:		
Directory	283,668	293,115
Facility Leases	433,198	418,503
Billing & Collection	114,042	106,069
Other Miscellaneous	29,160	27,511
Total Telephone Revenues	3,429,023	3,216,497
Cable Television Revenues	220,134	214,642
ShenTel Service Revenues	393,562	417,438
Leasing Revenues	4,609	6,093
Mobile Revenues	1,367,139	1,051,865
Long Distance Revenues	284,352	288,608
Network Revenues	123,843	123,843
Total Revenues and Sales	5,822,662	5,318,986
OPERATING EXPENSES		
Cost of Products and Services Sold	273,941	211,960
Line Costs	134,581	131,264
Plant Specific	524,398	434,202
Plant Non-Specific:		
Network & Other	661,936	410,550
Depreciation and Amortization	802,521	683,470
Customer Operations	764,042	555,888
Corporate Operations	519,644	468,047
Other Operating Income & Expense	46,366	45,451
Taxes Other Than Income	100,302	85,344
Total Operating Expenses	3,827,731	3,026,176

See accompanying notes to consolidated financial statements.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
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PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three months ended March 31	
	1996	1995
OPERATING EXPENSES (Continued)		
Operating Income	1,994,931	2,292,810
Gain on Sale of Investment	228,250	872,125
Non-Operating Income		
less Expenses	194,003	186,812
Interest Expense	(141,260)	(179,033)
Income Before Income Taxes	2,275,924	3,172,714
Provision for Income Taxes	780,935	1,128,444
Net Income Before Minority Interest	1,494,989	2,044,270
Minority Interest	(121,441)	(109,836)
Net Income	\$1,373,548	\$1,934,434
EARNINGS PER SHARE		
Weighted Average Common Shares Outstanding	3,760,760	3,760,760
Net Income per share	\$0.37	\$0.51

See accompanying notes to consolidated financial statements.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$1,373,548	\$1,934,434
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	\$ 802,521	\$ 683,470
Deferred taxes	(30,838)	158,232
Gain on Sale of Equity investment	(228,250)	(872,125)
Investment (Gains)/Losses	(32,925)	(38,725)
Minority Share of Income	121,441	109,836
Other	99,515	11,226
Decrease (increase) in		
Accounts receivable	(49,543)	217,407
Materials, Prepaid and Other	(399,834)	39,492
Increase (decrease) in		
Accounts Payable	(25,919)	(2,954)
Income taxes payable	798,859	922,390
Deferrals and accruals	(317,747)	(133,716)
Net cash provided by operating activities	\$2,110,828	\$3,028,967

See accompanying notes to consolidated financial statements.
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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

THREE MONTHS ENDED MARCH 31

	1996	1995
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(\$3,006,185)	(\$1,227,733)
Investment in Direct Financing Leases	(746)	(26,378)
Payments Received on Direct Financing Leases	22,791	23,606
Purchase of Certificates of Deposit	(111,856)	(205,255)
Sale of Certificates of Deposit	100,000	0
Purchase of Investments Securities	(40,053)	(1,520,701)
Sales of Investments Securities	549,400	58,810
Cash flows from Securities	31,482	99,144
Proceeds from matured note receivable	0	375,000
Net cash used in investing activities	(\$2,455,167)	(\$2,423,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	\$0	\$0
Principal payments on long term debt	(115,863)	(103,512)
Net cash used in financing activities	(115,863)	(103,512)
NET INCREASE/(DECREASE) IN CASH	(\$460,202)	\$501,948
CASH AND CASH EQUIVALENTS:		
Beginning	6,106,447	6,270,849
Ending	\$ 5,646,245	\$ 6,772,797

See accompanying notes to consolidated financial statements.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. In the opinion of management, the accompanying consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly Shenandoah Telecommunications Company's financial position as of March 31, 1996 and the results of operations and cash flows for the three month periods ended March 31, 1995 and 1994.

While the Company believes that the disclosures presented are adequate, to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and notes included in the Company's annual report in Form 10-K.

2. Earnings per share of common stock have been determined by using the weighted average number of shares outstanding during the period.
3. The results of operations for the three-month period ended March 31, 1996 and 1995 are not necessarily indicative of the results to be expected for the full year.
4. The Company signed a letter of intent in February 1996 to acquire the Shenandoah County assets of FrontierVision Operating Partners, LP. The Company expects to finalize the definitive agreement for this purchase in the second or third quarter of 1996.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

ITEM II, MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Summary

The following tables set forth, for the periods indicated, the percentages which certain items reflected in the financial data bear to total operating revenues and the percentage increase of such items as compared to the indicated prior period:

	RELATIONSHIP TO		PERIOD TO PERIOD	
	TOTAL OPERATING REVENUES		INCREASE OR DECREASE	
	Three months ended March 31		Three months ended March 31	
	1996	1995	1996-95	1995-94
OPERATING REVENUES				
Telephone Revenues				
Local Service	13.6%	14.1%	5.2%	11.7%
Access	30.5%	30.4%	9.8%	-6.2%
Toll	0.1%	0.1%	25.4%	33.5%
Miscellaneous:				
Directory	4.9%	5.5%	-3.2%	10.9%
Facility Leases	7.4%	7.9%	3.5%	85.3%
Billing & Collection	2.0%	2.0%	7.5%	-6.4%
Other Miscellaneous	0.5%	0.5%	6.0%	-50.7%
Total Telephone Revenues	59.0%	60.5%	6.6%	5.2%
Cable Television Revenues	3.8%	4.0%	2.6%	27.2%
ShenTel Service Revenues	6.8%	7.8%	-5.7%	48.2%
Leasing Revenues	0.1%	0.1%	-24.4%	50.3%
Mobile Revenues	23.3%	19.9%	30.0%	16.1%
Long Distance Revenues	4.9%	5.4%	-1.5%	-1.6%
Network revenues	2.1%	2.3%	0.0%	54.4%
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Total Revenues and Sales	100.0%	100.0%	9.5%	11.0%

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

ITEM II, MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	RELATIONSHIP TO		PERIOD TO PERIOD	
	TOTAL OPERATING REVENUES		INCREASE OR DECREASE	
	Three months ended March 31		Three months ended March 31	
	1996	1995	1996-95	1995-94
OPERATING EXPENSES				
Cost of Products and Services Sold	4.7%	4.0%	29.2%	131.3%
Line Costs	2.3%	2.5%	2.5%	-0.2%
Plant Specific	9.0%	8.2%	20.8%	2.1%
Plant Non-Specific:				
Network & Other	11.4%	7.7%	61.2%	-5.3%
Depreciation and Amortization	13.8%	12.8%	17.4%	4.4%
Customer Operations	13.1%	10.5%	37.4%	-4.2%
Corporate Operations	8.9%	8.8%	11.0%	5.4%
Other Operating Income & Expense	0.8%	0.9%	2.0%	28.2%
Taxes Other Than Income	1.7%	1.6%	17.5%	13.7%
	-----	-----	-----	-----
Total Operating Expenses	65.7%	57.0%	26.5%	5.4%
Operating Income	34.3%	43.0%	-13.0%	19.4%
Gain on Sale of Investment	3.9%	16.4%	-73.8%	N/A
Non-Operating Income less Expenses	3.3%	3.5%	3.8%	2743.4%
Interest Expense	-2.4%	-3.4%	-21.1%	3.6%
Income Before Income Taxes	39.1%	59.5%	-28.3%	81.0%
Provision for Income Taxes	13.4%	21.2%	-30.8%	86.5%
Net Income Before Minority Interest	25.7%	38.3%	-26.9%	78.0%
Minority Interest	-2.1%	-2.1%	10.6%	88.5%
Net Income	23.6%	36.2%	-29.0%	77.5%
	=====	=====	=====	=====

SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Shenandoah Telecommunications Company is a diversified telecommunications holding company providing both regulated and unregulated telecommunications services through its eight wholly-owned subsidiaries.

This industry is in a period of transition from a protected monopoly to a competitive environment as evidenced by the recent passage of the Telecommunications Act of 1996. As a result, Shenandoah Telecommunications has made and plans to continue to make significant investments in the new and emerging technologies.

The most significant revenue contributors are regulated telephone local exchange company accounting for 58.9% of revenue and the cellular dominated operations of the Mobile subsidiary, accounting for 23.3% of revenue during the most recent quarter. Other significant services provided are paging, newly emerging personal communications services (PCS), cable television, Internet access, long distance, and fiber facilities and towers leased to other telecommunications carriers. The Company also sells and leases equipment, mainly related to services provided. The Company also participates in emerging technologies by direct investment in non-affiliated companies.

RESULTS OF OPERATIONS

The Company's largest source of revenue continues to be for access to the Company's local exchange network by interexchange carriers. The volume for approximately two-thirds of these access revenues generally tracks with changes in minutes of use. The minutes of use during the first quarter of 1996 increased 14.6% over the total minutes of use in the first quarter of 1995, leading to the 12.9% increase in the associated revenues. The total access revenue increase was not as large as the minutes of use increase, principally due to a major growth in the non-traffic sensitive elements.

First quarter cable television revenues increased 2.6% over the first quarter of 1995. The increase was due to an increase in the customer base of 3.2%. The Company recently announced that it had signed a letter of intent to acquire CATV assets located in our service area. Management has not estimated the effect this acquisition will have on CATV revenues.

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SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (Continued)

The decrease in the ShenTel Service revenues category for 1996 compared to 1995, is due to decreases in retail equipment sales, sales commissions, and equipment rentals. Equipment sales were \$71,213 or 30.0% less during the first quarter of 1996 compared to the same period in 1995. Sales commissions and equipment rentals decreased \$11,898 and \$8,273 respectively compared to a year earlier. Offsetting this decrease is an increase in revenues from our Internet Service operation of \$73,536 or 690.5% compared to the first quarter of 1995. This increase is due to the increasing customer base. The Company began offering local access to the Internet in 1994.

Financing lease revenues are chiefly for leases and rentals of customer premise equipment such as PBXs and home satellite dishes sold through Company subsidiaries.

The Mobile revenues are mainly comprised of revenues from wireless communications services. First quarter 1996 local cellular revenues increased \$146,422 or 28.6% compared to the same period in 1995. First quarter 1996 outcollect roamer revenues increased \$143,853 or 28.8% compared to the same period in 1995. The increase in local cellular revenues was due to a 38.6% increase in the customer base from the end of the first quarter of 1995. Included in local cellular revenues are revenues for the sale of phones. These revenues were down 31.1% in the first quarter of 1996 compared to the same period in 1995. This was due to promotional discounts given on the sale phones in 1996. The promotional pricing began in the fourth quarter of 1995.

Total payroll costs (including capitalized costs) in the first quarter of 1996 increased \$291,248 or 24.8% compared to the same period in 1995. The increase is due to an increase in full-time equivalent employees, primarily due to the start-up of the Internet Service and Personal Communications Services operations.
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SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (Continued)

The expense category with the largest increase in the first quarter of 1996 over the first quarter of 1995 was Network and Other. The 61.2% increase was due primarily to facilities costs attributed to our Internet Service operation and to network costs for our wireless businesses. First quarter 1996 facilities costs of \$81,504 for our Internet access business, were 553.3% higher than for the first quarter of 1995. Costs for incollect roaming on our cellular network for the first quarter of 1996, increased \$52,504 or 32.2% compared to the first quarter of 1995. Network costs for our PCS operation were \$58,426 during the first quarter of 1996. The build out of this network began in late 1995 and so no costs were recorded during the first quarter of 1995.

Depreciation and amortization, our largest expense category, was 17.4% higher in the first quarter of 1996 compared to the same period in 1995. This is due to the increased pace of plant acquisition for the twelve months ended March 31, 1996. During this period, expenditures for construction and purchases of property and equipment equaled \$8,475,928. Comparable expenditures during the twelve month period ended March 31, 1995 equaled \$3,914,654.

First quarter 1996 customer operations increased 37.4% compared to the same period in 1995. These costs are for the marketing and sales, billing, and customer service functions. As with the network and other category, increases for the Internet access, cellular, and PCS businesses are primarily responsible for the increase.

The increase in Taxes Other Than Income, comprised primarily of property taxes, was due to the increase in capital expenditures discussed above.

The Non-operating Income Less Expenses category consists mainly of the income or loss from investments made by the Company. Interest income from certificates of deposit and held to maturity securities increased 9.6% despite the total amount invested at March 31, 1996 decreasing 12.4% compared to March 31, 1995. This was due to increasing the portion invested in longer term securities. Income from investments in non affiliated companies accounted for by the equity method, had a decrease of \$6,275 or 13.3%.

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SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (Continued)

The Company, along with other telecommunications providers, founded Virginia Metrotel to construct and operate a fiber optic network in the Richmond, Virginia metropolitan area. The fiber network would provide competitive access to businesses in the area. As a result of a strategic change, it was agreed to sell this business to MFS Communications Company. The Company recognized a gain on the sale in January 1995. The amount of the gain was \$872,125. The Company recognized further gains of \$269,261 on subsequent sales of MFS stock in 1995. In January of 1996 the Company completed the sale of the remaining MFS stock, resulting in a gain on the sale of \$228,250.

LIQUIDITY AND CAPITAL RESOURCES

The Company continued to generate a cash flow from operations that adequately met the Company's need for cash in the first quarter 1996. Other available sources of liquidity are \$4,500,000 in unsecured lines of credit with two local banks. No advances have been made from these lines of credit in 1996. The Company has a loan agreement with the Rural Telephone Bank in the amount of \$9,240,000. The Company received an advance of \$1,047,900 in August of 1995. As of April 30, 1996, the Company has received advances in the amount of \$4,433,900. Expenditure of these loan funds is limited to capital projects for the regulated local exchange carrier.

As discussed above, the Company recently began participating in the new personal communications services (PCS) business. This will require significant investment in new plant and equipment. The Company has a material contractual commitment for these capital expenditures, requiring the build out of our PCS network within a certain time period. The Company has budgeted approximately \$6,000,000 for PCS-related new plant in 1996, and anticipates additional cash flow requirements for inventory and initial operating losses.

In addition, the Company signed a letter of intent in February 1996 to acquire the Shenandoah County cable television assets of FrontierVision Operating Partners, L.P. The Company expects to finance these cash needs, as well as budgeted capital expenditures of approximately \$8,000,000 for our other subsidiaries through internally generated cash flows, additional advances from the RTB note, and new debt of approximately \$25 million. The Company signed a commitment letter with CoBank on May 3, 1996 for this new debt. PAGE

PART II

OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders.

ITEM 6. Exhibits and Reports on Form 8-K

Reported the signing of a Letter of Intent to acquire the Shenandoah County, Virginia cable television systems of FrontierVision Operating Partners, L.P., of Denver, Colorado. The acquisition is subject to execution of a definitive agreement and approval by the local governing bodies for the transfer of the existing franchises.

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SHENANDOAH TELECOMMUNICATIONS COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHENANDOAH TELECOMMUNICATIONS COMPANY
(Registrant)

May 9, 1996

CHRISTOPHER E. FRENCH
Christopher E. French
President

May 9, 1996

LAURENCE F. PAXTON
Laurence F. Paxton
Vice President - Finance

3-MOS

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