

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, 1997

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)
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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 April 29, 1997
Common Stock, No Par Value	3,760,760 Shares

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SHENANDOAH TELECOMMUNICATIONS COMPANY

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

ASSETS

[CAPTION]

[S]	March 31, 1997 [C]	December 31, 1996 [C]
Current Assets		
Cash & Cash Equivalents	\$ 5,092,202	\$ 3,763,468
Certificates of Deposit	1,142,181	1,142,181
Held-to-Maturity Securities	2,161,545	2,148,945
Accounts Receivable	4,114,031	4,208,742
Materials and Supplies	2,936,131	2,888,709
Prepaid Expenses and Other	325,896	399,074
	15,771,986	14,551,119
Securities and Investments		
Available-for-sale securities	1,844,305	2,738,431
Held-to-Maturity Securities	1,622,433	1,622,433
Other Investments	4,099,968	4,112,947
	7,566,706	8,473,811
Property, Plant, and Equipment		
Plant in Service	68,045,309	65,215,491
Plant Under Construction	5,050,623	5,626,710
	73,095,932	70,842,201
Less Accumulated Depreciation	22,609,194	21,648,820
	50,486,738	49,193,381
Other Assets		
Cost in Excess of Net Assets of Business acquired less Accumulated Amortization	5,574,452	5,532,601
Deferred Charges and Other Assets	606,591	523,185
Deposit	0	1,100,000
	6,181,043	7,155,786
	\$80,006,473	\$79,374,097

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

[CAPTION] LIABILITIES AND STOCKHOLDERS' EQUITY

[S]	March 31, 1997	December 31, 1996
Current Liabilities		
Current Maturities of	[C]	[C]
Long-Term Debt	\$ 519,406	\$ 529,405
Accounts Payable	1,392,162	2,097,115
Advance Billing and Payments	472,169	590,336
Customers' Deposits	94,296	89,591
Other Current Liabilities	1,032,253	1,117,795
Income Taxes Payable	561,964	0
Other Taxes Payable	202,312	128,144
	4,274,562	4,552,386
Long Term Debt, Less Current Maturities	24,654,400	24,176,834
Other Liabilities and Deferred Credits		
Deferred Investment		
Tax Credit	273,031	291,957
Deferred Income Taxes	4,569,717	4,908,170
Pension and Other	701,086	573,363
	5,543,834	5,773,490
Minority Interest	1,954,521	1,743,465
Stockholders' Equity		
Common Stock, no par value, authorized 8,000,000 shares; issued 3,760,760 shares	4,740,677	4,740,677
Retained Earnings	38,731,188	37,716,654
Unrealized gain on Available- for-Sale Securities, net	107,291	670,591
	43,579,156	43,127,922
	\$80,006,473	\$79,374,097

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)

[S]	Three months ended March 31	
	1997	1996
OPERATING REVENUES		
Telephone Revenues	[C]	[C]
Local Service	\$859,022	\$790,812
Access	1,739,682	1,773,788
Toll	6,135	4,355
Miscellaneous:		
Directory	273,030	283,668
Facility Leases	476,706	433,198

Billing & Collection	105,036	114,042
Other Miscellaneous	48,386	29,160
Total Telephone Revenues	3,507,997	3,429,023
Cable Television Revenues	615,121	220,134
ShenTel Service Revenues	473,950	393,562
Leasing Revenues	3,622	4,609
Mobile Revenues	2,045,866	1,367,139
Long Distance Revenues	241,978	284,352
Network Revenues	153,733	123,843
Total Revenues and Sales	7,042,267	5,822,662
OPERATING EXPENSES		
Cost of Products and Service	397,208	273,941
Line Costs	95,361	134,581
Plant Specific	622,388	524,398
Plant Non-Specific:		
Network & Other	929,994	661,936
Depreciation and Amortization	1,110,488	802,521
Customer Operations	995,668	764,042
Corporate Operations	669,621	519,644
Other Operating Expenses	194,914	46,366
Taxes Other Than Income	98,177	100,302
Total Operating Expenses	5,113,819	3,827,731

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

[CAPTION] CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three months ended March 31	
	1997	1996
[S]	[C]	[C]
Operating Income	\$1,928,448	\$1,994,931
Gain on Sale of Investment	0	228,250
Non-Operating Income		
less Expenses	229,416	194,003
Interest Expense	(356,449)	(141,260)
Income Before Income Taxes	1,801,415	2,275,924
Provision for Income Taxes	575,822	780,935
Net Income Before Minority Interest	1,225,593	1,494,989
Minority Interest	(211,056)	(121,441)
Net Income	\$ 1,014,537	\$1,373,548
EARNINGS PER SHARE		
Weighted Average Common Shares Outstanding	3,760,760	3,760,760
Net Income per share	\$0.27	\$0.37

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

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

THREE MONTHS ENDED MARCH 31

	1997	1996
[S]		
CASH FLOWS FROM OPERATING ACTIVITIES	[C]	[C]
Net Income	\$1,014,534	\$1,373,548
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	1,111,989	802,521
Deferred taxes	(7,628)	(30,838)
Gain on Sale of Equity Investment	0	(228,250)
Investment (Gains)/Losses	40,187	(1,443)
Minority Share of Income	211,056	121,441
Other	(41,997)	99,515
Decrease (increase) in:		
Accounts Receivable	94,711	(49,543)
Materials and Supplies	(47,422)	(399,834)
Increase (Decrease) in:		
Accounts Payable	(704,953)	(25,919)
Income Taxes Payable	588,568	798,859
Other Deferrals and Accruals	(24,930)	(317,747)
Net cash provided by operating activities	2,234,115	2,142,310
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,330,946)	(3,006,185)
Purchase of Certificates of Deposit	(499,582)	(111,856)
Maturities of Certificates of Deposit	486,982	100,000
Cash Flows from Securities	0	509,347
Return of Deposit	953,400	0
Other	17,198	22,045
Net cash used in investing activities	(1,372,948)	(2,486,649)

See accompanying notes to consolidated financial statements.
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SHENANDOAH TELECOMMUNICATIONS COMPANY
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[CAPTION] PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

THREE MONTHS ENDED MARCH 31

1997 1996

[S]	[C]	[C]
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long Term Debt	\$ 601,500	\$ 0
Principal payments on Long Term Debt	(133,933)	(115,863)
Net cash provided by financing activities	467,567	(115,863)
Net increase (decrease) in cash and cash equivalents	1,328,734	(460,202)
Cash and Cash Equivalents:		
Beginning	3,763,468	6,106,447
Ending	\$5,092,202	\$5,646,245

See accompanying notes to consolidated financial statements.
PAGE

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, 1997 and the results of operations and cash flows for the three month periods ended March 31, 1997 and 1996.

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. The results of operations for the three-month period ended March 31, 1997 and 1996 are not necessarily indicative of the results to be expected for the full year.

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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 REVENUES		INCREASE OR DECREASE	
	Three months ended March 31		Three months ended March 31	
	1997	1996	1997-96	1996-95
OPERATING REVENUES				
Telephone Revenues				
Local Service	12.20	13.58	8.63	5.18
Access	24.70	30.46	(1.92)	9.77
Toll	0.09	0.07	40.87	25.36
Miscellaneous:				
Directory	3.88	4.87	(3.75)	(3.22)
Facility Leases	6.77	7.44	10.04	3.51
Billing & Collection	1.49	1.96	(7.90)	7.52
Other Miscellaneous	0.69	0.50	65.93	5.99
Total Telephone Revenues	49.81	58.89	2.30	6.61
Cable Television Revenues	8.73	3.78	179.43	2.56
ShenTel Service Revenues	6.73	6.76	20.43	(5.72)
Leasing Revenues	0.05	0.08	(21.41)	(24.36)
Mobile Revenues	29.05	23.48	49.65	29.97
Long Distance Revenues	3.44	4.88	(14.90)	(1.47)
Network Revenues	2.18	2.13	24.14	0.00
Total Revenues	100.00	100.00	20.95	9.47

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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 REVENUES		INCREASE OR DECREASE	
	Three months ended March 31		Three months ended March 31	
	1997	1996	1997-96	1996-95
OPERATING EXPENSES				
Cost of Products Sold	5.64	4.70	45.00	29.24
Line Costs	1.35	2.31	(29.14)	2.53
Plant Specific	8.84	9.01	18.69	20.77
Plant Non-Specific:				
Network & Other	13.21	11.37	40.50	61.23
Depreciation and Amortization	15.77	13.78	38.37	17.42
Customer Operations	14.14	13.12	30.32	37.45
Corporate Operations	9.51	8.92	28.86	11.02
Other Operating Income & Expense	2.77	0.80	320.38	2.01
Taxes Other Than Income	1.39	1.72	(2.12)	17.53
Total Operating Expenses	72.62	65.74	33.60	26.49
Operating Income	27.38	34.26	(3.33)	(12.99)
Gain on Sale of Investment	0.00	3.92	(100.00)	(73.83)
Non-Operating Income less Expenses	3.26	3.33	18.25	3.85
Interest Expense	(5.06)	(2.43)	152.34	(21.10)
Income Before Income Taxes	25.58	39.09	(20.85)	(28.27)
Provision for Income Taxes	8.18	13.41	(26.27)	(30.80)
Income Before Minority Interest	17.40	25.68	(18.02)	(26.87)
Minority Interest	(3.00)	(2.09)	73.79	10.57
Net Income	14.41	23.59	(26.14)	(28.99)

/TABLE

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 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 the regulated telephone local exchange company accounting for 49.81% of revenue and the cellular dominated operations of the Mobile subsidiary, accounting for 29.05% of revenue during the most recent quarter. Other significant services provided are paging, 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 1997 decreased .16% from the total minutes of use in the first quarter of 1996, leading to a 1.92% decrease in the associated revenues. Management attributes these decreases to inclement weather experienced.

First quarter cable television revenues increased 179.43% over the first quarter of 1996. The increase was due to the acquisition of the CATV assets owned by FrontierVision Operating Partnership located in our service area on September 30, 1996.
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SHENANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS (Continued)

The increase in the ShenTel Service revenues category for the first quarter of 1997 compared to 1996 was 20.43%. This was due to increases in Internet Service revenues. First quarter 1997 revenues from our Internet Service operations were up \$97,640 or 115.98% compared to the first quarter of 1996. The increase is due to the increasing customer base. The increases in Internet access revenues were partially offset by decreases in equipment sales and rentals. These revenues decreased \$15,624 or 6.20% compared to the first quarter of 1996.

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

The Mobile revenues are mainly comprised of revenues from wireless communications services. First quarter 1997 local cellular revenues increased \$167,934 or 25.72% compared to the same period in 1996. The increase in local cellular revenues was due to an increase in the customer base. First quarter 1997 outcollect roamer revenues increased \$236,187 or 36.68% compared to the same period in 1996. Total revenues from the Cellular operation accounted for 24.15% of total Company revenues in the first quarter, compared to 22.38% in the first quarter of 1996.

Total payroll costs (including capitalized costs) in the first three months of 1997 decreased \$11,202 or 1.00% compared to the same period in 1996. The decrease is due to high maintenance costs incurred in January of 1996 to repair blizzard and flood damage not being repeated in 1997, as well as, reduced sales commissions in the ShenTel subsidiary. These items were partially offset by increases in the PCS subsidiary as its sales force grows with the opening of new retail stores.

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SHELANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS (Continued)

Cost of Goods Sold increased 45.00% in the first quarter compared to the same period in 1996. This is due to an increase in the volume of PCS phones sold as network coverage expands. The volume increase added 507.47% to the total cost of PCS phones sold as compared to the first quarter of 1996. The PCS increase was partially offset by decreases in the cost of goods sold by the ShenTel subsidiary related to the decline in equipment sales discussed above.

The expense category Network and Other consists primarily of network support, engineering, and leased facilities costs. Of the 40.50% or \$268,058 increase for the first quarter over the first quarter of 1997, 40.95% is due to increases from our cellular operation, 23.41% from the new PCS operation, and 32.20% from the Internet access operation.

Depreciation and Amortization, our largest expense category, was 38.37% higher in the first quarter of 1997 compared to the same period in 1996. This is due to the increased pace of plant acquisition. Expenditures for construction and purchases of property and equipment for 1996 equaled \$22,835,061. Comparable expenditures during 1995 equaled \$6,697,476. Budgeted 1997 expenditures for plant and equipment are approximately the same as 1996.

Customer Operations increased 30.32% for the quarter compared to the same period in 1996. 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.

Corporate Operations increased \$149,977 or 28.86% in the first quarter of 1997 compared to the same period in 1996. The Corporate Operations category includes expenses for executive and general management, accounting, external relations, human resources, legal, purchasing, insurance, and other general and administrative costs. The PCS subsidiary accounts for 53.69% or \$80,518 of the increase in this category.

The Other Operating Expense category consists of royalty expense paid to programming providers for the Cable Television

subsidiary. The increase in these expenses year-to-date compared with the first quarter of 1996 is due to the acquisition of the Shenandoah County CATV assets of FrontierVision on September 30, 1996. PAGE

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS (Continued)

The Non-operating Income Less Expenses category consists mainly of the income or loss from investments made by the Company. This category showed an increase of 18.28% in the first quarter compared to the same period in 1996. Income from investments accounted for by the equity method increased \$54,647 or 111.77%. Interest income decreased \$19,278 or 12.60% in the same period, due to decreased investment in Treasury Bills.

Interest expense has increased 152.34% in the first quarter compared to the first quarter of 1996. The Company began drawing funds on the CoBank note (described below) in the third quarter of 1996. Draws on this note at March 31, 1997 equaled \$14,069,338.

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

On August 2, 1996, the Company signed a note with CoBank to borrow up to \$25 million. The term of the loan is for up to 15 years, with multiple interest options. The Company began drawing these funds in the third quarter of 1996. A portion of these funds were used for the acquisition of the Shenandoah County CATV assets of FrontierVision in September of 1996. The new debt is also being used to finance the building of the new network for the PCS operation. The Company budgeted approximately \$12,000,000 for PCS-related plant in 1997, and anticipates additional cash flow requirements for inventory and initial operating losses.
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SHENANDOAH TELECOMMUNICATIONS COMPANY

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

LIQUIDITY AND CAPITAL RESOURCES (Continued)

The Company budgeted capital expenditures of approximately \$11,500,00 for our other subsidiaries for 1997. These capital needs will be met through internally generated cash flows and the existing Rural Telephone Bank note. The loan agreement with the RTB allows for additional borrowings of approximately \$3,600,000.

Expenditures of these loan funds is limited to capital projects for the regulated local exchange carrier.
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SHENANDOAH TELECOMMUNICATIONS COMPANY

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

None

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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 7, 1997 CHRISTOPHER E. FRENCH
Christopher E. French
President

May 7, 1997 LAURENCE F. PAXTON
Laurence F. Paxton
Vice President - Finance

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