



4004

ANNUAL REPORT

OF

Name: MOUNT HOREB TELEPHONE COMPANY

Principal Office: 200 E MAIN ST
P.O. BOX 65
MOUNT HOREB, WI 53572-0065

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: MOUNT HOREB TELEPHONE COMPANY
Utility Location: 200 E MAIN ST
P.O. BOX 65
MOUNT HOREB, WI 53572-0065

Utility Web Site Address:

When was utility organized?: 12/15/1919

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR JOHN A . KLARER
Title: GENERAL MANAGER

Office Address: 200 E MAIN ST
P.O. BOX 65
MT HOREB , WI 53572

Fax Number: (608) 437 - 8898
Telephone Number: (608) 437 - 5551
Email Address: JAK@MHTC.NET

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

Name:
Title:

Office Address:

Fax Number:
Telephone Number:
Email Address:

Person responsible for financial information contained in report

Name: MR PAUL A . SUTTER
Title: ACCOUNTANT

Office Address: 200 E MAIN ST
P.O. BOX 65
MT HOREB , WI 53572

Fax Number: (608) 437 - 8898
Telephone Number: (608) 437 - 5551
Email Address: PAS@MHTC.NET

Person responsible for statistical information contained in report

Name: MR PAUL A . SUTTER
Title: ACCOUNTANT

Office Address: 200 E MAIN ST
P.O. BOX 65
MT HOREB , WI 53572

Fax Number: (608) 437 - 8898
Telephone Number: (608) 437 - 5551
Email Address: PAS@MHTC.NET

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: NONE
Address: NONE
PO BOX 0000
NONE, WI 00000
Number of Shares Held:
Beneficial Owner: NONE

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

Company Name: MH COMMUNICATIONS INC
Form of Interest: 100 % OWNED SUBSIDIARY
Extent Of Interest: 100 % INTEREST

Company Name: MH TELECOM INC
Form of Interest: 100 % OWNED SUBSIDIARY
Extent Of Interest: 100 % INTEREST

Company Name: PSC WISCONSIN LLC
Form of Interest: MINORITY SHAREHOLDER
Extent Of Interest: 25% INTEREST

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	3,600,035	3,270,623	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	274,578	345,034	2
Plant Nonspecific Operations Expense	979,813	876,164	3
Customer Operations Expense (6610-6620)	408,640	346,890	4
Corporate Operations Expense (6710-6790)	465,987	356,714	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	526,650	520,168	7
Total Operating Expenses	2,655,668	2,444,970	8
Net Operating Income	944,367	825,653	9
Other Income			
Nonoperating Income and Expense (7300)	72,838	85,835	10
Nonoperating Taxes (7400)	12,235	36,610	11
Interest and Related Items (7500)	383,677	247,114	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	(56,395)	(110,429)	14
Total Nonoperating Income	(379,469)	(308,318)	15
Net Income	564,898	517,335	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 the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the FCC as modified by the PSCW.

Telephone plant and other property are capitalized at original cost including: the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits and interest incurred during construction period.

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.

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. Components of the Company's deferred taxes arise from property and equipment and investments. 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, which were deferred prior to the Tax Reform Act of 1986, are being amortized over the life of the plant which produced the ITC.

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, and in part from sharing in interstate pools. Reported interstate revenues are estimates subject to subsequent adjustments resulting from changes in expense and plant investment levels and the rate of return experience of the various pools.

Debt and marketable equity securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Debt and marketable equity securities classified as available for sale are carried at fair value with

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:

unrealized holding gains and losses recorded as a separate component of stockholders' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held to maturity and are carried at amortized 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.

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 and RTB notes, contains certain restrictions on the declaration or 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 restriction was \$1,792,000 except as might be specifically authorized in writing in advance by the RUS and RTB 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)*	1,830,560	854,911	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	1,830,560	854,911	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	175,439	157,881	6
Accounts Receivable Allowance-Telecom (1181)*		0	7
Net: Telecommunications Accounts Receivable	175,439	157,881	
Other Accounts Receivable (1190)*	415,881	276,217	8
Accounts Receivable Allowance--Other (1191)*		0	9
Net: Other Accounts Receivable	415,881	276,217	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	8,123	12,681	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	599,443	446,779	
SUPPLIES			
Inventories (1220)*	88,332	59,286	13
TOTAL SUPPLIES	88,332	59,286	
PREPAYMENTS			
Total Prepayments (1280)*	88,020	109,801	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	88,020	109,801	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	7,331	35,743	20
TOTAL OTHER CURRENT ASSETS	7,331	35,743	
TOTAL CURRENT ASSETS	2,613,686	1,506,520	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	371,600	0	21
Investments in Nonaffiliated Companies (1402)*	915,546	1,061,557	22
Nonregulated Investments (1406)*	424,306	227,950	23
Unamortized Debt Issuance Expense (1407)*	3,474	3,648	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)*	44,611	89,650	26
TOTAL INVESTMENTS	1,759,537	1,382,805	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	0	0	29
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	1,759,537	1,382,805	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	13,834,273	12,492,189	30
Less: Accumulated Depreciation (3100)*	5,517,517	4,674,239	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	8,316,756	7,817,950	
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)*	293,633	55,654	39
TOTAL TPUC	293,633	55,654	
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	8,610,389	7,873,604	
TOTAL ASSETS AND OTHER DEBITS*	12,983,612	10,762,929	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	486,658	603,239	1
Notes Payable (4020)*	0	250,000	2
Advance Billing and Payments (4030)*	1,641	1,781	3
Customer Deposits (4040)*	0	550	4
Current Maturities--Long-Term Debt (4050)*	164,665	148,500	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	2,603	0	7
Other Taxes--Accrued (4080)*	(431)	(783)	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)*	59,955	55,630	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES*	715,091	1,058,917	
LONG-TERM DEBT			
Funded Debt (4210)*	7,244,382	5,090,720	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*	7,244,382	5,090,720	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	50,008	31,523	20
Unamortized Operating ITC--Net (4320)*	114,000	151,944	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	299,826	228,421	23
Net Deferred Tax Liability Adjustments (4341)*	0	(82,905)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(28,886)	(27,400)	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	114,067	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	434,948	415,650	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	1,200,000	1,200,000	28
Additional Paid-in Capital (4520)*	22,499	22,499	29
Treasury Stock (4530)*	0	20,016	30
Other Capital (4540)*	7,579	(39,008)	31
Retained Earnings (4550)*	3,359,113	3,034,167	32
TOTAL STOCKHOLDERS' EQUITY*	4,589,191	4,197,642	
TOTAL LIABILITIES AND OTHER CREDITS*	12,983,612	10,762,929	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	564,898	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	941,950	2
Interest during construction	(25,466)	3
Changes in assets and liabilities:		
Current assets (net)	(131,517)	4
Other noncurrent assets	44,865	5
Other current liabilities	(109,991)	6
Other liabilities and deferred credits	19,298	7
Other (specify):		
TOTAL ADJUSTMENTS	739,139	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	1,304,037	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(1,653,269)	8
Investments in affiliated companies	(371,600)	9
Nonoperating Investments	(50,345)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(2,075,214)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	2,170,175	12
Net changes in stockholder equity other than retained earnings	66,603	13
Change in short term borrowing (net)	(250,000)	14
Dividends paid	(239,952)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	1,746,826	
NET INCREASE IN CASH AND CASH EQUIVALENTS	975,649	
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.

MOUNT HOREB TELEPHONE COMPANY FORMED TWO 100% OWNED SUBSIDIARIES.

MH COMMUNICATIONS, INC
200 E MAIN ST PO BOX 65
MT HOREB WI 53572

MH TELECOM, INC
200 E MAIN ST PO BOX 65
MT HOREB WI 53572

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.
-

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

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.
-

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

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.
-

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

IMPORTANT CHANGES DURING THE YEAR

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

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
3100.2351	ACCUM DEPR PUBLIC TELE EQUIP	27808.86	
1406.4000	NONREGULATED PUBLIC TELE EQUIP	27808.86	
2351.0000	PUBLIC TELEPHONE EQUIP		27808.86
1406.4100	ACCUM DEPR NONREG PUBLIC TELE EQUIP		27808.86
TO TRANSFER PAYPHONES TO NONREGULATED OPERATIONS AS OF APRIL 15, 1997			
4350.1000	NONCUR DEF NONREG INCOME TAXES-FED	2045.00	
1410.6000	NONCUR DEF NONREG INCOME TAXES-STATE	499.00	
4340.1000	NONCUR DEF OPER INCOME TAXES-FED		2045.00
1410.2000	NONCUR DEF OPER INCOME TAXES-STATE		499.00
TO TRANSFER DEFERRED INCOME TAXES RELATED TO PAYPHONES TO NONREGULATED OPERATIONS AS OF APRIL 15, 1997.			

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)	
MH Communications, Inc	MHCOM	1
MH Telecom, Inc	MHTELECOM	2
Other	OTH	3
PCS Wisconsin, LLC	PCSWI	4

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)		
Docket	3940-AT-100					
Name of Affiliate	MHCOM					1
Designate whether billed to or from:	TO					2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C					3
Revenues						4
Expenses:						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense						7
Corporate Operations Expense	483					8
Total Operating Expenses	483	0	0	0	0	9
Other:						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other						14
Total	483	0	0	0	0	15
Percent of affiliate's business billed to all affiliated regulated utilities						16
If cost based, rate of return on equity or markup incorporated in billings						17
Footnotes						

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)	
MH Communications, Inc	1190	19,467	1
MH Telecom, Inc	1190	2,020	2
MH Communications, Inc	1401	1,000	3
MH Telecom, Inc	1401	1,000	4
PCS Wisconsin, LLC	1401	369,600	5

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)
--	-------------------------------	-------------------------	----------------------------------	-------------------------------	---

INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	101,100	1
Other:		
ASSET BACKED SECURITIES	235,015	2
MUNICIPAL BOND	150,000	3
RSA 8 PARTNERSHIP	66,303	4
MUTUAL FUNDS	363,128	5
Total Investments in Nonaffiliated Companies	915,546	

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):		
Customer premises equipment	55,329	1
Direct broadcast satellite	28,815	2
Internet	338,496	3
Public telephone equipment	1,666	4

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

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

Description of Item (a)	Balance EOY (b)	
none	0	1
Total	0	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	114,174		1
Motor Vehicles	2112	198,332		2
Aircraft	2113			3
Special Purpose Vehicles	2114			4
Garage Work Equipment	2115			5
Other Work Equipment	2116	136,708	9,314	6
Buildings	2121	742,755	19,233	7
Furniture	2122	64,401	3,602	8
Office Equipment	2123	45,324	10,857	9 G
General Purpose Computers	2124	119,113	22,335	10
TOTAL--GENERAL SUPPORT ASSETS:		1,420,807	65,341	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211			11
Digital Electronic Switching	2212	2,057,709	11,361	12 G
Electro-Mechanical Switching	2215	0	0	13 G
Operator Systems	2220			14
Radio Systems	2231	0	0	15 G
Circuit Equipment	2232	966,079	300,018	16 G
TOTAL--CENTRAL OFFICE ASSETS:		3,023,788	311,379	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	2,718		17
Customer Premises Wiring	2321			18
Large Private Branch Exchanges	2341			19
Public Telephone Terminal Equipment	2351	27,809		20 F
Other Terminal Equipment	2362			21
TOTAL--INFORMATION ORIG/TERM ASSETS:		30,527	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	6,352		22
Aerial Cable	2421	86,887	0	23 G
Underground Cable	2422	1,064,331	164,534	24 G
Buried Cable	2423	5,309,115	676,018	25 G
Submarine Cable	2424	0	0	26 G
Deep Sea Cable	2425			27
Intrabuilding Network Cable	2426	4,446	0	28 G
Aerial Wire	2431	2,973		29
Conduit Systems	2441	1,542,963	258,534	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		8,017,067	1,099,086	
AMORTIZABLE ASSETS				
Capital Leases	2681			31

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			114,174	1
2112			198,332	2
2113			0	3
2114			0	4
2115			0	5
2116			146,022	6
2121			761,988	7
2122			68,003	8
2123	0	0	56,181	9 G
2124			141,448	10
	0	0	1,486,148	
2211			0	11
2212	0	0	2,069,070	12 G
2215	0	0	0	13 G
2220			0	14
2231	0	0	0	15 G
2232	23,329	0	1,242,768	16 G
	23,329	0	3,311,838	
2311			2,718	17
2321			0	18
2341			0	19
2351		(27,809)	0	20 F
2362			0	21
	0	(27,809)	2,718	
2411			6,352	22
2421	1,063	0	85,824	23 G
2422	37,174	0	1,191,691	24 G
2423	44,347	0	5,940,786	25 G
2424	0	0	0	26 G
2425			0	27
2426	0	0	4,446	28 G
2431			2,973	29
2441			1,801,497	30
	82,584	0	9,033,569	
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		32
Intangibles	2690		33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	12,492,189	1,475,806
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	
	105,913	(27,809)	13,834,273	
2001			0	34
			13,834,273	

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	29,952		1
Company Communications Equipment	2123.2	15,372	10,857	2
Software	2212.1			3
Digital Switching - Central Office	2212.2	2,057,709	11,361	4
Digital Switching - Remote	2212.3			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	135,544	13,873	10
Analog Circuit Equipment	2232.2			11
Light Wave Circuit Equipment	2232.3	830,535	286,145	12
Aerial Cable - Nonmetallic	2421.1			13
Aerial Cable - Metallic	2421.2	86,887		14
Underground Cable - Nonmetallic	2422.1	203,903	50,090	15
Underground Cable - Metallic	2422.2	860,428	114,444	16
Buried Cable - Nonmetallic	2423.1	1,209,105	188,541	17
Buried Cable - Metallic	2423.2	4,100,010	487,477	18
Submarine Cable - Nonmetallic	2424.1			19
Submarine Cable - Metallic	2424.2			20
Intrabuilding Cable - Nonmetallic	2426.1			21
Intrabuilding Cable - Metallic	2426.2	4,446		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			29,952	1
2123.2			26,229	2
2212.1			0	3
2212.2			2,069,070	4
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1			149,417	10
2232.2			0	11
2232.3	23,329		1,093,351	12
2421.1			0	13
2421.2	1,063		85,824	14
2422.1			253,993	15
2422.2	37,174		937,698	16
2423.1			1,397,646	17
2423.2	44,347		4,543,140	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			4,446	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	124,930	20.0	15,284	1
Aircraft	2113				2
Special Purpose Vehicles	2114				3
Garage Work Equipment	2115				4
Other Work Equipment	2116	136,708	10.0	9,314	5
Buildings	2121	302,176	3.4	25,690	6
Furniture	2122	45,288	8.3	5,525	7
Office Equipment	2123	42,240	17.33	6,364	8
General Purpose Computers	2124	67,263	22.5	29,677	9
Total-- GENERAL SUPPORT ASSETS		718,605		91,854	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211				10
Digital Electronic Switching	2212	1,598,490	8.5	175,327	11
Electro-Mechanical Switching	2215				12
Operator Systems	2220				13
Radio Systems	2231				14
Circuit Equipment	2232	186,573	9.3599	93,678	15
Total-- CENTRAL OFFICE ASSETS		1,785,063		269,005	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	2,692	9.5	26	16
Customer Premises Wiring	2321				17
Large Private Branch Exchanges	2341				18
Public Telephone Terminal Equipment	2351	27,809	13.57		19F
Other Terminal Equipment	2362				20
Total-- INFORMATION ORIG/TERM ASSETS		30,501		26	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	939	11.67	741	21
Aerial Cable	2421	46,536	6.0	5,208	22
Underground Cable	2422	259,822	8.4700	92,488	23
Buried Cable	2423	1,506,325	8.0299	435,407	24
Submarine Cable	2424				25
Deep Sea Cable	2425				26
Intrabuilding Network Cable	2426	1,558	6.5	289	27
Aerial Wire	2431	2,973	16.0		28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					140,214	1
2113					0	2
2114					0	3
2115					0	4
2116					146,022	5
2121					327,866	6
2122					50,813	7
2123	0				48,604	8
2124					96,940	9
	0	0	0	0	810,459	
2211					0	10
2212	0				1,773,817	11
2215	0				0	12
2220					0	13
2231	0				0	14
2232	23,329		15,000		271,922	15
	23,329	0	15,000	0	2,045,739	
2311					2,718	16
2321					0	17
2341					0	18
2351				(27,809)	0	19 F
2362					0	20
	0	0	0	(27,809)	2,718	
2411		97			1,583	21
2421	1,063	3,146			47,535	22
2422	37,174		11,240		326,376	23
2423	44,347	1,091	2,682		1,898,976	24
2424	0				0	25
2425					0	26
2426	0				1,847	27
2431					2,973	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	321,917	3.48	54,034	29
Total-- CABLE WIRE FACILITIES ASSETS		2,140,070		588,167	0
Total Accumulated Depreciation	3100	4,674,239		949,052	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			0	0 30
Net Regulated Total Accum Depreciation - 3100 Columns e, f and I				949,052	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441			3,360		379,311	29
	82,584	4,334	17,282	0	2,658,601	
3100	105,913	4,334	32,282	(27,809)	5,517,517	
3100					0	30
3100					5,517,517	

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	26,867	15.0	3,085	1
Company Communications Equipment	2123.2	15,373	20.0	3,279	2
Software	2212.1				3
Digital Switching - Central Office	2212.2	1,598,490	8.5	175,327	4
Digital Switching - Remote	2212.3				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	44,939	12.0	16,918	10
Analog Circuit Equipment	2232.2				11
Light Wave Circuit Equipment	2232.3	141,634	9.0	76,760	12
Aerial Cable - Nonmetallic	2421.1				13
Aerial Cable - Metallic	2421.2	46,536	6.0	5,208	14
Underground Cable - Nonmetallic	2422.1	26,798	6.5	13,038	15
Underground Cable - Metallic	2422.2	233,024	9.0	79,450	16
Buried Cable - Nonmetallic	2423.1	150,609	6.5	79,541	17
Buried Cable - Metallic	2423.2	1,355,716	8.5	355,866	18
Submarine Cable - Nonmetallic	2424.1				19
Submarine Cable - Metallic	2424.2				20
Intrabuilding Cable - Nonmetallic	2426.1				21
Intrabuilding Cable - Metallic	2426.2	1,558	6.5	289	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					29,952	1
2123.2					18,652	2
2212.1					0	3
2212.2					1,773,817	4
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1			15,000		76,857	10
2232.2					0	11
2232.3	23,329				195,065	12
2421.1					0	13
2421.2	1,063	3,146			47,535	14
2422.1			11,240		51,076	15
2422.2	37,174				275,300	16
2423.1			1,417		231,567	17
2423.2	44,347	1,091	1,265		1,667,409	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					1,847	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)		1
Other Noncurrent Assets (1410)	45,375	2
Deferred Tax Regulatory Asset (1437)		3
Net Current Deferred Operating Income Taxes (4100)		4
Net Noncurrent Deferred Operating Income Taxes (4340)	(271,575)	5
Net Deferred Tax Liability Adjustments (4341)	82,905	6
Deferred Tax Regulatory Liability (4361)	(114,067)	7
Net Property Related Deferred Operating Income Taxes	(257,362)	
Less: Allocation to Nonregulated Activity		8
Net Regulated Total Property Related Deferred Operating Income Taxes	(257,362)	
NONPROPERTY RELATED		
Other Current Assets (1350)	10,275	9
Other Noncurrent Assets (1410)	11,540	10
Deferred Tax Regulatory Asset (1437)		11
Net Current Deferred Operating Income Taxes (4100)		12
Net Noncurrent Deferred Operating Income Taxes (4340)	43,154	13
Net Deferred Tax Liability Adjustments (4341)		14
Deferred Tax Regulatory Liability (4361)		15
Total Nonproperty Related Deferred Operating Income Taxes	64,969	

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	(34,099)	9,507		1,769	2
				0	3
7250				0	4
7250	(63,109)			(334,684)	5
	(47,355)	35,550		0	6
		(114,067)		0	7
	(144,563)	(69,010)	0	(332,915)	8
				0	
	(144,563)	(69,010)	0	(332,915)	
7250	2,005			12,280	9
7250	(2,218)			9,322	10
				0	11
7250				0	12
7250	(8,296)			34,858	13
				0	14
				0	15
	(8,509)	0	0	56,460	

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)
---------------------	-------------------------------	-------------------------	----------------------------------	--------------------------------

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):				
RURAL TELEPHONE BANK	07/21/1989	07/21/2017	6.1500	1
RURAL TELEPHONE BANK	04/01/1996	04/01/2015	6.5400	2
RURAL UTILITIES SERVICE	04/01/1996	04/01/2015	6.6680	3
RUS/RTB	04/16/1982-07/21/1989	04/16/2017-04/18/2023	5.0000	4
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)				
6.1500			641,652	17,882	659,534	1
6.5400			737,100		737,100	2
6.6680			1,583,000		1,583,000	3
5.0000			4,282,630	146,783	4,429,413	4
	0	0	7,244,382	164,665	7,409,047	

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:			
	240,000	10.00	1
TOTAL COMMON STOCK	240,000		
TOTAL	<u>240,000</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:					
	120,000	1,200,000			1
	120,000	1,200,000	0	0	
TOTAL	<u>120,000</u>	<u>1,200,000</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	3,034,167	2,730,885	1
Changes:			
Balance Transferred from Income	564,898	517,335	2
Dividends Declared:			
Common	239,952	214,053	3
Preferred			4
Total Dividends Declared	239,952	214,053	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings			6
Balance--End of Year	<u>3,359,113</u>	<u>3,034,167</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)	206,509	80,515	234,835	1
Nonoperating Taxes (Accts. 7410 - 7450)		1,101	11,134	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		(11,639)	(56,396)	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
Deferred Taxes		(24,802)	(58,107)	10
Amortization of ITC			37,944	11
TOTAL	<u><u>206,509</u></u>	<u><u>45,175</u></u>	<u><u>169,410</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)	
4,792					526,651	1
					12,235	2
					0	3
					(68,035)	4
					0	5
					0	6
				40,013	40,013	7
				736	736	8
				916	916	9
					(82,909)	10
					37,944	11
<u>4,792</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,665</u>	<u>467,551</u>	

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)*	1,295,818	1,125,309	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)	1,295,818	1,125,309	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	190,968	179,922	11
Switched Access Revenue (5082)*	939,740	951,714	12
Special Access Revenue (5083)*	58,932	45,367	13 H
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,189,640	1,177,003	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	629,435	568,054	15
Special Access Revenue (5084.3)*	200,029	141,356	16 I
TOTAL INTRASTATE ACCESS REVENUES (5084)	829,464	709,410	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*			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.	0	0	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	134,366	126,164	30
Rent Revenue (5240)*	36	72	31
Corporate Operations Revenue (5250)*			32
Miscellaneous:			
Miscellaneous Revenue (5260)*	7,787	7,753	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)	7,787	7,753	
Interstate Billing and Collection Revenue*	42,563	48,828	39
Intrastate Billing and Collection Revenue*	105,349	80,251	40 J
Total Carrier Billing and Collection Revenue (5270)*	147,912	129,079	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	290,101	263,068	
GROSS OPERATING REVENUES	3,605,023	3,274,790	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	4,988	4,167	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	4,988	4,167	
TOTAL OPERATING REVENUES	<u>3,600,035</u>	<u>3,270,623</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)	2,398	2,279	2,224	1
Less: Nonregulated		0		2
Net Regulated	2,398	2,279	2,224	3
Total General Support Expense (6120)	50,140	62,842	4,276	4
Less: Nonregulated		0		5 A
Net Regulated	50,140	62,842	4,276	6
Total Central Office Switching Expense (6210)	160,401	78,092	34,048	7
Less: Nonregulated		0		8 B
Net Regulated	160,401	78,092	34,048	9
Total Operator Systems Expense (6220)		0		10
Less: Nonregulated		0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	27,309	22,882	2,134	13
Less: Nonregulated		0		14
Net Regulated	27,309	22,882	2,134	15
Total Information Orig. / Term. Expense (6310)	1,337	920	247	16
Less: Nonregulated		0		17
Net Regulated	1,337	920	247	18
Total Cable and Wire Fac. Expense (6410)	103,449	107,563	60,716	19
Less: Nonregulated		0		20
Net Regulated	103,449	107,563	60,716	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	345,034	274,578	103,645	
Less: Nonregulated	0	0	0	
Net Regulated	345,034	274,578	103,645	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	0	0	440	22
Less: Nonregulated		0		23
Net Regulated	0	0	440	24
Total Network Operations Expense (6530)	42,158	37,863	17,048	25
Less: Nonregulated		0		26
Net Regulated	42,158	37,863	17,048	27
Access Expense (6540)		0		28
Less: Nonregulated		0		29
Net Regulated	0	0	0	30
Total Depreciation and Amortization Expense (6560)	834,006	941,950		31
Less: Nonregulated		0		32
Net Regulated	834,006	941,950		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	876,164	979,813	17,488	
Less: Nonregulated	0	0	0	
Net Regulated	876,164	979,813	17,488	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	821		27,262	(28,028)	1
	821	0	27,262	(28,028)	2
6120	1,558		56,420	588	3
	1,558	0	56,420	588	4
6210	12,459		26,232	5,353	5 A
	12,459	0	26,232	5,353	6
6220					7
	0	0	0	0	8 B
6230	774		19,733	241	9
	774	0	19,733	241	10
6310	82		559	32	11
	82	0	559	32	12
6410	18,241	5,059	11,849	11,698	13
	18,241	5,059	11,849	11,698	14
	33,935	5,059	142,055	(10,116)	15
	0	0	0	0	16
	33,935	5,059	142,055	(10,116)	17
6510	159	0	0	(599)	18
	159		0	(599)	19
6530	6,214		15,675	(1,074)	20
	6,214	0	15,675	(1,074)	21
6540					22
	0	0	0	0	23
6560			941,950		24
			941,950		25
	6,373	0	957,625	(1,673)	26
	0	0	0	0	27
	6,373	0	957,625	(1,673)	28

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	20,642	10,557	6,561	34
Less: Nonregulated		0		35 C
Net Regulated	20,642	10,557	6,561	36
<hr/>				
Total Services (6620)	326,248	398,083	113,433	37
Less: Nonregulated		0		38 D
Net Regulated	326,248	398,083	113,433	39
<hr/>				
TOTAL CUSTOMER OPERATIONS EXPENSE	346,890	408,640	119,994	
Less: Nonregulated	0	0	0	
Net Regulated	346,890	408,640	119,994	
<hr/>				
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	126,024	120,586	60,851	40
Less: Nonregulated		0		41
Net Regulated	126,024	120,586	60,851	42
<hr/>				
Total General and Administrative (6720)	230,690	345,401	89,676	43
Less: Nonregulated		0		44 E
Net Regulated	230,690	345,401	89,676	45
<hr/>				
Provision for Uncollectible Notes Receiv. (6790)		0		46
Less: Nonregulated		0		47
Net Regulated	0	0		48
<hr/>				
TOTAL CORPORATE OPERATIONS EXPENSE	356,714	465,987	150,527	
Less: Nonregulated	0	0	0	
Net Regulated	356,714	465,987	150,527	
<hr/>				
TOTAL EXPENSES	1,924,802	2,129,018	391,654	
Less: Nonregulated	0	0	0	
Net Regulated	1,924,802	2,129,018	391,654	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	2,418		1,578		34
	2,418	0	1,578	0	35 C
	2,418	0	1,578	0	36
6620	37,494		247,156		37
	37,494		247,156	0	38 D
	37,494		247,156	0	39
	39,912	0	248,734	0	
	0	0	0	0	
	39,912	0	248,734	0	
6710	18,078		41,657		40
	18,078		41,657	0	41
	18,078		41,657	0	42
6720	28,766		226,959		43
	28,766		226,959	0	44 E
	28,766		226,959	0	45
6790					46
					47
			0		48
	46,844	0	268,616	0	
	0	0	0	0	
	46,844	0	268,616	0	
	127,064	5,059	1,617,030	(11,789)	
	0	0	0	0	
	127,064	5,059	1,617,030	(11,789)	

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	440	2
Total: Reported in Account 6510	0	0	440	
Depreciat. Exp.--Tele. Plant in Service (6561)	834,006	941,950		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	834,006	941,950		

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511					1
6512	159			(599)	2
	159		0	(599)	
6561			941,950		3
6562					4
6563					5
6564					6
6565					7
			941,950		

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	3,605,023	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 in 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	3,605,023	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,295,818	1
Plus: Total Intrastate Access Revenues (5084)	829,464	2
Plus: Total Long Distance Network Services Revenue	0	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	2,125,282	

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	3,605,023	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 in 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>3,605,023</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,295,818	1
Plus: Total Intrastate Access Revenues (5084)	829,464	2
Plus: Total Long Distance Network Services Revenue	0	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>2,125,282</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)*			1
Return from Nonregulated Use of Regulated Facilities (7130)*			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)*			5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	0	0	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(37,944)	(37,985)	6
Operating Federal Income Taxes (7220)*	213,185	292,543	7
Operating State and Local Income Taxes (7230)*	56,046	76,000	8
Operating Other Taxes (7240)*	211,301	196,914	9
Provision for Deferred Operating Income Taxes--Net (7250)*	84,062	(7,304)	10
TOTAL OPERATING TAXES (7200)*	526,650	520,168	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*			11
Interest Income (7320)*	129,009	130,627	12
Income from Sinking and Other Funds (7330)*			13
Allowance for Funds Used During Construction (7340)*	25,466		14
Gains or (Losses) from the Disposition of Certain Property (7350)*			15
Other Nonoperating Income (7360)*	(73,223)	(35,258)	16
Special Charges (7370)*	8,414	9,534	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	72,838	85,835	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*			18
Nonoperating Federal Income Taxes (7420)*	(839)	36,972	19
Nonoperating State and Local Income Taxes (7430)*	603	10,724	20
Nonoperating Other Taxes (7440)*			21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	12,471	(11,086)	22
TOTAL NONOPERATING TAXES (7400)*	12,235	36,610	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	382,074	243,854	23
Interest Expense--Capital Leases (7520)*			24
Amortization of Debt Issuance Expense (7530)*	174	174	25
Other Interest Deductions (7540)*	1,429	3,086	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	383,677	247,114	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			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)*	(56,395)	(110,429)	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	566,564	1
Less: Cost of Goods Sold	104,504	2
Net Sales	462,060	3
Expenses (Acct. 7990.2)	518,455	4
Nonregulated Net Income	<u><u>(56,395)</u></u>	5

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

SALE AND INSTALLATION OF NEW TELEPHONE EQUIPMENT AND INSIDE WIRE
 LEASE OF TELEPHONE EQUIPMENT
 REPAIR OF CUSTOMER OWNED TELEPHONE EQUIPMENT AND WIRE
 SALES OF SATELLITE TELEVISION PROGRAMMING AND EQUIPMENT
 INTERNET ACCESS SERVICE

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:

INTERNET ACCESS SERVICE

GROSS SALES 364,851
 EXPENSES 494,301

EXPENSES EXCLUDE INCOME TAXES

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	391,654	1
Nonregulated Expense	95,907	2
Plant Accounts	36,439	3
Accumulated Depreciation Accounts	1,854	4
All Other Accounts	(2,808)	5
Total Salaries and Wages	<u>523,046</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	.24	.24	10,854	1
Supervision and Other Management	2.00	3.00	151,309	2
Other Employees	9.00	11.00	360,883	3
Total	<u>11.24</u>	<u>14.24</u>	<u>523,046</u>	

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	391,654	1
Nonregulated Expense	95,907	2
Plant Accounts	36,439	3
Accumulated Depreciation Accounts	1,854	4
All Other Accounts	(2,808)	5
Total Salaries and Wages	<u>523,046</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	.24	.24	10,854	1
Supervision and Other Management	2.00	3.00	151,309	2
Other Employees	9.00	11.00	360,883	3
Total	<u>11.24</u>	<u>14.24</u>	<u>523,046</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		1,605	1 K
Extended Area Service		2,066	2 K
Extended Community Calling			3
Other Local-Undefined			4
Total Local	0	3,671	
TOLL			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA			6
Operator Handled: Interstate			7
Customer Dialed: State--intraLATA		462	8 K
Customer Dialed: State--interLATA		381	9 K
Customer Dialed: Interstate		1,042	10 K
WATS		6	11 K
Other Toll-Undefined			12
Total Toll	0	1,891	
Total Local & Toll	0	5,562	

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.					1
Feature Group A -- Term.					2
Feature Group B -- Orig.	3				3
Feature Group B -- Term.					4
Feature Group C -- Orig.			2,294	2	5
Feature Group C -- Term.			2,167	2	6
Feature Group D -- Orig.	3,449	1,762	279		7
Feature Group D -- Term.	5,211	2,729			8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	12	1
Sheath miles of plant - buried	292	2
Sheath miles of plant - fiber optics	62	3
Strand miles of plant - fiber optics	1,580	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	1	10	1
56 kbps	5	10	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	3	4	4
45 Mbps (DS-3)	0	0	5
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

OUTSIDE PLANT STATISTICS AT END OF YEAR

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45 Mbps (DS-3)	0	0	5
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			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	677	747	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	19	19	6
Centrex Trunks	0		7
Centrex Lines	0		8
Key System Trunks	0		9
Mobile (Utility Provided Service)	0		10
Paging (Utility Provided Service)	0		11
FX-Out (Switched)	4	4	12
Pay Telephone		25	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	5	15
Pay Stations - Public	28	0	16
- Semi-Public	2	0	17
- Cust. Owned	1	0	18
Other	0		19
Total Business Lines	731	800	20
Residential (Incl. Emp. Concess.)			
1 Party	3,111	3,425	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	8	8	25
Other	0		26
Total Residential Lines	3,119	3,433	27
Total Bus & Res Lines	3,850	4,233	28
Company Used Lines	45	60	29
Total Lines Used	3,895	4,293	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	1		3
WATS Lines - 800 Service	1	0	4
FX-In-intraLATA	13	7	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	25	116	7
Special Access-interLATA			8
(expressed in equiv. access lines)	79	78	9
Feature Group A Lines	0		10
Feature Group B Trunks	0		11
Feature Group C Trunks	0		12
Feature Group D Trunks	144	144	13
TSPS - Trunks	7	7	14
EAS - Trunks	252	292	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
	11,071,382	12,348,125	27
Total Company Square Miles	101	101	28
Total Company Route Miles	325	354	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	3570				1
Business					
1 Party	747				2
2 Party					3
4 Party					4
PBX Trunks/System Trunks	19				5
Centrex Trunks					6
Centrex Lines					7
Key System Trunks					8
Mobile (utility provided service)					9
Paging (utility provided service)					10
FX-Out (Switched)	4				11
Pay Telephone	25				12
Coin-Operated Pay Telephone	0				13
Independent Pay Telephone Provider	5				14
Pay Stations - Public	0				15
- Semi-Public	0				16
- Cust. Owned	0				17
Other					18
Total Business Lines	800	0	0	0	19
Residential (Incl. Emp. Concess.)					
1 Party	3,425				20
2 Party					21
4 Party					22
FX-Out (Switched)	8				23
Other					24
Total Residential Lines	3,433	0	0	0	25
Total Bus & Res Lines	4,233	0	0	0	26
Company Used Lines	60				27
Total Lines Used	4,293	0	0	0	28

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	3570				1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service	0				4
FX-In-intraLATA	7				5
Special Access-intraLATA					6
(equiv. access lines)	116				7
Special Access-interLATA					8
(equiv. access lines)	78				9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks	144				13
TSPS - Trunks	7				14
EAS - Trunks	292				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)	12,348,125				27
Exchange Square Miles	101				28
Exchange Route Miles	354				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

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Electronic--Digital	D	3
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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	MOUNT HOREB				1
PSCW Exchange ID	3570				2
Central Office Name	MOUNT HOREB				3
PSCW Central Office ID	1				4
Manufacturer of COE (Page 54)	GTE				5
Year COE Installed	1984				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote	S				8
Remote Host PSCW Exchange ID					9
Remote Host PSCW Central Office ID	0				10
COE Generic Software Release No.	1721				11
SS7?	Yes				12
9-1-1?	Yes				13
Access Lines - In Use	4,293				14
- Equipped	4,796				15
- Wired	5,376				16
Trunks - In Use	467				17
- Equipped	467				18
- Wired	768				19
ISDN Available?	No				20
ISDN Lines - In Use (BRI)	0				21
- In Use (PRI)	0				22
Switched 56 Service?	No				23
Switched 56 lines in use	0				24
Digital Transmission Facilities: DS-1 - In Use	9				25
DS-3 - In Use	0				26
Advanced Data Service Available:					
Packet Switching?	No				27
SMDS?	No				28
Frame Relay?	No				29
ATM (Asynchronous Trans. Mode)?	No				30
Video Information - Service Available?	No				31
- In Use (# lines) ¹	0				32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	216				33
No. of fiber strands working (LIT) in C.O.	60				34
No. of fiber strands for interoffice use	36				35
Miles of fiber sheath in wire center	62				36
Access Tandem Serving this C.O.:					
- C.O. Name	MADISON				37
- PSCW C.O. ID	3080-01				38
Does this C.O. do access tandem switching?	No				39
Equal Access: InterLATA (1+)?	Yes				40
Equal Access: IntraLATA (1+)?	No				41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Schedule Line Footnotes

- A)** General purpose computer expense increased by \$4,188. Repairs due to lightning damage - \$2,804, maintenance agreement on hardware - \$1,949. The land and buildings expense increase is attributable to a \$2,580 expenditure for painting our warehouse.
- B)** Acct 6212
The decrease is the result of a reduction in software and right to use fees. SS7, intralata presubscription, and calling name software expense totaled \$82,177 in 1996.
- C)** The decrease in account 6610 is the result of employee labor devoted to marketing of new regulated services shifted to labor devoted to the companys alternative regulation plan.
- D)** The increase in account 6620 is the result of directory listing expense of \$30,180 (payments to other telcos for directory listings) and an increase is labor expense. We hired an additional customer service rep on 9/3/97.
- E)** The increase in account 6720 is the result of expenses associated with the development of the companys alternative regulation plan.
- F)** Public telephone equipment and related accum depreciation was transferred to account 1406 Nonregulated investments.
- G)** The program required a footnote for a zero entry in the transfer adjustment column.
- H)** Increase due to rate increase for interstate special access effective 7-1-97.
- I)** Increase due to the addition of an intrastate DS3 service on the fiber route that passes thru our exchange.
- J)** In 1996, the company recorded a \$6,080 payable to Ameritech in anticipation of signing a billing and collection contract retroactive to 7-1-96. The contract was not signed in 1997 and the entry was reversed. We also billed Ameritech \$2,540 for customer billing information in 1997.
- K)** The provided information was extracted from the development of the 1997 traffic factors. Due to changes in the industry, equal access conversion and the return of billing responsibilities (such as AT&T operator handled traffic), the information requested is no longer in the format requested. The information provided will be consistently available yearly upon completion of the annual traffic factors.