

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 June 30, 1995 Commission File Number 0-9881

SHENANDOAH TELECOMMUNICATIONS COMPANY
(Exact name of registrant as specified in its charter)

Virginia 54-1162807
(State or other jurisdiction (I.R.S. Employer
of incorporation or Identification
organization) 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 August 1, 1995
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

	June 30, 1995	December 31, 1994
CURRENT ASSETS		
Cash & Cash Equivalents	\$4,822,402	\$6,270,849
Certificates of Deposit	1,761,317	930,911
Investments Held to Maturity	3,266,265	3,254,460
Accounts Receivable	2,391,088	2,880,428
Leases Receivable (Net)	81,140	81,140
Materials	1,776,483	1,511,006
Prepaid and Other		
Current Assets	178,432	236,191
Total Current Assets	\$14,277,127	\$15,164,985
NONCURRENT ASSETS		
Other Securities and		
Investments	\$4,244,672	\$4,615,689
Securities Available for Sale	1,456,226	0

Investments Held to Maturity	2,598,656	499,687
Investment in Direct Financing Leases	278,712	287,584
	-----	-----
Total Noncurrent Assets	\$8,578,266	\$5,402,960
	-----	-----
PLANT, PROPERTY AND EQUIPMENT		
Plant in Service	\$50,607,330	\$49,102,832
Plant Under Construction	397,969	248,717
Less Accumulated Depreciation	17,887,210	17,455,344
	-----	-----
Net Plant, Property, and Equipment	\$33,118,089	\$31,896,205
	-----	-----
TOTAL ASSETS	\$55,973,482	\$52,464,150
	=====	=====

See accompanying notes to consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1995	December 31, 1994
CURRENT LIABILITIES		
Current Maturities of		
Long-Term Debt	\$423,329	\$423,329
Accounts Payable	465,946	307,691
Advance Billing	350,752	526,105
Customer Deposits	113,200	137,793
Other Current Liabilities	816,340	910,968
Income Taxes Payable	164,474	26,618
Other Accrued Taxes	176,509	53,739
Total Current Liabilities	\$2,510,550	\$2,386,243
LONG TERM DEBT, LESS CURRENT MATURITIES	\$9,306,505	\$9,517,880
	-----	-----
OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred Investment		
Tax Credits	\$405,508	\$442,844
Deferred Income Taxes	3,703,278	3,535,014
Pension and Other	635,017	745,935
	-----	-----
Total Other Liabilities and Deferred Credits	\$4,743,803	\$4,723,793
	-----	-----
Minority interests	\$1,474,473	\$1,219,493
	-----	-----
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	33,194,790	29,876,064
Unrealized Gain on Securities Held for Sale	2,684	0
	-----	-----
Total Stockholders' Equity	\$37,938,151	\$34,616,741
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$55,973,482	\$52,464,150
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Three months ended		Six months ended	
	June 30		June 30	
	1995	1994	1995	1994
	-----	-----	-----	-----
OPERATING REVENUES				
Telephone Revenues				
Local Service	\$764,253	\$721,425	\$1,516,093	\$1,394,463
Access	1,607,465	1,552,464	3,223,450	3,275,549
Toll	3,314	(20,151)	6,788	(17,549)
Miscellaneous:				
Directory	271,595	250,753	564,710	515,040
Facility Leases	425,262	377,461	843,765	603,293
Billing & Collection	73,275	108,787	179,344	222,159
Other Miscellaneous	31,280	51,551	58,791	107,306
	-----	-----	-----	-----
Total Telephone Revenues	3,176,444	3,042,290	6,392,941	6,100,261
Cable Television Revenues	216,922	174,581	431,564	343,320
ShenTel Service Revenues	266,443	470,060	683,881	751,705
Leasing Revenues	6,438	5,456	12,531	9,511
Mobile Revenues	1,239,610	1,050,287	2,291,475	1,956,114
Long Distance Revenues	273,981	274,572	562,589	567,825
Network Revenues	123,842	80,197	247,685	160,395
	-----	-----	-----	-----
Total Revenues and Sales	5,303,680	5,097,443	10,622,666	9,889,131
	-----	-----	-----	-----

See accompanying notes to consolidated financial statements .

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	Three months ended		Six months ended	
	June 30		June 30	
	1995	1994	1995	1994
	-----	-----	-----	-----
OPERATING EXPENSES				
Cost of Products and				
Services Sold	\$ 115,315	\$ 242,496	\$ 327,275	\$ 334,141
Line Costs	115,745	125,872	247,009	257,455
Plant Specific	484,915	361,277	919,117	786,753
Plant Non-Specific:				
Network & Other	484,608	395,315	895,158	829,038
Depreciation and				
Amortization	707,211	672,069	1,390,681	1,326,771
Customer Operations	571,742	547,348	1,127,630	1,127,599
Corporate Operations	466,496	462,210	934,543	906,464
Other Operating Income				
& Expense	46,565	37,824	92,016	73,285
Taxes other than income	81,835	89,484	167,179	164,553
	-----	-----	-----	-----
Total Operating Expenses	3,074,432	2,933,895	6,100,608	5,806,059
	-----	-----	-----	-----
Operating income	2,229,248	2,163,548	4,522,058	4,083,072

See accompanying notes to consolidated financial statements .

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION

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

	Three months ended		Six months ended	
	June 30		June 30	
	1995	1994	1995	1994
	-----	-----	-----	-----
Gain on Sale of Investment	\$ 0	\$ 0	\$ 872,125	\$ 0
Non-operating income				
less expenses	251,845	38,846	438,657	45,416
Interest expense	171,659	149,503	350,692	322,263
	-----	-----	-----	-----
Income before taxes	2,309,434	2,052,891	5,482,148	3,806,225
Provision for income taxes	779,998	700,826	1,908,442	1,305,840
	-----	-----	-----	-----
Net income before minority interest	1,529,436	1,352,065	3,573,706	2,500,385
Minority interest	(145,144)	(102,920)	(254,980)	(161,195)
Net Income	\$1,384,292	\$1,249,145	\$3,318,726	\$2,339,190
	=====	=====	=====	=====
EARNINGS PER SHARE				
Weighted Average Common Shares Outstanding	3,760,760	3,760,760	3,760,760	3,760,760
	=====	=====	=====	=====
Net Earnings per Share	\$0.37	\$0.33	\$0.88	\$0.62
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements .

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	SIX MONTHS ENDED JUNE 30	
	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$3,318,726	\$2,339,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	1,390,681	1,326,771
Deferred taxes	185,020	52,074
Gain on Sale of Equity investment	(872,125)	0
Investment (Gains)/Losses	(119,532)	86,248
Minority Share of Income	254,980	161,195
Payment to Pension Fund	(176,186)	0
Other	122,652	135,175
Decrease (increase) in		
Accounts receivable	100,047	(157,741)
Materials and Supplies	(265,477)	145,664
Increase (decrease) in		
Accounts Payable	123,812	(158,933)
Income taxes payable	137,856	(409,383)
Other current liabilities	(171,804)	(121,482)
	-----	-----
Net cash provided by operating activities	4,028,650	3,398,778
	-----	-----

See accompanying notes to consolidated financial statements.

AND SUBSIDIARY COMPANIES

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

	SIX MONTHS ENDED JUNE 30	
	1995	1994
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,612,565)	(1,684,287)
Investment in Direct Financing Leases	(36,184)	(179,616)
Payments Received on Direct Financing Leases	45,056	39,224
Purchase of Investments Securities	(4,880,371)	(2,023,463)
Sale of Investments Securities	1,843,342	869,756
Proceeds from matured note receivable	375,000	0
	-----	-----
Net cash provided by investing activities	(5,265,722)	(2,978,386)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	0	0
Payment of notes payable	(211,375)	(1,064,018)
	-----	-----
Net cash provided by financing activities	(211,375)	(1,064,018)
	-----	-----
NET INCREASE / (DECREASE) IN CASH	(1,448,447)	(643,626)
	-----	-----
CASH AND CASH EQUIVALENTS:		
Beginning	6,270,849	5,695,891
	-----	-----
Ending	\$4,822,402	\$5,052,265
	=====	=====

See accompanying notes to consolidated financial statements.

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 June 30, 1995 and the results of operations and cash flows for the six month periods ended June 30, 1994 and 1993.

While the Company believes that the disclosures presented are adequate, to make the information not misleading, it is suggested that these condensed 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 June 30, 1995 are not necessarily indicative of the results to be expected for the full year.

SHENANDOAH TELECOMMUNICATIONS COMPANY
 AND SUBSIDIARY COMPANIES

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 TOTAL OPERATING REVENUES				PERIOD TO PERIOD INCREASE OR DECREASE			
	Three months ended June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	1995	1994	1995	1994	1995-94	1994-93	1995-94	1994-93
OPERATING REVENUES								
Telephone Revenues								
Local Service	14.4%	14.2%	14.3%	14.2%	5.9%	10.4%	8.7%	7.5%
Access	30.3%	30.5%	30.3%	33.1%	3.5%	0.4%	-1.6%	7.7%
Toll	0.1%	-0.4%	0.1%	-0.2%	-116.4%	-452.1%	-138.7%	-1035.4%
Miscellaneous:								
Directory	5.1%	4.9%	5.3%	5.2%	8.3%	-4.1%	9.6%	3.5%
Facility Leases	8.0%	7.4%	7.9%	6.1%	12.7%	48.5%	39.9%	13.6%
Billing & Collection	1.4%	2.1%	1.7%	2.2%	-32.6%	-0.9%	-19.3%	2.8%
Other Miscellaneous	0.6%	1.0%	0.6%	1.1%	-39.3%	82.1%	-45.2%	77.9%
Total Telephone Revenues	59.9%	59.7%	60.2%	61.7%	4.4%	6.4%	4.8%	8.0%
Cable Television Revenues	4.1%	3.4%	4.1%	3.5%	24.3%	-3.9%	25.7%	-2.7%
ShenTel Service Revenues	5.0%	9.2%	6.4%	7.6%	-43.3%	52.1%	-9.0%	44.5%
Leasing Revenues	0.1%	0.1%	0.1%	0.1%	18.0%	-86.9%	31.8%	-88.9%
Mobile Revenues	23.4%	20.6%	21.6%	19.8%	18.0%	29.0%	17.1%	39.6%
Long Distance Revenues	5.2%	5.4%	5.3%	5.7%	-0.2%	-14.1%	-0.9%	-12.0%
Network Revenues	2.3%	1.6%	2.3%	1.6%	54.4%	-24.0%	54.4%	-20.1%
	-----	-----	-----	-----	-----	-----	-----	-----
Total Revenues and Sales	100.0%	100.0%	100.0%	100.0%	4.0%	10.1%	7.4%	11.7%

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	RELATIONSHIP TO TOTAL OPERATING REVENUES				PERIOD TO PERIOD INCREASE OR DECREASE			
	Three months ended June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	1995	1994	1995	1994	1995-94	1994-93	1995-94	1994-93
OPERATING EXPENSES								
Cost of Products and Services Sold	2.2%	4.8%	3.1%	3.4%	-52.4%	-1.7%	-2.1%	6.1%
Line Costs	2.2%	2.5%	2.3%	2.6%	-8.0%	-7.7%	-4.1%	-0.9%
Plant Specific	9.1%	7.1%	8.7%	8.0%	34.2%	-14.2%	16.8%	-6.0%
Plant Non-Specific:								
Network & Other	9.1%	7.8%	8.4%	8.4%	22.6%	-3.8%	8.0%	8.4%
Depreciation and Amortization	13.3%	13.2%	13.1%	13.4%	5.2%	8.2%	4.8%	6.8%
Customer Operations	10.8%	10.7%	10.6%	11.4%	4.5%	4.8%	0.0%	6.9%
Corporate Operations	8.8%	9.1%	8.8%	9.2%	0.9%	3.9%	3.1%	0.0%
Other Operating Income & Expense	0.9%	0.7%	0.9%	0.7%	23.1%	10.6%	25.6%	8.2%
Taxes other than income	1.5%	1.8%	1.6%	1.7%	-8.5%	41.2%	1.6%	33.7%
	-----	-----	-----	-----	-----	-----	-----	-----
Total Operating Expenses	57.9%	57.7%	57.5%	58.8%	4.8%	1.1%	5.1%	4.2%
Operating income	42.0%	42.4%	42.6%	41.3%	3.0%	25.0%	10.8%	24.4%
Gain on Sale of Investment	0.0%	0.0%	8.2%	0.0%	N/A	N/A	N/A	N/A
Non-operating income less expenses	4.7%	0.8%	4.1%	0.5%	548.3%	127.3%	865.9%	144.0%
Interest expense	3.2%	2.9%	3.3%	3.3%	14.8%	-1.1%	8.8%	6.8%
	-----	-----	-----	-----	-----	-----	-----	-----
Income before taxes	43.5%	40.3%	51.6%	38.5%	12.5%	42.9%	44.0%	32.3%

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	RELATIONSHIP TO TOTAL OPERATING REVENUES		PERIOD TO PERIOD INCREASE OR DECREASE	
	Three months	Six months	Three months	Six months

	ended June 30		ended June 30		ended June 30		ended June 30	
	1995	1994	1995	1994	1995-94	1994-93	1995-94	1994-93
Provision for income taxes	14.7%	13.7%	18.0%	13.2%	11.3%	40.5%	46.1%	29.7%
	-----	-----	-----	-----	-----	-----	-----	-----
Net income before minority interest	28.8%	26.5%	33.6%	25.3%	13.1%	44.1%	42.9%	33.7%
Minority interest	-2.7%	-2.0%	-2.4%	-1.6%	41.0%	944.6%	58.2%	4333.3%
Net Income	26.1%	24.5%	31.2%	23.7%	10.8%	34.6%	41.9%	25.3%
	=====	=====	=====	=====	=====	=====	=====	=====

SHENANDOAH TELECOMMUNICATIONS

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 seven wholly-owned subsidiaries.

The regulated local exchange telephone company is the largest subsidiary, accounting for over 60.0% of revenue and 77.6% of net income year-to-date in 1995 (excluding the gain on the sale of equity security). This industry is in a period of transition from a regulated monopoly to a competitive environment with changing technology. As a result, Shenandoah Telecommunications has made and plans to continue to make significant investments in new and emerging technologies.

Other significant services provided are cellular, cable television, long distance, and facilities leased to interexchange carriers on a Company owned fiber optic cable network. 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 these access revenues is measured in minutes of use. The minutes of use during the first six months of 1995 increased 4.8% compared to the same period in 1994. Minutes of use during the second quarter were 7.0% higher than the second quarter of 1994. Changes in NECA settlement procedures, effective July 1, 1994, offset the increases in minutes of use. The decrease in billing and collection revenues is primarily attributed to a \$33,192 refund in June 1995 to an interexchange carrier for correcting an error to message counts. Management expects these revenues to decline further when one of the interexchange carriers discontinues using our local exchange company for a portion of the billing process. This change is tentatively scheduled to occur in the last quarter of 1995.

The increase in Mobile Company revenues was due to growth in our cellular operation. Cellular revenues increased 17.6% in the six months of 1995 compared to the same period in 1994. Cellular revenues increased 18.3% over the second quarter of 1994. Year-to-date and for the second quarter of 1995, net additions of customers were approximately the same as net additions for the same period in 1994.

SHENANDOAH TELECOMMUNICATIONS

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 both the second quarter and year-to-date is due primarily to a decrease in equipment sales compared to 1994. These sales are down \$118,792 or 28.6% compared to the first six months of 1994. Another factor was the completion of a consulting contract that provided \$12,929 in the first half of 1994. The contract expired in the fourth quarter of 1994. These two items were partially offset by the beginning of a new service in 1995 providing local Internet access to regional communities. This new service provided \$33,398 of revenue during the first six months of 1995.

On September 1, 1994, the cable television company restructured its rates by increasing its rates for basic and premium service and decreasing or eliminating its charges for other services such as rental of converters. As a result of the rate changes and subscriber growth, total revenue for cable television services for the final four months of 1994 increased 17.3% over the previous four months' total, and 26.0% over the final four months of 1993. The number of Cable subscribers has increased 6.8% from June 30, 1994. The increase in the second quarter of 1995 was 2.4% compared to a 3.4% increase in the second quarter of 1994. The Company estimates that our cable rates are within the limits prescribed by the FCC for cable systems of our size. None of the local governments within the Company's cable television serving area have indicated that they will exercise any authority they may have to regulate rates. The Company has recently applied for a franchise to extend the cable television network into an area already served by another cable provider and compete directly with the incumbent provider. Several regulatory approvals must be secured from local and federal governments before construction can begin on the competitive network.

The Company also leases capacity on fiber optic facilities in Virginia, West Virginia, and Maryland to interexchange carriers. The revenue for this activity appears as facilities leases and as network revenues on the income statement. This service experienced a revenue increase of 42.9% year-to-date and 20.0% during the second quarter compared with the same periods in 1994. The increase is due to new circuits being added.

For the first half and the second quarter of 1995, operating expenses increased 5.1% and 4.8% respectively compared to the same periods in 1994.

SHENANDOAH TELECOMMUNICATIONS

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

RESULTS OF OPERATIONS (Continued)

The first operating expense category is cost of goods sold. This category reflects decreases in both the quarter-to-quarter as well as year-to-date comparisons due to the previously discussed decline in ShenTel Service equipment sales.

The plant specific category costs are for maintenance of the company's plant in service. The increases in this category were caused primarily by maintenance to cable in the CATV and Telephone networks. The cable expenses increased \$89,047 or 28.1% year-to-date and \$15,211.37 or 8.8% compared to the second quarter of 1994.

The increases in the network and other category are due primarily to increases in facilities costs for our Cellular operation and the new Internet local access operation. In the second quarter of 1995 the Company added several leased circuits to its Cellular network. These circuits will replace several others that were already in place. This caused a \$25,481 or 10.6% increase in Cellular line costs for the second

quarter compared to the same period in 1994. The original circuits will be taken out in the third quarter.

The Internet facilities costs year-to-date are \$49,243 and were \$36,766 for the second quarter of 1995.

The non-operating income less expenses category consists mainly of the income or loss from investments made by the Company. The Company, along with other telecommunications providers, founded an organization that built a fiber optic network in the Richmond, Virginia metropolitan area. The fiber network provided competitive access to businesses in the area. As a result of a strategic change, it was agreed to sell this business to Metropolitan Fiber Systems. The Company recognized a gain on the sale in January of 1995. The amount of the gain was \$872,125. In addition the Company recognized losses of \$103,461 and \$52,270 respectively during the first six months and second quarter of 1994 as our portion of the operations of this organization. During the third quarter of 1995 the Company sold a portion of the MFS stock it received in exchange for this fiber network. The transaction resulted in a pre-tax gain of approximately \$156,000.

SHENANDOAH TELECOMMUNICATIONS

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

LIQUIDITY AND CAPITAL RESOURCES

The Company continues to generate a strong cash flow from operations that adequately meets the Company's need for cash.

Other available sources of liquidity are two unsecured lines of credit with local banks totaling \$4.5 million. No advances have been made from these lines of credit in 1995. The Company has a loan agreement with the Rural Telephone Bank (RTB) in the amount of \$9,240,000. Advances on this note may be taken until February 1996. The Company expects to receive an additional advance during the third quarter of 1995. As of December 31, 1994, the Company has received advances in the amount of \$3,386,000. Expenditure of these loan funds is limited to approved capital projects for the regulated local exchange carrier.

The Company has reached an agreement to construct and manage part of a network that will provide Personal Communications Services (PCS). The service will be provided under a license held by an unaffiliated company. This will require significant investment in new plant and equipment over the next several years. It is estimated that up to 50.0% of this amount may be financed with loans from external services.

Due to the competition coming from new sources, management is unable to predict the potential impact on the Company's cash flow.

The Company has no material contractual commitments for capital expenditures, however, the Company's Board of Directors has approved a construction budget of approximately \$14,000,000 in 1995. This budget includes the expenditures for PCS discussed above. The remaining amounts are primarily for telephone central office equipment and fiber optic cable facilities. The Company expects to finance these expenditures through internally generated cash flows as well as additional advances from the RTB note.

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

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)

August 14, 1995 CHRISTOPHER E. FRENCH
Christopher E. French
President

August 14, 1995 LAURENCE F. PAXTON
Laurence F. Paxton
Vice President - Finance

<ARTICLE> 5

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