



4004

ANNUAL REPORT

OF

Name: FARMERS INDEPENDENT TELEPHONE COMPANY

Principal Office: 139 WEST MADISON AVE
P.O. BOX 447
GRANTSBURG, WI 54840-0447

For the Year Ended: DECEMBER 31, 1997

TELECOMMUNICATIONS UTILITY TO PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of: <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	A central office switch which has no remote switching units (RSUs) subtending it.
Trunk	A communications path connecting two switching systems in the establishment of an end-to-end connection.
Wide Area Telephone Service (WATS)	Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.
Wire Center	The location of one or more local switching systems. A point at which customers' loops converge.

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: FARMERS INDEPENDENT TELEPHONE COMPANY
Utility Location: 139 WEST MADISON AVE
P.O. BOX 447
GRANTSBURG, WI 54840-0447

Utility Web Site Address:

When was utility organized?: 07/15/1907

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: DANA OLSON
Title: MANAGER

Office Address: 139 WEST MADISON AVENUE
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GRANTSBURG , WI 54840

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Individual or firm, if other than utility employee, preparing this report

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Title: MANAGER

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GRANTSBURG , WI 54840

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IDENTIFICATION AND OWNERSHIP

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name:	GRANTSBURG TELCOM, INC.
Form of Interest:	STOCK
Extent Of Interest:	100%

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,817,361	1,677,685	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	201,339	212,414	2
Plant Nonspecific Operations Expense	346,232	316,232	3
Customer Operations Expense (6610-6620)	227,120	202,741	4
Corporate Operations Expense (6710-6790)	197,125	196,717	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	386,982	349,709	7
Total Operating Expenses	1,358,798	1,277,813	8
Net Operating Income	458,563	399,872	9
Other Income			
Nonoperating Income and Expense (7300)	115,958	45,384	10
Nonoperating Taxes (7400)	46,958	16,987	11
Interest and Related Items (7500)	5,672	5,207	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	1,446	(3,235)	14
Total Nonoperating Income	64,774	19,955	15
Net Income	523,337	419,827	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

The accounting policies of the Company conform to generally accepted accounting principles. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the company are maintained in accordance with Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission as modified by the Public Service Commission of Wisconsin (PSCW).

A. Property and Equipment

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates, based on the estimated service lives of the various classes of depreciable property.

Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation, together with removal cost less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

B. Income taxes

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities include the difference between carrying amounts of depreciable assets and partnership investment basis. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Investment tax credits (ITC) which were deferred prior to the Tax Reform Act of 1986 are being amortized over the regulatory life of the plant which produced the ITC.

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

C. Revenue Recognition

Revenues are recognized when earned regardless of the period in which they are billed.

Revenues relating to the provision of access services to customers are derived, in part, from tariffed access charges to toll service providers (interexchange carriers), and in part from sharing in interstate and intrastate pools. Interstate revenues are determined in accordance with nationwide average cost schedules.

The Company is compensated for intrastate access under access charge procedures based on expense and plant investment levels, as determined by the Company and approved by the PSCW.

D. Cash Equivalents

All highly liquid investments purchased with a maturity of one year or less are considered cash equivalents.

E. Investments

Non-marketable equity investments and temporary investments are stated at cost.

-
2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None.

-
3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

The mortgage to the United States of America, underlying the RUS notes, contains certain restrictions on the declaration of payment of cash dividends, redemption of capital stock, or investment in affiliated companies. As of December 31, 1997, the maximum amount which could be distributed in accordance with these restrictions was \$1,767,000, except as might be specifically authorized in writing in advance by the RUS noteholders.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	1,188,791	1,024,033	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	1,188,791	1,024,033	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	104,101	112,913	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
Net: Telecommunications Accounts Receivable	104,101	112,913	
Other Accounts Receivable (1190)*	149,521	109,943	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	149,521	109,943	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	5,434	5,434	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	259,056	228,290	
SUPPLIES			
Inventories (1220)*	40,254	24,267	13
TOTAL SUPPLIES	40,254	24,267	
PREPAYMENTS			
Total Prepayments (1280)*	7,360	6,614	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	7,360	6,614	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	9,321	11,853	20
TOTAL OTHER CURRENT ASSETS	9,321	11,853	
TOTAL CURRENT ASSETS	1,504,782	1,295,057	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	374,826	374,826	21
Investments in Nonaffiliated Companies (1402)*	637,521	596,463	22
Nonregulated Investments (1406)*	6,888	9,323	23
Unamortized Debt Issuance Expense (1407)*	0	0	24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	0	0	26
TOTAL INVESTMENTS	1,019,235	980,612	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	18,278	27,418	29
TOTAL DEFERRED CHARGES	18,278	27,418	
TOTAL NONCURRENT ASSETS	1,037,513	1,008,030	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	4,800,765	4,455,367	30
Less: Accumulated Depreciation (3100)*	2,897,147	2,596,931	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	33
Less: Accumulated Amortization--Intangible (3500)*	0	0	34
NET TELECOMMUNICATIONS PLANT IN SERVICE	1,903,618	1,858,436	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	36
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	37
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	0	0	39
TOTAL TPUC	0	0	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	40
Less: Accumulated Amortization--Other (3600)*	0	0	41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	1,903,618	1,858,436	
TOTAL ASSETS AND OTHER DEBITS*	4,445,913	4,161,523	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	111,354	119,514	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	715	2,246	3
Customer Deposits (4040)*	4,805	4,455	4
Current Maturities--Long-Term Debt (4050)*	31,500	30,900	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	96,650	120,173	7
Other Taxes--Accrued (4080)*	(11,124)	(486)	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	262,514	236,173	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES*	496,414	512,975	
LONG-TERM DEBT			
Funded Debt (4210)*	181,604	213,085	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	181,604	213,085	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	64,678	0	20
Unamortized Operating ITC--Net (4320)*	11,730	16,730	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	178,446	183,967	23
Net Deferred Tax Liability Adjustments (4341)*	(14,760)	(19,014)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(42,712)	(28,593)	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	25,636	31,408	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	223,018	184,498	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	1,660,320	1,660,320	28
Additional Paid-in Capital (4520)*	1,775	1,775	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	510	(2,510)	31
Retained Earnings (4550)*	1,882,272	1,591,380	32
TOTAL STOCKHOLDERS' EQUITY*	3,544,877	3,250,965	
TOTAL LIABILITIES AND OTHER CREDITS*	4,445,913	4,161,523	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	523,337	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	334,763	2
Interest during construction	0	3
Changes in assets and liabilities:		
Current assets (net)	(44,967)	4
Other noncurrent assets	9,140	5
Other current liabilities	(17,161)	6
Other liabilities and deferred credits	38,520	7
Other (specify):		
TOTAL ADJUSTMENTS	320,295	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	843,632	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(379,945)	8
Investments in affiliated companies	0	9
Nonoperating Investments	(38,623)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(418,568)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(30,881)	12
Net changes in stockholder equity other than retained earnings	3,020	13
Change in short term borrowing (net)	0	14
Dividends paid	(232,445)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(260,306)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	164,758	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None .

2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None .

3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

None .

4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

None .

5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

None .

6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

None .

7. Changes in articles of incorporation or amendments to charter.

None .

IMPORTANT CHANGES DURING THE YEAR

8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

During 1997, the Public Service Commission of Wisconsin (PSCW) allowed for the deregulation of public payphones.

Per 10/14/98 review response: The public telephone equipment was transferred from account 2351 to account 1406.4. Related depreciation accounts were also transferred. The entry was made in April 1997 as follows:

	Debit	Credit
1406.4 nonregulated public telephone equip	\$ 6,609	
2351 public telephone equipment		\$ 6,609
3100.2351 accum depr public telephone equip	\$ 6,609	
1406.41 accum depr nonreg tel equip		\$ 6,609
4350.1 noncurr def nonreg income txs fed	\$ 423	
4350.2 noncurr def nonreg income tax state	\$ 113	
4340.1 noncurr def oper inc tax fed		\$ 423
4340.2 noncurr def oper inc txs state		\$ 113

The description was to record transfer of payphones to nonregulated equipment. The transfer was made below the line at net book value.
ele

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Grantsburg Telcom, Inc.	GRNTBRG	1
Rural Service Area #1 Partnership	RSA#1	2

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars	(a)	(b)	(c)	(d)	(e)
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AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Grantsburg Telcom, Inc.	1401	161,545	1
Rural Service Area #1 Partnership	1401	213,281	2

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off		1
Uncollectibles written off during the year		2
Net write offs during the year	<u><u>0</u></u>	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	0	1
Other:		
WITS Class A Stock	200	2
WITS Class B Stock	23,500	3
Grantsburg Industrial Stock	1,000	4
Grantsburg Fitness Center	10,000	5
Dean Witter - GNMA Pools/Certificates of Deposit	601,821	6
RTB Class C Stock	1,000	7
Total Investments in Nonaffiliated Companies	637,521	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)	
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):		
Telephone Inventory	1,658	1
Internet Equipment (net)	5,230	2

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
--	--------------------------------

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	7,799		1
Motor Vehicles	2112	72,136		2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	99,698		6
Buildings	2121	204,204	6,073	7
Furniture	2122	21,582	596	8
Office Equipment	2123	18,517	0	9
General Purpose Computers	2124	34,573	30,654	10
TOTAL--GENERAL SUPPORT ASSETS:		458,509	37,323	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	1,262,562	30,703	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	322,361	129,787	16
TOTAL--CENTRAL OFFICE ASSETS:		1,584,923	160,490	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	6,609		20 A
Other Terminal Equipment	2362	0	20,858	21
TOTAL--INFORMATION ORIG/TERM ASSETS:		6,609	20,858	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	8,101		22
Aerial Cable	2421	7,338	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	2,385,411	161,274	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	4,476		29
Conduit Systems	2441	0		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		2,405,326	161,274	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			7,799	1
2112			72,136	2
2113			0	3
2114			0	4
2115			0	5
2116			99,698	6
2121			210,277	7
2122			22,178	8
2123	0	0	18,517	9
2124	10,034		55,193	10
	10,034	0	485,798	
2211			0	11
2212	2,758	0	1,290,507	12
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	0	452,148	16
	2,758	0	1,742,655	
2311			0	17
2321			0	18
2341			0	19
2351		(6,609)	0	20 A
2362			20,858	21
	0	(6,609)	20,858	
2411			8,101	22
2421	0	0	7,338	23
2422	0	0	0	24
2423	15,146	0	2,531,539	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			4,476	29
2441			0	30
	15,146	0	2,551,454	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	4,455,367	379,945
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	27,938	(6,609)	4,800,765	
2001			0	34
			4,800,765	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	15,935		1
Company Communications Equipment	2123.2	2,582		2
Software	2212.1	132,104		3
Digital Switching - Central Office	2212.2	1,107,444	30,703	4
Digital Switching - Remote	2212.3	23,014		5
Step by Step Switching	2215.1			6
Crossbar Switching	2215.2			7
Satellite and Earth Station Facilities	2231.1			8
Other Radio Facilities	2231.2			9
Digital Circuit Equipment	2232.1	322,361	129,787	10
Analog Circuit Equipment	2232.2			11
Light Wave Circuit Equipment	2232.3			12
Aerial Cable - Nonmetallic	2421.1			13
Aerial Cable - Metallic	2421.2	7,338		14
Underground Cable - Nonmetallic	2422.1			15
Underground Cable - Metallic	2422.2			16
Buried Cable - Nonmetallic	2423.1	137,529	13,587	17
Buried Cable - Metallic	2423.2	2,247,882	147,687	18
Submarine Cable - Nonmetallic	2424.1			19
Submarine Cable - Metallic	2424.2			20
Intrabuilding Cable - Nonmetallic	2426.1			21
Intrabuilding Cable - Metallic	2426.2			22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)
(cont.)

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			15,935	1
2123.2			2,582	2
2212.1			132,104	3
2212.2	2,758		1,135,389	4
2212.3			23,014	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1			452,148	10
2232.2			0	11
2232.3			0	12
2421.1			0	13
2421.2			7,338	14
2422.1			0	15
2422.2			0	16
2423.1			151,116	17
2423.2	15,146		2,380,423	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	35,134		9,760	1E
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	62,274		5,639	5D
Buildings	2121	136,187	3.13	6,523	6
Furniture	2122	16,858	7.69	1,663	7
Office Equipment	2123	7,169		1,742	8D
General Purpose Computers	2124	34,573	16.67	5,737	9
Total-- GENERAL SUPPORT ASSETS		292,195		31,064	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	645,493		167,596	11D
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	281,320	8.33	18,101	15
Total-- CENTRAL OFFICE ASSETS		926,813		185,697	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0			16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	6,609	10.0		19A
Other Terminal Equipment	2362	0	14.29	1,490	20
Total-- INFORMATION ORIG/TERM ASSETS		6,609		1,490	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	8,102	5.21		21C
Aerial Cable	2421	7,338	4.76		22
Underground Cable	2422	0			23
Buried Cable	2423	1,351,428	4.76	116,512	24C
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	4,446	6.94		28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					44,894	1 E
2113					0	2
2114					0	3
2115					0	4
2116					67,913	5 D
2121					142,710	6
2122					18,521	7
2123	0				8,911	8 D
2124	10,034				30,276	9
	10,034	0	0	0	313,225	
2211					0	10
2212	2,758				810,331	11 D
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				299,421	15
	2,758	0	0	0	1,109,752	
2311					0	16
2321					0	17
2341					0	18
2351				(6,609)	0	19 A
2362					1,490	20
	0	0	0	(6,609)	1,490	
2411				(1)	8,101	21 C
2421	0				7,338	22
2422	0				0	23
2423	15,146			1	1,452,795	24 C
2424	0				0	25
2425					0	26
2426	0				0	27
2431					4,446	28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	0			29
Total-- CABLE WIRE FACILITIES ASSETS		1,371,314		116,512	0
Total Accumulated Depreciation	3100	2,596,931		334,763	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			1,200	0 30
Net Regulated Total Accum Depreciation - 3100 Columns e, f and I				333,563	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					0	29
	15,146	0	0	0	1,472,680	
3100	27,938	0	0	(6,609)	2,897,147	
3100					0	30
3100					2,897,147	

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	6,733	7.69	1,226		1
Company Communications Equipment	2123.2	436	20.0	516		2
Software	2212.1	74,481	25.0	33,026		3
Digital Switching - Central Office	2212.2	547,998	12.0	134,570		4
Digital Switching - Remote	2212.3	23,014	9.09			5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	0				8
Other Radio Facilities	2231.2	0				9
Digital Circuit Equipment	2232.1	281,320	8.33	18,101		10
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	0				12
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	7,338	4.76			14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	0				16
Buried Cable - Nonmetallic	2423.1	9,000	4.76	7,019		17
Buried Cable - Metallic	2423.2	1,342,428	4.76	109,493		18 c
Submarine Cable - Nonmetallic	2424.1	0				19
Submarine Cable - Metallic	2424.2	0				20
Intrabuilding Cable - Nonmetallic	2426.1	0				21
Intrabuilding Cable - Metallic	2426.2	0				22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					7,959	1
2123.2					952	2
2212.1					107,507	3
2212.2	2,758				679,810	4
2212.3					23,014	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					299,421	10
2232.2					0	11
2232.3					0	12
2421.1					0	13
2421.2					7,338	14
2422.1					0	15
2422.2					0	16
2423.1					16,019	17
2423.2	15,146			1	1,436,776	18 C
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(183,967)	5
Net Deferred Tax Liability Adjustments (4341)	19,014	6
Deferred Tax Regulatory Liability (4361)	0	7
Net Property Related Deferred Operating Income Taxes	(164,953)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(164,953)	
NONPROPERTY RELATED		
Other Current Assets (1350)	11,853	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	0	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	(31,408)	15
Total Nonproperty Related Deferred Operating Income Taxes	(19,555)	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250				0	2
				0	3
7250				0	4
7250	5,521			(178,446)	5
	(4,254)			14,760	6
				0	7
	1,267	0	0	(163,686)	8
				0	
	1,267	0	0	(163,686)	
7250	(2,532)			9,321	9
7250				0	10
				0	11
7250				0	12
7250				0	13
				0	14
	5,772			(25,636)	15
	3,240	0	0	(16,315)	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)
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LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
RUS #02031	11/01/1958	11/01/2003	2.0000	1
RUS #02040 & #20042	04/21/1969	04/21/2014	2.0000	2
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
2.0000			5,061	1,200	6,261	1
2.0000			176,543	30,300	206,843	2
	0	0	181,604	31,500	213,104	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
Common Stock	90,000	20.00	1
TOTAL COMMON STOCK	90,000		
TOTAL	<u>90,000</u>		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares (e)	Amount (f)	Shares (g)	Amount (h)	
COMMON STOCK:					
Common Stock	83,016	1,660,320			1
	83,016	1,660,320	0	0	
TOTAL	<u>83,016</u>	<u>1,660,320</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,591,380	1,370,791	1
Changes:			
Balance Transferred from Income	523,337	419,827	2
Dividends Declared:			
Common	232,445	199,238	3
Preferred		0	4
Total Dividends Declared	232,445	199,238	
Miscellaneous Debits to Retained Earnings		0	5
Miscellaneous Credits to Retained Earnings		0	6
Balance--End of Year	<u>1,882,272</u>	<u>1,591,380</u>	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	104,445	60,519	219,327	1
Nonoperating Taxes (Accts. 7410 - 7450)		9,909	37,049	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		197	737	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
Operating ITC			5,000	10
Deferred Taxes		(771)	21,369	11
TOTAL	<u><u>104,445</u></u>	<u><u>69,854</u></u>	<u><u>283,482</u></u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
2,691					386,982	1
					46,958	2
					0	3
					934	4
					0	5
					0	6
				24,288	24,288	7
				212	212	8
				545	545	9
					5,000	10
					20,598	11
2,691	0	0	0	25,045	485,517	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	445,563	404,031	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	445,563	404,031	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	128,301	125,087	11
Switched Access Revenue (5082)*	736,083	672,883	12
Special Access Revenue (5083)*	10,776	9,743	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	875,160	807,713	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	304,816	268,854	15
Special Access Revenue (5084.3)*	11,921	9,727	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	316,737	278,581	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	3,234	0	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	3,234	0	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	90,155	86,830	30
Rent Revenue (5240)*	0	0	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	18,218	19,880	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	18,218	19,880	
Interstate Billing and Collection Revenue*	45,053	40,149	39
Intrastate Billing and Collection Revenue*	33,036	47,150	40 B
Total Carrier Billing and Collection Revenue (5270)*	78,089	87,299	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	186,462	194,009	
GROSS OPERATING REVENUES	1,827,156	1,684,334	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	9,795	6,649	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	9,795	6,649	
TOTAL OPERATING REVENUES	<u>1,817,361</u>	<u>1,677,685</u>	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	0	0	1,703	1
Less: Nonregulated		0		2
Net Regulated	0	0	1,703	3
Total General Support Expense (6120)	42,443	37,326	12,804	4
Less: Nonregulated		0		5
Net Regulated	42,443	37,326	12,804	6
Total Central Office Switching Expense (6210)	102,120	92,933	50,829	7
Less: Nonregulated		0		8
Net Regulated	102,120	92,933	50,829	9
Total Operator Systems Expense (6220)	0	0		10
Less: Nonregulated		0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	2,494	1,019	720	13
Less: Nonregulated		0		14
Net Regulated	2,494	1,019	720	15
Total Information Orig. / Term. Expense (6310)	1,142	958	500	16
Less: Nonregulated		0		17
Net Regulated	1,142	958	500	18
Total Cable and Wire Fac. Expense (6410)	64,215	69,103	36,013	19
Less: Nonregulated		0		20
Net Regulated	64,215	69,103	36,013	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	212,414	201,339	102,569	
Less: Nonregulated	0	0	0	
Net Regulated	212,414	201,339	102,569	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	0	0	0	22
Less: Nonregulated		0		23
Net Regulated	0	0	0	24
Total Network Operations Expense (6530)	10,894	12,669	8,853	25
Less: Nonregulated		0		26
Net Regulated	10,894	12,669	8,853	27
Access Expense (6540)	0	0		28
Less: Nonregulated		0		29
Net Regulated	0	0	0	30
Total Depreciation and Amortization Expense (6560)	305,338	334,763		31
Less: Nonregulated		1,200		32
Net Regulated	305,338	333,563		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	316,232	347,432	8,853	
Less: Nonregulated	0	1,200	0	
Net Regulated	316,232	346,232	8,853	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110			(1,703)		1
	0	0	(1,703)	0	2
6120	5,210		19,312		3
	5,210	0	19,312	0	4
6210	21,439		20,665		5
	21,439	0	20,665	0	6
6220					7
	0	0	0	0	8
6230	270		29		9
	270	0	29	0	10
6310	195		263		11
	195	0	263	0	12
6410	14,812		18,278		13
	14,812	0	18,278	0	14
	41,926	0	56,844	0	15
	0	0	0	0	16
	41,926	0	56,844	0	17
6510	0	0	0	0	18
	0	0	0	0	19
6530	3,669		147		20
	3,669	0	147	0	21
6540					22
	0	0	0	0	23
6560			334,763		24
			1,200		25
			333,563		26
	3,669	0	334,910	0	27
	0	0	1,200	0	28
	3,669	0	333,710	0	29

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	256	1,444		34
Less: Nonregulated		0		35
Net Regulated	256	1,444	0	36
<hr/>				
Total Services (6620)	202,485	225,676	45,081	37
Less: Nonregulated		0		38
Net Regulated	202,485	225,676	45,081	39
<hr/>				
TOTAL CUSTOMER OPERATIONS EXPENSE	202,741	227,120	45,081	
Less: Nonregulated	0	0	0	
Net Regulated	202,741	227,120	45,081	
<hr/>				
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	97,774	100,875	57,069	40
Less: Nonregulated		0		41
Net Regulated	97,774	100,875	57,069	42
<hr/>				
Total General and Administrative (6720)	98,943	96,250	17,408	43
Less: Nonregulated		0		44
Net Regulated	98,943	96,250	17,408	45
<hr/>				
Provision for Uncollectible Notes Receiv. (6790)		0		46
Less: Nonregulated		0		47
Net Regulated	0	0		48
<hr/>				
TOTAL CORPORATE OPERATIONS EXPENSE	196,717	197,125	74,477	
Less: Nonregulated	0	0	0	
Net Regulated	196,717	197,125	74,477	
<hr/>				
TOTAL EXPENSES	928,104	973,016	230,980	
Less: Nonregulated	0	1,200	0	
Net Regulated	928,104	971,816	230,980	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610			1,444		34
	0	0	1,444	0	35
6620	17,470		163,125		36
	17,470		163,125	0	37
	17,470	0	164,569	0	38
	0	0	0	0	39
	17,470	0	164,569	0	
6710	26,480		17,326		40
	26,480		17,326	0	41
6720	7,066		71,776		42
	7,066		71,776	0	43
6790			0		44
	33,546	0	89,102	0	45
	0	0	0	0	46
	33,546	0	89,102	0	47
	96,611	0	645,425	0	48
	0	0	1,200	0	
	96,611	0	644,225	0	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)		0		1
Provisioning Expense (6512)		0		2
Total: Reported in Account 6510	0	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	305,338	334,763		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)		0		4
Amortization Expense--Tangible (6563)		0		5
Amortization Expense--Intangible (6564)		0		6
Amortization Expense--Other (6565)		0		7
Total: Reported in Account 6560	305,338	334,763		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511					1
6512					2
	0		0	0	
6561			334,763		3
6562					4
6563					5
6564					6
6565					7
			334,763		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	1,827,156	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	1,827,156	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	445,563	1
Plus: Total Intrastate Access Revenues (5084)	316,737	2
Plus: Total Long Distance Network Services Revenue	3,234	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	765,534	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,827,156	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u><u>1,827,156</u></u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	445,563	1
Plus: Total Intrastate Access Revenues (5084)	316,737	2
Plus: Total Long Distance Network Services Revenue	3,234	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u><u>765,534</u></u>	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	0	0	1
Return from Nonregulated Use of Regulated Facilities (7130)*	0	0	2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	0	0	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(5,000)	(5,000)	6
Operating Federal Income Taxes (7220)*	233,000	219,646	7
Operating State and Local Income Taxes (7230)*	56,354	51,696	8
Operating Other Taxes (7240)*	107,136	98,527	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(4,508)	(15,160)	10
TOTAL OPERATING TAXES (7200)*	386,982	349,709	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	60,186	21,134	11
Interest Income (7320)*	62,230	54,622	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	0	0	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	0	(4,168)	16
Special Charges (7370)*	6,458	26,204	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	115,958	45,384	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	49,748	39,657	19
Nonoperating State and Local Income Taxes (7430)*	13,304	10,606	20
Nonoperating Other Taxes (7440)*	0	0	21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	(16,094)	(33,276)	22
TOTAL NONOPERATING TAXES (7400)*	46,958	16,987	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	4,531	5,156	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	0	0	25
Other Interest Deductions (7540)*	1,141	51	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	5,672	5,207	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*	0	0	27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	1,446	(3,235)	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	115,763	1
Less: Cost of Goods Sold		2
Net Sales	115,763	3
Expenses (Acct. 7990.2)	114,317	4
Nonregulated Net Income	<u><u>1,446</u></u>	5

List the type of nonregulated activities that company is involved in:

Leasing of customer premise equipment
 Leasing of inside wiring
 Leasing of pagers
 Provider of internet access

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	230,980	1
Nonregulated Expense	17,529	2
Plant Accounts	60,500	3
Accumulated Depreciation Accounts		4
All Other Accounts	8,478	5
Total Salaries and Wages	<u>317,487</u>	6

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	2.00	2.00	5,100	1
Supervision and Other Management	1.00	1.00	57,137	2
Other Employees	9.00	9.00	255,250	3
Total	<u>12.00</u>	<u>12.00</u>	<u>317,487</u>	

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	230,980	1
Nonregulated Expense	17,529	2
Plant Accounts	60,500	3
Accumulated Depreciation Accounts		4
All Other Accounts	8,478	5
Total Salaries and Wages	<u>317,487</u>	6

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	2.00	2.00	5,100	1
Supervision and Other Management	1.00	1.00	57,137	2
Other Employees	9.00	9.00	255,250	3
Total	<u>12.00</u>	<u>12.00</u>	<u>317,487</u>	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	0	0	1
Extended Area Service	0	0	2
Extended Community Calling	0	0	3
Other Local-Undefined	0	0	4
Total Local	0	0	
TOLL			
Operator Handled: State--intraLATA	1	6	5
Operator Handled: State--interLATA	1	7	6
Operator Handled: Interstate	3	22	7
Customer Dialed: State--intraLATA	20	208	8
Customer Dialed: State--interLATA	12	163	9
Customer Dialed: Interstate	58	708	10
WATS	1	2	11
Other Toll-Undefined	0	0	12
Total Toll	96	1,116	
Total Local & Toll	96	1,116	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	0	0	0	0	1
Feature Group A -- Term.	60	28	0	0	2
Feature Group B -- Orig.	0	7	0	0	3
Feature Group B -- Term.	0	0	0	0	4
Feature Group C -- Orig.	0	0	1,119	3	5
Feature Group C -- Term.	0	0	1,198	7	6
Feature Group D -- Orig.	4,126	546	259	0	7
Feature Group D -- Term.	4,570	1,461	0	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	580	2
Sheath miles of plant - fiber optics	16	3
Strand miles of plant - fiber optics	384	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	5	2	1
56 kbps	4	1	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	1	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	580	2
Sheath miles of plant - fiber optics	16	3
Strand miles of plant - fiber optics	384	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	5	2	1
56 kbps	4	1	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	1	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	279	303	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	9	9	6
Centrex Trunks	0		7
Centrex Lines	0		8
Key System Trunks	173	184	9
Mobile (Utility Provided Service)	0	0	10
Paging (Utility Provided Service)	7	3	11
FX-Out (Switched)	5	5	12
Pay Telephone	0	10	13
Coin-Operated Pay Telephone	0		14
Independent Pay Telephone Provider	0	6	15
Pay Stations - Public	8		16
- Semi-Public	8		17
- Cust. Owned	6		18
Other	0		19
Total Business Lines	495	520	20
Residential (Incl. Emp. Concess.)			
1 Party	2,291	2,324	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	0		25
Other	0		26
Total Residential Lines	2,291	2,324	27
Total Bus & Res Lines	2,786	2,844	28
Company Used Lines	36	36	29
Total Lines Used	2,822	2,880	30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	2		3
WATS Lines - 800 Service	0		4
FX-In-intraLATA	10		5
Special Access-intraLATA			6
(expressed in equiv. access lines)	7	3	7
Special Access-interLATA			8
(expressed in equiv. access lines)	10	33	9
Feature Group A Lines	0		10
Feature Group B Trunks	0		11
Feature Group C Trunks	0		12
Feature Group D Trunks	0		13
TSPS - Trunks	8	8	14
EAS - Trunks	0		15
Cellular Trunks (Pub. Sw. Net.)	0		16
Video Distance Learning			17
- discounted (special tariff)	0		18
Customers			
Business - 2 Party Customers	0		20
Business - 4 Party Customers	0		21
Residential - 2 Party Customers	0		22
Residential - 4 Party Customers	0		23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)			26
	3,996,858	4,314,967	27
Total Company Square Miles	260	260	28
Total Company Route Miles	581	581	29
Footnotes			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	1860	2140	5380		1
Business					2
1 Party	40	234	29		3
2 Party					4
4 Party					5
PBX Trunks/System Trunks		9			6
Centrex Trunks					7
Centrex Lines					8
Key System Trunks	21	160	3		9
Mobile (utility provided service)	0				10
Paging (utility provided service)	3				11
FX-Out (Switched)	1	3	1		12
Pay Telephone	2	8			13
Coin-Operated Pay Telephone					14
Independent Pay Telephone Provider		6			15
Pay Stations - Public					16
- Semi-Public					17
- Cust. Owned					18
Other					19
Total Business Lines	67	420	33	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	607	1,233	484		22
2 Party					23
4 Party					24
FX-Out (Switched)					25
Other					26
Total Residential Lines	607	1,233	484	0	27
Total Bus & Res Lines	674	1,653	517	0	28
Company Used Lines	8	21	7		29
Total Lines Used	682	1,674	524	0	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	1860	2140	5380		1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)		2	1		7
Special Access-interLATA					8
(equiv. access lines)		32	1		9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks					13
TSPS - Trunks		8			14
EAS - Trunks					15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)					18
Customers					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	1,022,605	2,507,961	784,401		27
Exchange Square Miles	36	100	124		28
Exchange Route Miles	126	284	171		29
Footnotes					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

MANUFACTURER ABBREVIATIONS

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EQUIPMENT ABBREVIATIONS

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Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	FALUN	GRANTSBURG	TRADE LAKE		1
PSCW Exchange ID	1860	2140	5380		2
Central Office Name	FALUM	GRANTSBURG	TRADE LAKE		3
PSCW Central Office ID	1	1	1		4
Manufacturer of COE (Page 54)	SC	SC	SC		5
Year COE Installed	1986	1986	1986		6
Type of Equipment (Page 54)	D	D	D		7
(S)tandalone, (H)ost, (R)emote	R	H	R		8
Remote Host PSCW Exchange ID	2140		2140		9
Remote Host PSCW Central Office ID	1	0	1		10
COE Generic Software Release No.	19	19	19		11
SS7?	Yes	Yes	Yes		12
9-1-1?	Yes	Yes	Yes		13
Access Lines - In Use	682	1,674	524		14
- Equipped	810	1,980	630		15
- Wired	810	1,980	630		16
Trunks - In Use	0	92	0		17
- Equipped	0	92	0		18
- Wired	0	92	0		19
ISDN Available?	No	No	No		20
ISDN Lines - In Use (BRI)	0	0	0		21
- In Use (PRI)	0	0	0		22
Switched 56 Service?	No	No	No		23
Switched 56 lines in use	0	0	0		24
Digital Transmission Facilities: DS-1 - In Use	0	0	0		25
DS-3 - In Use	0	0	0		26
Advanced Data Service Available:					
Packet Switching?	No	No	No		27
SMDS?	No	No	No		28
Frame Relay?	No	No	No		29
ATM (Asynchronous Trans. Mode)?	No	No	No		30
Video Information - Service Available?	No	No	No		31
- In Use (# lines) ¹	0	0	0		32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	24	24	0		33
No. of fiber strands working (LIT) in C.O.	0	10	0		34
No. of fiber strands for interoffice use	0	0	0		35
Miles of fiber sheath in wire center	5	11	0		36
Access Tandem Serving this C.O.:					
- C.O. Name	FREDERIC	FREDERIC	FREDERIC		37
- PSCW C.O. ID	1960-01	1960-01	1960-01		38
Does this C.O. do access tandem switching?	No	No	No		39
Equal Access: InterLATA (1+)?	Yes	Yes	Yes		40
Equal Access: IntraLATA (1+)?	No	No	No		41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Accountants Compilation Report

To the Board of Directors
Farmers Independent Telephone Company
Grantsburg, Wisconsin

We have compiled the balance sheets of Farmers Independent Telephone Company as of December 31, 1997 and 1996, and the related statements of income and retained earnings for the years then ended, and the statement of cash flows for the year ended December 31, 1997, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form, except for pages 46 through 55.

Our compilation was limited to presenting in the form prescribed by the Public Service Commission of Wisconsin, information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated January 9, 1998.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

The supplementary information contained on pages 46 through 55 of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

Kiesling Associates LLP
Madison, Wisconsin
April 24, 1998

Schedule Footnotes

Accumulated Depreciation Class A & B Footnote. Page 26

Telephone Calls and Minutes of Use Per Month Footnote. Page 47

The information for local telephone calls and local minutes of use were not available for 1997.

Central Office Data - End of Year Footnote. Page 55

corrections to line 16, wired, provided in 10/14/98 response to 1997 review. ele

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General, Schedule Level and Schedule Line Footnotes Footnote. Page 56

This footnote is not being used.

Schedule Line Footnotes

- A) During 1997 the Public Service Commission of Wisconsin (PSCW) allowed for the deregulation of public payphones.
- B) Decrease in billing and collection rates.
- C) To adjust end of year balance.
- D) Different depreciation rates are used for accounts and sub-class accounts.
- E) Vehicles are depreciated on a per unit basis.