



4004

ANNUAL REPORT

OF

Name: MT VERNON TELEPHONE COMPANY

Principal Office: 301 S WESTFIELD RD
P.O. BOX 5158
MADISON, WI 53705-0158

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.

SIGNATURE PAGE

I GERALD RINGLUND of
(Person responsible for accounts)

MT VERNON TELEPHONE COMPANY, certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

GERALD RINGLUND 04/17/1998
(Person responsible for accounts) (Date)

ASSISTANT TREASURER
(Title)

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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: MT VERNON TELEPHONE COMPANY
Utility Location: 301 S WESTFIELD RD
P.O. BOX 5158
MADISON, WI 53705-0158

Utility Web Site Address:

When was utility organized?: 05/21/1901

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR GERALD A . RINGLUND
Title: ASSISTANT TREASURER

Office Address: 301 S. WESTFIELD ROAD
P.O. BOX 5158
MADISON , WI 53705-0158

Fax Number: (608) 664 - 4519
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Email Address: gerald.ringlund@tdstelecom.com

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

Name: MS KAREN S . KOSMO
Title: STAFF ACCOUNTANT
Firm: TDS TELECOM

Office Address: 301 S. WESTFIELD ROAD
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MADISON , WI 53705-0158

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Telephone Number: (608) 664 - 4305
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Person responsible for financial information contained in report

Name: MR GERALD A . RINGLUND
Title: ASSISTANT TREASURER

Office Address: 301 S. WESTFIELD ROAD
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MADISON , WI 53705-5158

Fax Number: (608) 664 - 4519
Telephone Number: (608) 664 - 4554
Email Address: gerald.ringlund@tdstelecom.com

Person responsible for statistical information contained in report

Name: VARIOUS CONTACTS
Title: X

Office Address: 301 S. WESTFIELD ROAD
P.O. BOX 5158
MADISON , WI 53705-5158

Fax Number: (608) 999 - 9999
Telephone Number: (608) 999 - 9999
Email Address:

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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:	TDS TELECOMMUNICATIONS CORPORATION
Address:	301 S. WESTFIELD ROAD PO BOX 5158 MADISON , WI 53705-5158
Number of Shares Held:	3,535
Beneficial Owner:	NONE

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

Company Name:	N/A
Form of Interest:	N/A
Extent Of Interest:	N/A

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	5,448,007	4,935,839	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	400,784	349,815	2
Plant Nonspecific Operations Expense	1,348,603	1,239,832	3
Customer Operations Expense (6610-6620)	1,082,288	934,095	4
Corporate Operations Expense (6710-6790)	978,490	818,175	5
Other Operating Income and Expense (7100)	2,748	2,496	6
Operating Taxes (7200)	789,865	726,811	7
Total Operating Expenses	4,597,282	4,066,232	8
Net Operating Income	850,725	869,607	9
Other Income			
Nonoperating Income and Expense (7300)	20,369	36,202	10
Nonoperating Taxes (7400)	6,772	13,765	11
Interest and Related Items (7500)	182,226	149,793	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	27,919	24,121	14
Total Nonoperating Income	(140,710)	(103,235)	15
Net Income	710,015	766,372	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.)

TELEPHONE PLANT

Telephone plant is stated as the original cost of construction including capitalized costs such as taxes, pensions, and other fringe benefits, and an allowance for funds used during construction (AFUDC).

DEPRECIATION

The company provides depreciation for financial reporting purposes using the straight-line method. Renewals and betterments of units of property are charged to telephone plant in service. The original cost of depreciable property retired, together with removal cost less any salvage realized, is charged to accumulated depreciation. Repairs and renewals of minor items of property are charged to maintenance expense. No gain or loss is recognized in connection with ordinary retirements of depreciable property.

REVENUES

Operating and nonoperating revenues are recognized when earned regardless of the period in which they are billed.

Compensation for all intrastate service is received through tariffed access charges billed to the long distance carrier and retained by the company.

Compensation for interstate access services is received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the company to the interstate long distance carrier, and pooled with like revenues from all NECA member companies.

PENSION

The company is a member of the Telephone and Data Systems, Inc. Employees' Pension Trust I. This qualified, noncontributory defined contribution pension plan covers substantially all company employees. Under this plan, pension benefits and costs are funded currently.

INCOME TAXES

The company is included in the TDS consolidated federal income tax return. For financial reporting purposes, the company computes its federal income tax by applying the statutory rate to all its taxable income.

The company uses the full-normalization method for all timing differences with the resulting book-tax differences being provisioned through the deferred tax accounts. Deferred income taxes resulting from accelerated depreciation used for income tax purposes had previously been provided through the depreciation accounts. Such deferred taxes are credited to income as the related timing differences reverse. Investment tax credits resulting from investments in qualifying telephone plant and equipment

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:

have been deferred and are being amortized to income over the service lives of the related property.

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 company is restricted from transferring funds to the parent or other affiliates in the form of cash dividends until certain financial requirements of its mortgage indentures have been met. At December 31, 1997, the company has invested \$0 with Telecommunications Technologies Fund, Inc., and could distribute up to \$3,390,741 to the parent or other affiliates in the form of cash dividends.

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
Cash (1130)	98,606	104,073	2
Special Cash Deposits (1140)	290	290	3
Working Cash Advances (1150)	550	550	4
Temporary Investments (1160)	100,000	194,000	5
TOTAL CASH AND EQUIVALENTS	199,446	298,913	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	610,833	489,886	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
Net: Telecommunications Accounts Receivable	610,833	489,886	
Other Accounts Receivable (1190)*	887,563	791,538	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	887,563	791,538	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	4,757	5,355	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	1,503,153	1,286,779	
SUPPLIES			
Inventories (1220)*	148,078	93,159	13
TOTAL SUPPLIES	148,078	93,159	
PREPAYMENTS			
Total Prepayments (1280)*			14
Prepaid Rents (1290)	0	0	15
Prepaid Taxes (1300)	6,550	0	16
Prepaid Insurance (1310)	0	0	17
Prepaid Directory Expenses (1320)	3,527	0	18
Other Prepayments (1330)	20,542	14,512	19
TOTAL PREPAYMENTS	30,619	14,512	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	9,457	20
TOTAL OTHER CURRENT ASSETS	0	9,457	
TOTAL CURRENT ASSETS	1,881,296	1,702,820	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	0	0	21
Investments in Nonaffiliated Companies (1402)*	120,365	120,365	22
Nonregulated Investments (1406)*	115,790	53,050	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	236,155	173,415	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	242	242	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	3,591	0	29
TOTAL DEFERRED CHARGES	3,833	242	
TOTAL NONCURRENT ASSETS	239,988	173,657	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	16,170,083	14,095,078	30
Less: Accumulated Depreciation (3100)*	7,322,266	6,347,724	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	8,847,817	7,747,354	
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)*	32,795	26,930	37
Less: Accumulated Depreciation--Nonoperating (3300)*	12,437	11,521	38
NET NONOPERATING PLANT	20,358	15,409	
TPUC			
TPUC (2003)*	108,185	440,642	39
TOTAL TPUC	108,185	440,642	
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	8,976,360	8,203,405	
TOTAL ASSETS AND OTHER DEBITS*	11,097,644	10,079,882	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	612,438	690,118	1
Notes Payable (4020)*	700,000	0	2
Advance Billing and Payments (4030)*	115,600	97,900	3
Customer Deposits (4040)*	0	0	4
Current Maturities--Long-Term Debt (4050)*	113,300	114,181	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	38,686	45,837	7
Other Taxes--Accrued (4080)*	(1,503)	31,697	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)*	49,658	31,137	11
Other Current Liabilities (4130)*	18,028	20,231	12
TOTAL CURRENT LIABILITIES*	1,646,207	1,031,101	
LONG-TERM DEBT			
Funded Debt (4210)*	2,115,676	2,228,774	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*	2,115,676	2,228,774	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*		61,062	20
Unamortized Operating ITC--Net (4320)*	69,529	16,153	21
Unamortized Nonoperating ITC--Net (4330)*	694	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	790,685	757,951	23
Net Deferred Tax Liability Adjustments (4341)*	(885)	(8,623)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	1,124	8,862	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	861,147	835,405	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	353,450	353,450	28
Additional Paid-in Capital (4520)*	2,113	2,113	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	6,119,047	5,629,035	32
TOTAL STOCKHOLDERS' EQUITY*	6,474,610	5,984,598	
TOTAL LIABILITIES AND OTHER CREDITS*	11,097,640	10,079,878	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	710,015	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,044,394	2
Interest during construction	(5,412)	3
Changes in assets and liabilities:		
Current assets (net)	(277,943)	4
Other noncurrent assets	(3,591)	5
Other current liabilities	(84,013)	6
Other liabilities and deferred credits	25,742	7
Other (specify):		
TOTAL ADJUSTMENTS	699,177	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	1,409,192	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(1,811,937)	8
Investments in affiliated companies	0	9
Nonoperating Investments	(62,740)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(1,874,677)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(113,979)	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	700,000	14
Dividends paid	(220,000)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	366,021	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(99,464)	
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

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

In 1997 payphones were deregulated. Since that time, depreciation on this investment has been recorded as a non-regulated expense. However, temporarily for internal tracking purposes, the net investment has not been reclassified to non-regulated activities as of 12/31/97.

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)	
Arvig Telephone Company	ARVIG	1
Burlington, Brighton & Wheatland Telephone Company	BB&W	2
Black Earth Telephone Company	BLACK	3
Central State Telephone Company	CENTRAL	4
EastCoast Telecom, Inc.	EASTCOAST	5
Grantland Telecom, Inc.	GRANTLAND	6
Midstate Telephone Company	MIDSTATE	7
Midway Telephone Company	MIDWAY	8
Other	OTH	9
Riverside Telecom, Inc.	RIVERSIDE	10
Suttle Press, Inc.	SUTTLE	11
Telephone and Data Systems, Inc	TDS CORP	12
TDS Telecom, Inc.	TDS TEL	13
TDS Computing Services, Inc.	TDS/CS	14
Telecommunications Technologies Fund	TTF	15
Utelco, Inc.	UTELCO	16
Waunakee Telephone Company	WAUNAKEE	17

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	0005-TI-000124	0005-TI-000124	0005-TI-000124	None	
Name of Affiliate	BLACK	OTH	OTH	SUTTLE	1
Designate whether billed to or from:	TO	FROM	TO	FROM	2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C	C	M	3
Revenues	0	0	0	0	4
Expenses:					
Plant Specific Operations Expense	10,086	249	3,104	0	5
Plant Nonspecific Operations Expense	23,295	1,920	14,717	23	6
Customer Operations Expense	6,485	523	1,551	324	7
Corporate Operations Expense	6,284	5	1,201	0	8
Total Operating Expenses	46,150	2,697	20,573	347	9
Other:					
Plant Accounts	0	4,823	0	0	10
Accumulated Depreciation	0	0	0	0	11
Accumulated Amortization	0	0	0	0	12
Clearing	0	0	0	0	13
All Other	1,140	34	280	0	14
Total	47,290	7,554	20,853	347	15
Percent of affiliate's business billed to all affiliated regulated utilities				62.00	16
If cost based, rate of return on equity or markup incorporated in billings		0.00			17
Footnotes					

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	0005-TI-000124	0005-TI-000124	0005-TI-000124	
Name of Affiliate	TDS CORP	TDS TEL	TDS/CS	1
Designate whether billed to or from:	FROM	FROM	FROM	2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C	C	3
Revenues	0	0	0	4
Expenses:				
Plant Specific Operations Expense	0	2,913	4,426	5
Plant Nonspecific Operations Expense	2,810	207,928	0	6
Customer Operations Expense	0	541,742	287,154	7
Corporate Operations Expense	144,342	583,074	61,691	8
Total Operating Expenses	147,152	1,335,657	353,271	0
Other:				
Plant Accounts	0	204,988	0	10
Accumulated Depreciation	0	0	0	11
Accumulated Amortization	0	0	0	12
Clearing	0	0	0	13
All Other	0	12,853	0	14
Total	147,152	1,553,498	353,271	0
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	0.00	0.00	15.00	17
Footnotes	1			

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)	
Grantland Telecom, Inc.	1190	2,217	1
Other	1190	11,800	2
Telephone and Data Systems, Inc	1190	48,600	3
TDS Telecom, Inc.	1190	108,874	4
TDS Computing Services, Inc.	1190	46,813	5
Telecommunications Technologies Fund	1210	1,601	6
Other	4010	4,686	7
Telephone and Data Systems, Inc	4010	60,128	8 r
TDS Telecom, Inc.	4010	161,333	9
TDS Computing Services, Inc.	4010	14,073	10
Telecommunications Technologies Fund	4010	5,050	11

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	0	1
Uncollectibles written off during the year	0	2
Net write offs during the year	0	

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	118,265	1
Other:		
RTB Class C Stock	2,000	2
Verona Park Investment	100	3
Total Investments in Nonaffiliated Companies	120,365	

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):		
Direct Broadcast Satellite	63,733	1
Leased phones & business systems	52,057	2 s

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	59,904		1 a
Motor Vehicles	2112	297,196	41,014	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	315,485	3,376	6
Buildings	2121	861,475		7
Furniture	2122	37,050		8
Office Equipment	2123	81,350	0	9 a
General Purpose Computers	2124	802,442	199,243	10
TOTAL--GENERAL SUPPORT ASSETS:		2,454,902	243,633	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0	0	11
Digital Electronic Switching	2212	3,019,638	306,681	12 a
Electro-Mechanical Switching	2215	0	0	13 b
Operator Systems	2220		0	14
Radio Systems	2231	139,836	0	15 b
Circuit Equipment	2232	1,539,993	119,583	16 a
TOTAL--CENTRAL OFFICE ASSETS:		4,699,467	426,264	
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	76,563		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		76,563	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	87,961	1,568	22
Aerial Cable	2421	468,704	34,503	23 b
Underground Cable	2422	114,909	139,740	24 b
Buried Cable	2423	5,922,540	1,317,161	25 b
Submarine Cable	2424	0	0	26 b
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28 b
Aerial Wire	2431	54,048	806	29
Conduit Systems	2441	215,984	10,394	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		6,864,146	1,504,172	
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		(5,865)	54,039	1 a
2112	38,193		300,017	2
2113			0	3
2114			0	4
2115			0	5
2116			318,861	6
2121			861,475	7
2122			37,050	8
2123	0	(5,816)	75,534	9 a
2124	20,000		981,685	10
	58,193	(11,681)	2,628,661	
2211			0	11
2212	2,945	(2,945)	3,320,429	12 a
2215	0	0	0	13 b
2220			0	14
2231	0	0	139,836	15 b
2232	0	(1,077)	1,658,499	16 a
	2,945	(4,022)	5,118,764	
2311			0	17
2321			0	18
2341			0	19
2351			76,563	20
2362			0	21
	0	0	76,563	
2411	167		89,362	22
2421	8,846	0	494,361	23 b
2422	0	0	254,649	24 b
2423	10,824	0	7,228,877	25 b
2424	0	0	0	26 b
2425			0	27
2426	0	0	0	28 b
2431	2,386		52,468	29
2441			226,378	30
	22,223	0	8,346,095	
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	14,095,078	2,174,069
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	
	83,361	(15,703)	16,170,083	
2001			0	34
			16,170,083	

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	36,651	0	1
Company Communications Equipment	2123.2	44,699	0	2 a
Software	2212.1	189,301	55,304	3
Digital Switching - Central Office	2212.2	1,995,337	251,377	4
Digital Switching - Remote	2212.3	835,000	0	5 a
Step by Step Switching	2215.1	0	0	6
Crossbar Switching	2215.2	0	0	7
Satellite and Earth Station Facilities	2231.1	139,836	0	8
Other Radio Facilities	2231.2	0	0	9
Digital Circuit Equipment	2232.1	931,857	118,778	10 a
Analog Circuit Equipment	2232.2	0	0	11
Light Wave Circuit Equipment	2232.3	608,136	805	12
Aerial Cable - Nonmetallic	2421.1	0	1,092	13
Aerial Cable - Metallic	2421.2	468,704	33,411	14
Underground Cable - Nonmetallic	2422.1	0	26,577	15
Underground Cable - Metallic	2422.2	114,909	113,163	16
Buried Cable - Nonmetallic	2423.1	741,743	180,009	17
Buried Cable - Metallic	2423.2	5,180,797	1,137,152	18
Submarine Cable - Nonmetallic	2424.1	0	0	19
Submarine Cable - Metallic	2424.2	0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0	0	21
Intrabuilding Cable - Metallic	2426.2	0	0	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	0		36,651	1
2123.2	0	(5,816)	38,883	2 a
2212.1	0		244,605	3
2212.2	0		2,246,714	4
2212.3	2,945	(2,945)	829,110	5 a
2215.1	0		0	6
2215.2	0		0	7
2231.1	0		139,836	8
2231.2	0		0	9
2232.1	0	(1,077)	1,049,558	10 a
2232.2	0		0	11
2232.3	0		608,941	12
2421.1	0		1,092	13
2421.2	8,846		493,269	14
2422.1	0		26,577	15
2422.2	0		228,072	16
2423.1	0		921,752	17
2423.2	10,824		6,307,125	18
2424.1	0		0	19
2424.2	0		0	20
2426.1	0		0	21
2426.2	0		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	189,762	15.0	44,292	0	1
Aircraft	2113	0				2
Special Purpose Vehicles	2114	0				3
Garage Work Equipment	2115	0				4
Other Work Equipment	2116	226,826	226826.0	10	31,576	5
Buildings	2121	268,110	3.4	29,292	0	6
Furniture	2122	21,849	10.0	3,708	0	7
Office Equipment	2123	64,464	19.52	9,236	0	8
General Purpose Computers	2124	359,589	20.0	160,570	0	9
Total-- GENERAL SUPPORT ASSETS		1,130,600		247,108	31,576	
CENTRAL OFFICE ASSETS						
Analog Electronic Switching	2211	0				10
Digital Electronic Switching	2212	1,853,933	10.27	269,065	0	11a
Electro-Mechanical Switching	2215	0	.0	0	0	12
Operator Systems	2220	0				13
Radio Systems	2231	128,595	3.71	4,855	0	14
Circuit Equipment	2232	819,495	9.7200	127,837	0	15a
Total-- CENTRAL OFFICE ASSETS		2,802,023		401,757	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	41,499	13.6	10,416	0	19
Other Terminal Equipment	2362	0				20
Total-- INFORMATION ORIG/TERM ASSETS		41,499		10,416	0	
CABLE WIRE FACILITIES ASSETS						
Poles	2411	78,619	10.0	8,829	0	21
Aerial Cable	2421	265,507	6.0	28,733	0	22a
Underground Cable	2422	52,285	4.4	6,458	0	23
Buried Cable	2423	1,845,724	4.98	305,602	0	24
Submarine Cable	2424	0	.0			25
Deep Sea Cable	2425	0				26
Intrabuilding Network Cable	2426	0	.0			27
Aerial Wire	2431	52,386	19.0	10,251	0	28a

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	38,193	0	6,476		202,337	1
2113					0	2
2114					0	3
2115					0	4
2116		0	0		258,412	5
2121		0	0		297,402	6
2122		0	15		25,572	7
2123	0	0	0		73,700	8
2124	20,000	0	0		500,159	9
	58,193	0	6,491	0	1,357,582	
2211					0	10
2212	2,945	0	4,240	(2,945)	2,121,348	11 a
2215	0	0	0		0	12
2220					0	13
2231	0	0	0		133,450	14
2232	0	0	521	(1,077)	946,776	15 a
	2,945	0	4,761	(4,022)	3,201,574	
2311					0	16
2321					0	17
2341					0	18
2351		0	0		51,915	19
2362					0	20
	0	0	0	0	51,915	
2411	167	247	0		87,034	21
2421	8,846	3,741	0	(260)	281,393	22 a
2422	0	0	0		58,743	23
2423	10,824	2,306	158		2,138,354	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431	2,386	338	0	39	59,952	28 a

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	79,081	3.03	6,638	0 29
Total-- CABLE WIRE FACILITIES ASSETS		2,373,602		366,511	0
Total Accumulated Depreciation	3100	6,347,724		1,025,792	31,576
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				1,025,792	31,576

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441		0	0		85,719	29
	22,223	6,632	158	(221)	2,711,195	
3100	83,361	6,632	11,410	(4,243)	7,322,266	
3100					0	30
3100					7,322,266	

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	31,155	19.0	3,662	0	1
Company Communications Equipment	2123.2	33,309	20.0	5,574	0	2
Software	2212.1	157,086	33.33	38,635	0	3
Digital Switching - Central Office	2212.2	1,392,970	8.0699	165,018	0	4
Digital Switching - Remote	2212.3	303,877	7.85	65,412	0	5 a
Step by Step Switching	2215.1	0	.0	0	0	6
Crossbar Switching	2215.2	0	.0	0	0	7
Satellite and Earth Station Facilities	2231.1	128,595	3.71	4,855	0	8
Other Radio Facilities	2231.2	0	.0	0	0	9
Digital Circuit Equipment	2232.1	475,852	9.88	69,908	0	10 a
Analog Circuit Equipment	2232.2	0	.0	0	0	11
Light Wave Circuit Equipment	2232.3	343,643	9.5	57,929	0	12
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	265,507	6.0	28,733	0	14 a
Underground Cable - Nonmetallic	2422.1	0	4.1	246	0	15
Underground Cable - Metallic	2422.2	52,285	4.4	6,212	0	16
Buried Cable - Nonmetallic	2423.1	218,003	4.8	36,817	0	17
Buried Cable - Metallic	2423.2	1,627,721	5.0	268,785	0	18
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	0	0	0		34,817	1
2123.2	0	0	0		38,883	2
2212.1	0	0	0		195,721	3
2212.2	0	0	2,000		1,559,988	4
2212.3	2,945	0	2,240	(2,945)	365,639	5 a
2215.1	0	0	0		0	6
2215.2	0	0	0		0	7
2231.1	0	0	0		133,450	8
2231.2	0	0	0		0	9
2232.1	0	0	521	(1,077)	545,204	10 a
2232.2	0	0	0		0	11
2232.3	0	0	0		401,572	12
2421.1	0				0	13
2421.2	8,846	3,741	0	(260)	281,393	14 a
2422.1	0	0	0		246	15
2422.2	0	0	0		58,497	16
2423.1	0	0	0		254,820	17
2423.2	10,824	2,306	158		1,883,534	18
2424.1	0				0	19
2424.2	0				0	20
2426.1	0				0	21
2426.2	0				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)	242	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(757,951)	5
Net Deferred Tax Liability Adjustments (4341)	8,623	6
Deferred Tax Regulatory Liability (4361)	(8,862)	7
Net Property Related Deferred Operating Income Taxes	(757,948)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(757,948)	
NONPROPERTY RELATED		
Other Current Assets (1350)	9,457	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)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	9,457	

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	0	2
	0			242	3
7250	0			0	4
7250	(32,817)		145	(790,623)	5
	(7,738)			885	6
	7,738			(1,124)	7
	(32,817)	0	145	(790,620)	
				0	8
	(32,817)	0	145	(790,620)	
7250			(9,457)	0	9
7250				0	10
				0	11
7250	0		0	0	12
7250	82		(144)	(62)	13
				0	14
				0	15
	82	0	(9,601)	(62)	

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)	
Affiliated:					
Telecommunications Technologies Fund	07/01/1997	07/01/1998	9.0000	700,000	1
Total Affiliated				<u>700,000</u>	
Total Notes Payable				<u><u>700,000</u></u>	

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):				
REA/RTB	07/11/1966-10/13/1979	07/11/1998-10/13/2011	2.0000	1
REA/RTB	10/02/1978-02/13/1995	10/02/2010-06/30/2027	6.3500-7.5000	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	0	0	199,178	49,500	248,678	1
6.9968	0	0	1,916,498	63,800	1,980,298	2
	0	0	2,115,676	113,300	2,228,976	

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	3,600	100.00	1
TOTAL COMMON STOCK	3,600		
TOTAL	<u>3,600</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	3,543	353,450	0	0	1
	3,543	353,450	0	0	
TOTAL	<u>3,543</u>	<u>353,450</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	5,629,032	5,062,645	1
Changes:			
Balance Transferred from Income	710,015	766,372	2
Dividends Declared:			
Common	220,000	199,982	3
Preferred	0		4
Total Dividends Declared	220,000	199,982	
Miscellaneous Debits to Retained Earnings	0		5
Miscellaneous Credits to Retained Earnings	0		6
Balance--End of Year	<u>6,119,047</u>	<u>5,629,035</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)	336,998	102,598	348,333	1
Nonoperating Taxes (Accts. 7410 - 7450)		1,340	5,432	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		2,758	11,256	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
TOTAL	<u>336,998</u>	<u>106,696</u>	<u>365,021</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)	
1,936	0		0		789,865	1
					6,772	2
					0	3
					14,014	4
					0	5
					0	6
					0	7
					0	8
					0	9
1,936	0	0	0	0	810,651	

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
Basic Area Revenue (5001)	1,669,050	1,530,041	2
Optional Extended Area Revenue (5002)	0	0	3
Cellular Mobile Revenue (5003)	0	0	4
Other Mobile Services Revenue (5004)	2,763	0	5
Public Telephone Revenue (5010)	7,395	13,368	6 c
Local Private Line Revenue (5040)	10,100	9,258	7
Customer Premises Revenue (5050)	510	45	8
Other Local Exchange Revenue (5060)	320,989	257,138	9 d
Other Local Exchange Revenue Settlements (5069)	0	0	10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	2,010,807	1,809,850	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	417,819	380,376	11
Switched Access Revenue (5082)*	1,177,318	1,056,829	12
Special Access Revenue (5083)*	35,387	26,074	13 e
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,630,524	1,463,279	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	746,575	733,477	15
Special Access Revenue (5084.3)*	574,018	427,726	16 f
TOTAL INTRASTATE ACCESS REVENUES (5084)	1,320,593	1,161,203	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	0	0	17
Long Distance Inward-Only Revenue (5111)	0	0	18
Long Distance Outward-Only Revenue (5112)	0	0	19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)	0	0	20
Voice Grade Revenue (5122)	0	0	21
Audio Program Grade Revenue (5123)	0	0	22
Video Program Grade Revenue (5124)	0	0	23
Digital Transmission Revenue (5125)	0	0	24
Switching Revenue (5126)	0	0	25
Other Revenue (5128)	0	0	26
Other Revenue Settlements (5129)	0	0	27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)	0	0	28
Other Long Distance Revenue Settlements (5169)	315	0	29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	315	0	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	209,025	202,315	30
Rent Revenue (5240)*	331	3,544	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*			33
Special Billing Arrangements Revenue (5261)	11,659	0	34 g
Customer Operations Revenue (5262)	0	0	35
Plant Operations Revenue (5263)	0	0	36
Other Incidental Regulated Revenue (5264)	9,089	15,374	37 h
Other Revenue Settlements (5269)	1,875	1,810	38
Total Miscellaneous Revenue (5260)	22,623	17,184	
Interstate Billing and Collection Revenue*	96,879	157,145	39 i
Intrastate Billing and Collection Revenue*	171,734	127,664	40 j
Total Carrier Billing and Collection Revenue (5270)*	268,613	284,809	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	500,592	507,852	
GROSS OPERATING REVENUES	5,462,831	4,942,184	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*			42
Uncollectible Revenue--Telecommunications (5301)	16,066	6,345	43 k
Uncollectible Revenue--Other (5302)	(1,242)	0	44
TOTAL UNCOLLECTIBLE REVENUE (5300)	14,824	6,345	
TOTAL OPERATING REVENUES	5,448,007	4,935,839	

** 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)	15,470	16,043	6,043	1
Less: Nonregulated	0	0	0	2
Net Regulated	15,470	16,043	6,043	3
Total General Support Expense (6120)	81,190	101,068	26,389	4
Less: Nonregulated	0	0	0	5
Net Regulated	81,190	101,068	26,389	6
Total Central Office Switching Expense (6210)	66,427	64,728	7,539	7
Less: Nonregulated	0	0	0	8
Net Regulated	66,427	64,728	7,539	9
Total Operator Systems Expense (6220)	117	0	0	10
Less: Nonregulated	0	0	0	11
Net Regulated	117	0	0	12
Total Central Office Transmission Expenses (6230)	22,480	47,334	5,307	13
Less: Nonregulated	0	0	0	14
Net Regulated	22,480	47,334	5,307	15
Total Information Orig. / Term. Expense (6310)	8,563	2,723	440	16
Less: Nonregulated	0	0	0	17
Net Regulated	8,563	2,723	440	18
Total Cable and Wire Fac. Expense (6410)	155,568	168,888	83,176	19
Less: Nonregulated	0	0	0	20
Net Regulated	155,568	168,888	83,176	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	349,815	400,784	128,894	
Less: Nonregulated	0	0	0	
Net Regulated	349,815	400,784	128,894	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	6,456	11,168	4,629	22
Less: Nonregulated		0	0	23
Net Regulated	6,456	11,168	4,629	24
Total Network Operations Expense (6530)	285,619	293,041	59,495	25
Less: Nonregulated	0	0	0	26
Net Regulated	285,619	293,041	59,495	27
Access Expense (6540)	0	0	0	28
Less: Nonregulated	0	0	0	29
Net Regulated	0	0	0	30
Total Depreciation and Amortization Expense (6560)	947,757	1,044,394		31
Less: Nonregulated		0		32
Net Regulated	947,757	1,044,394		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	1,239,832	1,348,603	64,124	
Less: Nonregulated	0	0	0	
Net Regulated	1,239,832	1,348,603	64,124	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	2,975	(993)	77,490	(69,472)	1
	0	0	0	0	2
	2,975	(993)	77,490	(69,472)	3
6120	15,879	0	58,800	0	4
	0	0	0	0	5 l
	15,879	0	58,800	0	6
6210	9,246	0	47,943	0	7
	0	0	0	0	8
	9,246	0	47,943	0	9
6220	0	0	0	0	10
	0	0	0	0	11
	0	0	0	0	12
6230	4,214	0	37,813	0	13
	0	0	0	0	14 m
	4,214	0	37,813	0	15
6310	328	0	1,955	0	16
	0	0	0	0	17 n
	328	0	1,955	0	18
6410	61,786	18,264	5,662	0	19
	0	0	0	0	20
	61,786	18,264	5,662	0	21
	94,428	17,271	229,663	(69,472)	
	0	0	0	0	
	94,428	17,271	229,663	(69,472)	
6510	2,303	0	4,236	0	22
	0		0	0	23
	2,303		4,236	0	24
6530	46,379	0	258,421	(71,254)	25
	0	0	0	0	26
	46,379	0	258,421	(71,254)	27
6540	0	0	0	0	28
	0	0	0	0	29
	0	0	0	0	30
6560			1,044,394		31
			0		32
			1,044,394		33
	48,682	0	1,307,051	(71,254)	
	0	0	0	0	
	48,682	0	1,307,051	(71,254)	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	211,991	194,600	36,047	34
Less: Nonregulated	0	0	0	35
Net Regulated	211,991	194,600	36,047	36
Total Services (6620)	722,104	887,688	159,253	37
Less: Nonregulated	0	0	0	38 o
Net Regulated	722,104	887,688	159,253	39
TOTAL CUSTOMER OPERATIONS EXPENSE	934,095	1,082,288	195,300	
Less: Nonregulated	0	0	0	
Net Regulated	934,095	1,082,288	195,300	
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	171,301	200,424	63,873	40
Less: Nonregulated	0	0	0	41
Net Regulated	171,301	200,424	63,873	42
Total General and Administrative (6720)	646,874	778,066	31,179	43
Less: Nonregulated	0	0	0	44 p
Net Regulated	646,874	778,066	31,179	45
Provision for Uncollectible Notes Receiv. (6790)		0		46
Less: Nonregulated	0	0		47
Net Regulated	0	0		48
TOTAL CORPORATE OPERATIONS EXPENSE	818,175	978,490	95,052	
Less: Nonregulated	0	0	0	
Net Regulated	818,175	978,490	95,052	
TOTAL EXPENSES	3,341,917	3,810,165	483,370	
Less: Nonregulated	0	0	0	
Net Regulated	3,341,917	3,810,165	483,370	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	8,825	450	149,278	0	34
	0	0	0	0	35
	8,825	450	149,278	0	36
6620	76,784		651,651	0	37
	0		0	0	38 o
	76,784		651,651	0	39
	85,609	450	800,929	0	
	0	0	0	0	
	85,609	450	800,929	0	
6710	28,172		108,379	0	40
	0		0	0	41
	28,172		108,379	0	42
6720	16,265		730,622	0	43
	0		0	0	44 p
	16,265		730,622	0	45
6790			0		46
			0		47
			0		48
	44,437	0	839,001	0	
	0	0	0	0	
	44,437	0	839,001	0	
	273,156	17,721	3,176,644	(140,726)	
	0	0	0	0	
	273,156	17,721	3,176,644	(140,726)	

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	0	0	1
Provisioning Expense (6512)	6,456	11,168	4,629	2
Total: Reported in Account 6510	6,456	11,168	4,629	
Depreciat. Exp.--Tele. Plant in Service (6561)	946,842	1,043,478		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	915	916		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	0		7
Total: Reported in Account 6560	947,757	1,044,394		

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511	0		0	0	1
6512	2,303		4,236	0	2
	2,303		4,236	0	
6561			1,043,478		3
6562			916		4
6563			0		5
6564			0		6
6565			0		7
			1,044,394		

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	5,462,831	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)	2,748	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):		8
<hr/>		
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	<u>5,465,579</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	2,010,807	1
Plus: Total Intrastate Access Revenues (5084)	1,320,593	2
Plus: Total Long Distance Network Services Revenue	315	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify):		5
<hr/>		
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>3,331,715</u>	

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	5,462,831	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)	2,748	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):		8
<hr/>		
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u><u>5,465,579</u></u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	2,010,807	1
Plus: Total Intrastate Access Revenues (5084)	1,320,593	2
Plus: Total Long Distance Network Services Revenue	315	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify):		5
<hr/>		
Assessable Revenues for Universal Service Fund Assessment Purposes	<u><u>3,331,715</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)*	2,748	2,496	2
Gains and (Losses) from Foreign Exchange (7140)	0	0	3
Gains or (Losses) from the Disposition of Land and Artworks (7150)	0	0	4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	2,748	2,496	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(15,459)	(15,459)	6
Operating Federal Income Taxes (7220)*	350,879	253,668	7
Operating State and Local Income Taxes (7230)*	82,775	109,019	8
Operating Other Taxes (7240)*	338,934	283,607	9
Provision for Deferred Operating Income Taxes--Net (7250)*	32,736	95,976	10
TOTAL OPERATING TAXES (7200)*	789,865	726,811	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	145	214	11
Interest Income (7320)*	20,526	39,462	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	5,412	731	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	(11)	345	16
Special Charges (7370)*	5,703	4,550	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	20,369	36,202	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	5,432	11,109	19
Nonoperating State and Local Income Taxes (7430)*	1,340	2,656	20
Nonoperating Other Taxes (7440)*	0	0	21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	0	0	22
TOTAL NONOPERATING TAXES (7400)*	6,772	13,765	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	144,516	149,672	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	0	115	25
Other Interest Deductions (7540)*	37,710	6	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	182,226	149,793	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			27
Extraordinary Income Credits (7610)	0	0	28
Extraordinary Income Charges (7620)	0	0	29
Current Income Tax Effect of Extraordinary Items--Net (7630)	0	0	30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)	0	0	31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	27,919	24,121	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	494,371	1
Less: Cost of Goods Sold	238,802	2
Net Sales	255,569	3
Expenses (Acct. 7990.2)	227,650	4
Nonregulated Net Income	<u><u>27,919</u></u>	5

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

Nonregulated activities include the sale, leasing, installation and maintenance of 1 & 2 line phones, key systems, PBXs, data modems and Direct Broadcast Satellite (DBS). In addition, nonregulated activities include sales and leasing of mobile and pager equipment where the tariff allows.

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	483,370	1
Nonregulated Expense	48,201	2
Plant Accounts	187,290	3
Accumulated Depreciation Accounts	0	4
All Other Accounts	171,174	5
Total Salaries and Wages	890,035	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	.00			1
Supervision and Other Management	1.00	1.00	94,297	2
Other Employees	21.00	24.00	788,625	3
Total	22.00	25.00	882,922	

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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
Extended Area Service			2
Extended Community Calling			3
Other Local-Undefined	1,632	8,249	4
Total Local	1,632	8,249	
TOLL			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA			6
Operator Handled: Interstate			7
Customer Dialed: State--intraLATA		1,255	8
Customer Dialed: State--interLATA		1,046	9
Customer Dialed: Interstate		2,334	10
WATS			11
Other Toll-Undefined			12
Total Toll	0	4,635	
Total Local & Toll	1,632	12,884	

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.	0	0	0	0	2
Feature Group B -- Orig.	13	1	3	0	3
Feature Group B -- Term.	8	0	4	0	4
Feature Group C -- Orig.	0	0	0	0	5
Feature Group C -- Term.	0	0	0	0	6
Feature Group D -- Orig.	13,742	6,813	7,460	11	7
Feature Group D -- Term.	12,390	4,922	6,611	9	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	35	1
Sheath miles of plant - buried	361	2
Sheath miles of plant - fiber optics	54	3
Strand miles of plant - fiber optics	770	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	6	10	1
56 kbps	12	11	2
64 kbps (DS0)	2	3	3
1.54 Mbps (DS-1)	12	5	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

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Sheath miles of plant - aerial	35	1
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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	1,022	1,096	3
2 Party	0	0	4
4 Party	0	0	5
PBX Trunks/System Trunks	85	89	6
Centrex Trunks	125	4	7
Centrex Lines	0	200	8
Key System Trunks	371	391	9
Mobile (Utility Provided Service)	2	2	10
Paging (Utility Provided Service)	2	0	11
FX-Out (Switched)	44	50	12
Pay Telephone	0	37	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Pay Stations - Public	36	0	16
- Semi-Public	15	0	17
- Cust. Owned	10	0	18
Other	0	0	19
Total Business Lines	1,712	1,869	20
Residential (Incl. Emp. Concess.)			
1 Party	6,802	7,423	22
2 Party	0	0	23
4 Party	0	0	24
FX-Out (Switched)	14	13	25
Other	3	5	26
Total Residential Lines	6,819	7,441	27
Total Bus & Res Lines	8,531	9,310	28
Company Used Lines	102	90	29
Total Lines Used	8,633	9,400	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	0	0	3
WATS Lines - 800 Service	0	0	4
FX-In-intraLATA	0	0	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	145	144	7
Special Access-interLATA			8
(expressed in equiv. access lines)	1	308	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	0	0	12
Feature Group D Trunks	384	384	13
TSPS - Trunks	21	18	14
EAS - Trunks	613	720	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning			17
- discounted (special tariff)	0	0	18
Customers			
Business - 2 Party Customers	0	0	20
Business - 4 Party Customers	0	0	21
Residential - 2 Party Customers	0	0	22
Residential - 4 Party Customers	0	0	23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	11,640,170	13,541,416	26
Total Company Square Miles	160	158	28
Total Company Route Miles	365	383	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	3580	3760	5500		1
Business					2
1 Party	40	227	829		3
2 Party	0	0	0		4
4 Party	0	0	0		5
PBX Trunks/System Trunks	5	10	74		6
Centrex Trunks	4	0	0		7
Centrex Lines	0	98	102		8
Key System Trunks	0	57	334		9
Mobile (utility provided service)	0	0	2		10
Paging (utility provided service)	0	0	0		11
FX-Out (Switched)	0	2	48		12
Pay Telephone	1	10	26		13
Coin-Operated Pay Telephone	0	0	0		14
Independent Pay Telephone Provider	0	0	0		15
Pay Stations - Public	0	0	0		16
- Semi-Public	0	0	0		17
- Cust. Owned	0	0	0		18
Other	0	0	0		19
Total Business Lines	50	404	1,415	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	458	1,437	5,528		22
2 Party	0	0	0		23
4 Party	0	0	0		24
FX-Out (Switched)	4	0	9		25
Other	0	5	0		26
Total Residential Lines	462	1,442	5,537	0	27
Total Bus & Res Lines	512	1,846	6,952	0	28
Company Used Lines	6	14	70		29
Total Lines Used	518	1,860	7,022	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	3580	3760	5500		1
Miscellaneous					2
WATS Lines - OutWATS	0	0	0		3
WATS Lines - 800 Service	0	0	0		4
FX-In-intraLATA	0	0	0		5
Special Access-intraLATA					6
(equiv. access lines)	134	10	0		7
Special Access-interLATA					8
(equiv. access lines)	280	4	24		9
Feature Group A Lines	0	0	0		10
Feature Group B Trunks	0	0	0		11
Feature Group C Trunks	0	0	0		12
Feature Group D Trunks	0	96	288		13
TSPS - Trunks	0	10	8		14
EAS - Trunks	0	120	600		15
Cellular Trunks (Pub. Sw. Net.)	0	0	0		16
Video Distance Learning					17
- discounted (special tariff)	0	0	0		18
Customers					19
Business - 2 Party Customers	0	0	0		20
Business - 4 Party Customers	0	0	0		21
Residential - 2 Party Customers	0	0	0		22
Residential - 4 Party Customers	0	0	0		23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	9,374,434	2,617,334	1,549,648		27
Exchange Square Miles	42	70	46		28
Exchange Route Miles	84	124	175		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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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 VERNON	NEW GLARUS	VERONA		1
PSCW Exchange ID	3580	3760	5500		2
Central Office Name	MOUNT VERNON	NEW GLARUS	VERONA		3
PSCW Central Office ID	1	1	1		4
Manufacturer of COE (Page 54)	NEC	SC	SC		5
Year COE Installed	1991	1991	1991		6
Type of Equipment (Page 54)	D	D	D		7
(S)tandalone, (H)ost, (R)emote	R	R	H		8
Remote Host PSCW Exchange ID	5500	5500			9
Remote Host PSCW Central Office ID	1	1	0		10
COE Generic Software Release No.	RMT	RMT	19		11
SS7?	Yes	Yes	Yes		12
9-1-1?	Yes	Yes	Yes		13
Access Lines - In Use	518	1,860	7,022		14
- Equipped	519	1,875	7,612		15
- Wired	622	1,875	7,612		16
Trunks - In Use	0	245	900		17
- Equipped	0	394	1,392		18
- Wired	0	394	1,512		19
ISDN Available?	No	Yes	No		20
ISDN Lines - In Use (BRI)	0	3	0		21
- In Use (PRI)	0	0	0		22
Switched 56 Service?	No	Yes	No		23
Switched 56 lines in use	0	0	0		24
Digital Transmission Facilities: DS-1 - In Use	4	44	53		25
DS-3 - In Use	1	3	19		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.	44	16	116		33
No. of fiber strands working (LIT) in C.O.	16	16	38		34
No. of fiber strands for interoffice use	8	0	43		35
Miles of fiber sheath in wire center	14	8	32		36
Access Tandem Serving this C.O.:					
- C.O. Name	MADISON	MADISON	MADISON		37
- PSCW C.O. ID	3080-01	3080-01	3080-01		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+)?	Yes	Yes	Yes		41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Telecommunications Plant in Service Class A & B (Sub-Class Accounts) Footnote. Page 24

No footnote needed. Program will not delete.

Net Deferred Operating Income Taxes (Acct. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) Footnote. Page 30

The adjustment on page 31 line 9 column f is due to a correction of a prior year error related to state taxes receivable.

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

This schedule has been completed to the best of our ability. The information requested by number of telephone calls in column (b) is not available due to a change in our companys method of tracking call traffic. We no longer track by number of calls. Numbers in column (c), lines 8 through 10, contain both customer dialed and operator handled minutes of use. Further breakdown is not available.

Schedule Line Footnotes

- 1) TDS Corporate Chicago and TDS Corporate Madison were merged 4/1/96. All charges from TDS Corporate Madison after 4/1/96 are included in the TDS CORP column.
- a) Amounts in column (g) or (k) are reclasses between accounts or transfers with affiliates.
- b) No data entered in column (g) or (k) for these accounts.
- c) Due to the deregulation of paystations, public payphone revenues have been reclassified from regulated revenues to non-regulated accounts.
- d) There was significant growth in revenues from the following services in 1997: voice mail, custom calling features and class services.
- e) Special access revenues grew in 1997 due to an increase in interstate special circuit revenues resulting from an increase in circuits.
- f) Due to an increase in circuits, Intrastate Interlata special access revenues and Intrastate Intralata special access revenues increased.
- g) Cellular compensation resulted in an increase in miscellaneous revenues from special billing arrangements.
- h) Other incidental regulated revenue was higher in 1996, due to a one time entry made in that year to reconcile the customer advance payment account.
- i) Interstate billing and collection revenues decreased in 1997 due a decline in minutes of use and the lack of significant AT&T program development revenues, which were received in 1996.
- j) Intrastate billing and collection revenues increased in 1997 due to an increase in minutes of use for intrastate/interlata calling.
- k) Uncollectible revenues increased in 1997 due to the fact that the company no longer requires customer deposits on new accounts. The lack of customer deposits resulted in more write-offs.
- l) General support expenses increased due to higher monthly utility expenses and an increase in labor charged to land and building.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- m) Central office transmission expenses are up due to an increase in circuit equipment expense from Mid Plains.
- n) The decrease in Information Orig./Term in 1997 is primarily due to the deregulation of payphones.
- o) Customer operations expenses - total services increased due to higher charges for computer support billed from affiliates.
- p) General and administrative expenses increased in 1997 due to higher charges from affiliates for information management and accounting/finance services.
- q) Contact Gerald Ringlund at (608) 664-4554 with questions on page 47, page 48, page 49 Special Access Circuits only, page 50, page 51 lines 1-9, page 52 and page 53 lines 1-9. Contact Dave Esser at (608) 664-4530 with questions on page 49 Outside Plant only, page 51 lines 10-30, page 53 lines 10-30 and page 55.
- r) Federal income tax payable to parent is recorded in account 4070100.
- s) Balance consists primarily of leased phones and business systems net of depreciation. This leased investment is depreciated with a rate of 33.33% per year. Individual leases are not tracked separately.