



4004

ANNUAL REPORT

OF

Name: NORTHEAST TELEPHONE COMPANY

Principal Office: 122 S ST AUGUSTINE ST
P.O. BOX 860
PULASKI, WI 54162-0860

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 MARK NAZE of
(Person responsible for accounts)

NORTHEAST 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.

MARK NAZE 04/28/1998
(Person responsible for accounts) (Date)

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: NORTHEAST TELEPHONE COMPANY
Utility Location: 122 S ST AUGUSTINE ST
P.O. BOX 860
PULASKI, WI 54162-0860

Utility Web Site Address:

When was utility organized?: 03/10/1910

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR MARK M . NAZE
Title: TREASURER

Office Address: 122 S. ST. AUGUSTINE ST.
P.O. BOX 860
PULASKI , WI 54162

Fax Number: (920) 822 - 8665
Telephone Number: (920) 822 - 8865
Email Address: mark@netelco.com

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: MS SHERYL L . MIELKE
Title: ACCOUNTING MANAGER

Office Address: 122 S. ST. AUGUSTINE ST.
P.O. BOX 860
PULASKI , WI 54162

Fax Number: (920) 822 - 8665
Telephone Number: (920) 822 - 8886
Email Address: sheryl@netelco.com

Person responsible for statistical information contained in report

Name: MS SHERYL L . MIELKE
Title: ACCOUNTING MANAGER

Office Address: 122 S. ST. AUGUSTINE ST.
P.O. BOX 860
PULASKI , WI 54162

Fax Number: (920) 822 - 8665
Telephone Number: (920) 822 - 8886
Email Address: sheryl@netelco.com

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: NORTHEAST COMMUNICATIONS OF WI, INC.
Address: 122 S. ST. AUGUSTINE ST.
PO BOX 860
PULASKI , WI 54162
Number of Shares Held: 19,500
Beneficial Owner: NONE

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

Company Name: NET FINANCE, INC.
Form of Interest: WHOLLY OWNED
Extent Of Interest: 100%

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	4,262,774	3,813,610	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	556,440	643,273	2
Plant Nonspecific Operations Expense	1,124,578	953,571	3
Customer Operations Expense (6610-6620)	501,437	500,226	4
Corporate Operations Expense (6710-6790)	500,733	500,374	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	685,678	513,626	7
Total Operating Expenses	3,368,866	3,111,070	8
Net Operating Income	893,908	702,540	9
Other Income			
Nonoperating Income and Expense (7300)	8,307	(609)	10
Nonoperating Taxes (7400)	2,992	(241)	11
Interest and Related Items (7500)	200,976	212,237	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	44,077	29,870	14
Total Nonoperating Income	(151,584)	(182,735)	15
Net Income	742,324	519,805	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 company is a provider of telecommunications exchange and local access services and telecommunications equipment in a service area located primarily in Brown County, Wisconsin.

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

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 the 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. These estimates are subject to change in the near term. Depreciation on depreciable property is included in plant nonspecific operations expense at \$1,071,786 and \$893,781 which resulted in composite rates of 7.84% and 6.40% for 1997 and 1996 respectively. 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

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

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

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in

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:

which they are billed. The Company is required to provide service to subscribers within its defined service territory.

Local network service revenues are recognized over the period a subscriber is connected to the telephone network. Calls within an extended community calling area are recognized when made based on a rate per minute of usage as approved by the PSCW.

Network access service revenues are derived from charges for access to the Companies' local exchange network. The interstate portion of access revenues are based on average schedule settlements administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues are billed on individual company tariff access charge structure based on expense and plant investment of the Company as approved by the PSCW. The tariffs developed from these formulas are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried.

Miscellaneous revenues include contractually determined arrangements for the provision of billing and collecting services and are recognized in the period when the services are performed.

Advertising Costs

Advertising costs are expenses as incurred.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

Investments

The Company's investments consist of nonmarketable equity investments which are carried at cost.

Reclassifications

Certain reclassifications have been made to the 1996 financial statements to conform with the 1997 presentation.

-
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 restrictions was \$175,000 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)*	772,579	798,380	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	772,579	798,380	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	340,909	317,912	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
Net: Telecommunications Accounts Receivable	340,909	317,912	
Other Accounts Receivable (1190)*	412,718	317,848	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	412,718	317,848	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	0	0	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	753,627	635,760	
SUPPLIES			
Inventories (1220)*	123,830	108,609	13
TOTAL SUPPLIES	123,830	108,609	
PREPAYMENTS			
Total Prepayments (1280)*	48,118	41,867	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	48,118	41,867	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	12,149	15,526	20
TOTAL OTHER CURRENT ASSETS	12,149	15,526	
TOTAL CURRENT ASSETS	1,710,303	1,600,142	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	2,500	2,500	21
Investments in Nonaffiliated Companies (1402)*	167,708	167,708	22
Nonregulated Investments (1406)*	47,312	44,521	23
Unamortized Debt Issuance Expense (1407)*	1,751	1,897	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)*	8,334	2,716	26
TOTAL INVESTMENTS	227,605	219,342	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	11,524	11,996	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	18,427	9,036	29
TOTAL DEFERRED CHARGES	29,951	21,032	
TOTAL NONCURRENT ASSETS	257,556	240,374	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	12,736,194	12,017,851	30
Less: Accumulated Depreciation (3100)*	7,076,135	6,226,876	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	5,660,059	5,790,975	
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)*	3,302	5,120	39
TOTAL TPUC	3,302	5,120	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0		40
Less: Accumulated Amortization--Other (3600)*	0		41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	5,663,361	5,796,095	
TOTAL ASSETS AND OTHER DEBITS*	7,631,220	7,636,611	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	384,988	443,821	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	2,071	1,738	3
Customer Deposits (4040)*	125	125	4
Current Maturities--Long-Term Debt (4050)*	231,700	219,900	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	421,940	59,953	7
Other Taxes--Accrued (4080)*	(22,353)	(29,150)	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)*	18,674	19,617	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES*	1,037,145	716,004	
LONG-TERM DEBT			
Funded Debt (4210)*	3,471,963	3,702,110	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*	3,471,963	3,702,110	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	0	0	20
Unamortized Operating ITC--Net (4320)*	0	18,521	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	81,958	161,561	23
Net Deferred Tax Liability Adjustments (4341)*	3,592	(7,215)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(6,768)	(2,003)	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	16,628	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	78,782	187,492	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	487,500	487,500	28
Additional Paid-in Capital (4520)*	(1,836)	(1,836)	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	2,400	2,400	31
Retained Earnings (4550)*	2,555,265	2,542,941	32
TOTAL STOCKHOLDERS' EQUITY*	3,043,329	3,031,005	
TOTAL LIABILITIES AND OTHER CREDITS*	7,631,219	7,636,611	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	742,324	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,058,072	2
Interest during construction	(731)	3
Changes in assets and liabilities:		
Current assets (net)	(135,962)	4
Other noncurrent assets	(14,537)	5
Other current liabilities	309,341	6
Other liabilities and deferred credits	(108,710)	7
Other (specify):		
TOTAL ADJUSTMENTS	1,107,473	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	1,849,797	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(924,607)	8
Investments in affiliated companies	0	9
Nonoperating Investments	(2,791)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(927,398)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(218,201)	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	0	14
Dividends paid	(730,000)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(948,201)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(25,802)	
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.

 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.

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

Following is the text from item # 2 of letter from utility dated 10/5/98:
"In April 1997 we made an entry (general journal entry 51) on our books to transfer the amount of payphone assets from account 2351 to account 1406.1 and also to transfer the accumulated depreciation from account 3100.2351 to account 1406.2. The assets were transferred below-the-line using the net book value as the basis of valuation.

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)	
NEW-CELL, INC	NCI	1
NORTHEAST COMMUNICATIONS OF WI, INC.	NECW	2
NET CABLE, INC	NETCI	3
NORTHEAST TELEPHONE LONG DISTANCE, INC.	NETLD	4
NETNET, INC	NNETI	5
Other	OTH	6

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	4210-AT-000100	None	4210-AT-000001	None	
Name of Affiliate	NCI	NECW	NETCI	NETLD	1
Designate whether billed to or from:	TO	TO	TO	TO	2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C	C	C	3
Revenues					4
Expenses:					
Plant Specific Operations Expense					5
Plant Nonspecific Operations Expense					6
Customer Operations Expense					7
Corporate Operations Expense					8
Total Operating Expenses	0	0	0	0	9
Other:					
Plant Accounts					10
Accumulated Depreciation					11
Accumulated Amortization					12
Clearing					13
All Other	298,139	40,054	36,640	55,606	14
Total	298,139	40,054	36,640	55,606	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 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	4210-AT-000102	4210-AT-000102	None		
Name of Affiliate	NNETI	NNETI	OTH		1
Designate whether billed to or from:	FROM	TO	FROM		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	O	C	O		3
Revenues					4
Expenses:					
Plant Specific Operations Expense					5
Plant Nonspecific Operations Expense					6
Customer Operations Expense					7
Corporate Operations Expense					8
Total Operating Expenses	0	0	0	0	9
Other:					
Plant Accounts					10
Accumulated Depreciation					11
Accumulated Amortization					12
Clearing					13
All Other		81,465			14
Total	0	81,465	0	0	15
Percent of affiliate's business billed to all affiliated regulated utilities	1.00		1.00		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)	
NETNET, INC	1180	57	1
NEW-CELL, INC	1190	8,257	2
NET CABLE, INC	1190	1,002	3
NORTHEAST TELEPHONE LONG DISTANCE, INC.	1190	60,411	4
Other	1401	2,500	5
NEW-CELL, INC	4010	12,800	6
NETNET, INC	4010	14,789	7
Other	4010	19,910	8

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 A
Uncollectibles written off during the year	0	2 A
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	104,350	1
Other:		
WITS	49,200	2
RTB Class C Stock	14,158	3
Total Investments in Nonaffiliated Companies	167,708	

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):		
Deregulated Inventory Held for Resale	44,757	1 J
Payphones	2,555	2

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

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

Description of Item (a)	Balance EOY (b)
<hr/>	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	45,548	0	1
Motor Vehicles	2112	303,356	79,502	2
Aircraft	2113	0	0	3
Special Purpose Vehicles	2114	0	0	4
Garage Work Equipment	2115	0	0	5
Other Work Equipment	2116	173,120	47,012	6
Buildings	2121	694,595	83,821	7
Furniture	2122	65,440	0	8
Office Equipment	2123	102,378	2,010	9
General Purpose Computers	2124	451,470	18,913	10
TOTAL--GENERAL SUPPORT ASSETS:		1,835,907	231,258	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0	0	11
Digital Electronic Switching	2212	2,501,780	130,797	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0	0	14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	1,338,115	151,391	16
TOTAL--CENTRAL OFFICE ASSETS:		3,839,895	282,188	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0	0	17
Customer Premises Wiring	2321	0	0	18
Large Private Branch Exchanges	2341	0	0	19
Public Telephone Terminal Equipment	2351	61,756	608	20 B
Other Terminal Equipment	2362	733	0	21
TOTAL--INFORMATION ORIG/TERM ASSETS:		62,489	608	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	10,328	0	22 C
Aerial Cable	2421	217,981	21,444	23
Underground Cable	2422	119,099	0	24
Buried Cable	2423	5,805,156	436,400	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0	0	27
Intrabuilding Network Cable	2426	5,026	0	28
Aerial Wire	2431	6,518	1,159	29
Conduit Systems	2441	115,451	0	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		6,279,559	459,003	
AMORTIZABLE ASSETS				
Capital Leases	2681	0	0	31

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111	0	0	45,548	1
2112	88,019	0	294,839	2
2113	0	0	0	3
2114	0	0	0	4
2115	0	0	0	5
2116	24,081	0	196,051	6
2121	10,844	0	767,572	7
2122	0	0	65,440	8
2123	1,033	0	103,355	9
2124	16,479	0	453,904	10
	140,456	0	1,926,709	
2211	0	0	0	11
2212	0	0	2,632,577	12
2215	0	0	0	13
2220	0	0	0	14
2231	0	0	0	15
2232	0	0	1,489,506	16
	0	0	4,122,083	
2311	0	0	0	17
2321	0	0	0	18
2341	0	0	0	19
2351	0	(62,364)	0	20 B
2362	0	0	733	21
	0	(62,364)	733	
2411	0	(101)	10,227	22 C
2421	767	0	238,658	23
2422	0	0	119,099	24
2423	50,767	0	6,190,789	25
2424	0	0	0	26
2425	0	0	0	27
2426	0	0	5,026	28
2431	258	0	7,419	29
2441	0	0	115,451	30
	51,792	(101)	6,686,669	
2681	0	0	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	0	32
Intangibles	2690	0	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0	
TOTAL TELECOM. PLANT IN SERVICE	2001	12,017,850	973,057	
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	0	0	32
2690	0	0	0	33
	0	0	0	
	192,248	(62,465)	12,736,194	
2001			0	34
			12,736,194	

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	28,415	0	1
Company Communications Equipment	2123.2	73,963	2,010	2
Software	2212.1	0	0	3
Digital Switching - Central Office	2212.2	2,501,780	130,797	4
Digital Switching - Remote	2212.3	0	0	5
Step by Step Switching	2215.1	0	0	6
Crossbar Switching	2215.2	0	0	7
Satellite and Earth Station Facilities	2231.1	0	0	8
Other Radio Facilities	2231.2	0	0	9
Digital Circuit Equipment	2232.1	1,261,756	151,390	10
Analog Circuit Equipment	2232.2	0	0	11
Light Wave Circuit Equipment	2232.3	76,359	1	12
Aerial Cable - Nonmetallic	2421.1	0	0	13
Aerial Cable - Metallic	2421.2	217,981	21,444	14
Underground Cable - Nonmetallic	2422.1	63,909	0	15
Underground Cable - Metallic	2422.2	55,190	0	16
Buried Cable - Nonmetallic	2423.1	1,036,353	99,915	17
Buried Cable - Metallic	2423.2	4,768,803	336,485	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	5,026	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	0	28,415	1
2123.2	1,033	0	74,940	2
2212.1	0	0	0	3
2212.2	0	0	2,632,577	4
2212.3	0	0	0	5
2215.1	0	0	0	6
2215.2	0	0	0	7
2231.1	0	0	0	8
2231.2	0	0	0	9
2232.1	0	0	1,413,146	10
2232.2	0	0	0	11
2232.3	0	0	76,360	12
2421.1	0	0	0	13
2421.2	767	0	238,658	14
2422.1	0	0	63,909	15
2422.2	0	0	55,190	16
2423.1	0	0	1,136,268	17
2423.2	50,767	0	5,054,521	18
2424.1	0	0	0	19
2424.2	0	0	0	20
2426.1	0	0	0	21
2426.2	0	0	5,026	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	212,116	.0	38,221	1D
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	126,613		12,465	5C
Buildings	2121	283,303	.0286	21,318	0 6
Furniture	2122	52,024	.1	6,544	0 7
Office Equipment	2123	78,998	.2	17,739	0 8
General Purpose Computers	2124	209,647		120,803	0 9
Total-- GENERAL SUPPORT ASSETS		962,701		217,090	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	1,435,957	.1429	363,905	0 11
Electro-Mechanical Switching	2215	(1,333)	.0769	0	0 12E
Operator Systems	2220	0			13
Radio Systems	2231	0	.0	0	0 14
Circuit Equipment	2232	811,208	.1	141,348	0 15F
Total-- CENTRAL OFFICE ASSETS		2,245,832		505,253	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	57,719	.125	2,267	0 19B
Other Terminal Equipment	2362	733	.1	0	0 20
Total-- INFORMATION ORIG/TERM ASSETS		58,452		2,267	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	6,719	.1	1,023	0 21C
Aerial Cable	2421	217,981	.0588	9,572	0 22
Underground Cable	2422	38,870	.058	5,987	0 23
Buried Cable	2423	2,667,860		298,461	0 24
Submarine Cable	2424	0		0	0 25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	5,026	.125	0	0 27
Aerial Wire	2431	1,614	.5	3,443	0 28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	88,019		27,549	(2,250)	187,617	1 D
2113	0				0	2
2114	0				0	3
2115	0				0	4
2116	24,081		7,875	(500)	122,372	5 C
2121	10,844	0	0	0	293,777	6
2122	0	0	0	0	58,568	7
2123	1,033	38	0	0	95,666	8
2124	16,479	0	0	0	313,971	9
	140,456	38	35,424	(2,750)	1,071,971	
2211	0				0	10
2212	0	0	0	0	1,799,862	11
2215	0	0	0	1,333	0	12 E
2220	0				0	13
2231	0	0	0	0	0	14
2232	0	0	0	20,000	972,556	15 F
	0	0	0	21,333	2,772,418	
2311	0				0	16
2321	0				0	17
2341	0				0	18
2351	0	0	0	(59,986)	0	19 B
2362	0	0	0	0	733	20
	0	0	0	(59,986)	733	
2411	0	0	0	(101)	7,641	21 C
2421	767	159	0	0	226,627	22
2422	0	0	0	0	44,857	23
2423	50,767	316	2,215	0	2,917,453	24
2424	0	0	0	0	0	25
2425	0				0	26
2426	0	0	0	0	5,026	27
2431	258	97	0	0	4,702	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	21,821	.025	2,886	0 29
Total-- CABLE WIRE FACILITIES ASSETS		2,959,891		321,372	0
Total Accumulated Depreciation	3100	6,226,876		1,045,982	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				1,045,982	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441	0	0	0	0	24,707	29
	51,792	572	2,215	(101)	3,231,013	
3100	192,248	610	37,639	(41,504)	7,076,135	
3100					0	30
3100					7,076,135	

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	25,518	.2	2,897	0	1
Company Communications Equipment	2123.2	53,480	.2	14,842	0	2
Software	2212.1	0		0	0	3
Digital Switching - Central Office	2212.2	1,435,957	.1429	363,905	0	4
Digital Switching - Remote	2212.3	0		0	0	5
Step by Step Switching	2215.1	0		0	0	6
Crossbar Switching	2215.2	(1,333)	.0769	0	0	7 E
Satellite and Earth Station Facilities	2231.1	0		0	0	8
Other Radio Facilities	2231.2	0		0	0	9
Digital Circuit Equipment	2232.1	782,177	.1	134,040	0	10
Analog Circuit Equipment	2232.2	0		0	0	11
Light Wave Circuit Equipment	2232.3	29,031	.1	7,308	0	12 F
Aerial Cable - Nonmetallic	2421.1	0		0	0	13
Aerial Cable - Metallic	2421.2	217,981	.0588	9,572	0	14
Underground Cable - Nonmetallic	2422.1	2,952	.058	2,779	0	15
Underground Cable - Metallic	2422.2	35,918	.058	3,208	0	16
Buried Cable - Nonmetallic	2423.1	134,833	.058	63,299	0	17
Buried Cable - Metallic	2423.2	2,533,027		235,162	0	18
Submarine Cable - Nonmetallic	2424.1	0		0	0	19
Submarine Cable - Metallic	2424.2	0		0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0		0	0	21
Intrabuilding Cable - Metallic	2426.2	5,026	.125	0	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	0	28,415	1
2123.2	1,033	38	0	0	67,251	2
2212.1	0	0	0	0	0	3
2212.2	0	0	0	0	1,799,862	4
2212.3	0	0	0	0	0	5
2215.1	0	0	0	0	0	6
2215.2	0	0	0	1,333	0	7 E
2231.1	0	0	0	0	0	8
2231.2	0	0	0	0	0	9
2232.1	0	0	0	0	916,217	10
2232.2	0	0	0	0	0	11
2232.3	0	0	0	20,000	56,339	12 F
2421.1	0	0	0	0	0	13
2421.2	767	159	0	0	226,627	14
2422.1	0	0	0	0	5,731	15
2422.2	0	0	0	0	39,126	16
2423.1	0	0	0	0	198,132	17
2423.2	50,767	316	2,215	0	2,719,321	18
2424.1	0	0	0	0	0	19
2424.2	0	0	0	0	0	20
2426.1	0	0	0	0	0	21
2426.2	0	0	0	0	5,026	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)	(2,584)	2
Deferred Tax Regulatory Asset (1437)	11,996	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(174,468)	5
Net Deferred Tax Liability Adjustments (4341)	7,215	6
Deferred Tax Regulatory Liability (4361)	(16,628)	7
Net Property Related Deferred Operating Income Taxes	(174,469)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(174,469)	
NONPROPERTY RELATED		
Other Current Assets (1350)	15,526	9
Other Noncurrent Assets (1410)	3,452	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	12,907	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	31,885	

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	0	0	0	1
7250	7,049	0	0	4,465	2
	(472)	0	0	11,524	3
7250	0	0	0	0	4
7250	82,002	0	0	(92,466)	5
	(10,807)	0	0	(3,592)	6
	16,628	0	0	0	7
	94,400	0	0	(80,069)	
	0	0	0	0	8
	94,400	0	0	(80,069)	
7250	(3,377)	0	0	12,149	9
7250	(1,602)	0	0	1,850	10
	0	0	0	0	11
7250	0	0	0	0	12
7250	(2,399)	0	0	10,508	13
	0	0	0	0	14
	0	0	0	0	15
	(7,378)	0	0	24,507	

NOTES PAYABLE (ACCT. 4020)

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

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

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

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	(e)
Funded Debt (Account 4210):				
REA Mortgage Note	02/08/1974-06/23/1975	02/08/2009-06/23/2010	.0500	1
RTB #1	04/20/1990	04/20/2010	.0500	2
RTB #2	04/20/1990	04/20/2010	.0543	3
RTB #3	04/20/1990	04/20/2010	.0605	4
RTB #4	04/20/1990	04/20/2010	.0615	5
RTB #5	04/20/1990	04/20/2010	.0604	6
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)				
.0500			1,835,613	126,400	1,962,013	1
.0500			554,569	36,000	590,569	2
.0543			347,420	24,400	371,820	3
.0605			436,964	26,800	463,764	4
.0615			269,587	16,400	285,987	5
.0604			27,810	1,700	29,510	6
	0	0	3,471,963	231,700	3,703,663	

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:			
	19,500	25.00	1
TOTAL COMMON STOCK	19,500		
TOTAL	<u>19,500</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:					
	19,500	487,500	0	0	1
	19,500	487,500	0	0	
TOTAL	<u>19,500</u>	<u>487,500</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	2,542,941	2,368,336	1
Changes:			
Balance Transferred from Income	742,324	519,805	2
Dividends Declared:			
Common	730,000	345,200	3
Preferred	0	0	4
Total Dividends Declared	730,000	345,200	
Miscellaneous Debits to Retained Earnings	0		5
Miscellaneous Credits to Retained Earnings	0		6
Balance--End of Year	<u>2,555,265</u>	<u>2,542,941</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)	245,957	97,588	342,660	1
Nonoperating Taxes (Accts. 7410 - 7450)		631	2,361	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		3,271	12,229	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
Account 6722 & 6623		15	3	10
TOTAL	<u>245,957</u>	<u>101,505</u>	<u>357,253</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)	
			(527)		685,678	1
					2,992	2
					0	3
					15,500	4
				(88,564)	(88,564)	5
					0	6
				82,913	82,913	7
				3,622	3,622	8
				2,029	2,029	9
10,215					10,233	10
10,215	0	0	(527)	0	714,403	

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)*	1,482,276	1,241,322	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)	1,482,276	1,241,322	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	343,206	313,657	11
Switched Access Revenue (5082)*	987,540	914,992	12
Special Access Revenue (5083)*	68,741	68,005	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,399,487	1,296,654	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	897,100	828,753	15
Special Access Revenue (5084.3)*	55,316	40,814	16 1
TOTAL INTRASTATE ACCESS REVENUES (5084)	952,416	869,567	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	60,640	54,785	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.	60,640	54,785	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	134,254	113,812	30
Rent Revenue (5240)*	4,184	4,784	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	27,462	17,959	33 2
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)	27,462	17,959	
Interstate Billing and Collection Revenue*	52,470	61,648	39
Intrastate Billing and Collection Revenue*	154,058	157,054	40
Total Carrier Billing and Collection Revenue (5270)*	206,528	218,702	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	372,428	355,257	
GROSS OPERATING REVENUES	4,267,247	3,817,585	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	4,473	3,975	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	4,473	3,975	
TOTAL OPERATING REVENUES	<u>4,262,774</u>	<u>3,813,610</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)	1,764	1,433	0	1
Less: Nonregulated	0	0	0	2
Net Regulated	1,764	1,433	0	3
Total General Support Expense (6120)	148,381	115,914	26,309	4
Less: Nonregulated	0	0	0	5 3
Net Regulated	148,381	115,914	26,309	6
Total Central Office Switching Expense (6210)	128,275	95,028	30,375	7
Less: Nonregulated	0	0	0	8 4
Net Regulated	128,275	95,028	30,375	9
Total Operator Systems Expense (6220)	0	0	0	10
Less: Nonregulated	0	0	0	11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	22,990	17,553	12,396	13
Less: Nonregulated	0	0	0	14 5
Net Regulated	22,990	17,553	12,396	15
Total Information Orig. / Term. Expense (6310)	4,426	483	228	16
Less: Nonregulated	0	0	0	17
Net Regulated	4,426	483	228	18
Total Cable and Wire Fac. Expense (6410)	337,437	326,029	182,909	19
Less: Nonregulated	0	0	0	20
Net Regulated	337,437	326,029	182,909	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	643,273	556,440	252,217	
Less: Nonregulated	0	0	0	
Net Regulated	643,273	556,440	252,217	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	0	0	13,152	22
Less: Nonregulated	0	0	0	23
Net Regulated	0	0	13,152	24
Total Network Operations Expense (6530)	45,313	44,984	17,202	25
Less: Nonregulated	0	0	0	26
Net Regulated	45,313	44,984	17,202	27
Access Expense (6540)	20,705	21,522	0	28
Less: Nonregulated	0	0	0	29
Net Regulated	20,705	21,522	0	30
Total Depreciation and Amortization Expense (6560)	887,553	1,058,072		31
Less: Nonregulated		0		32
Net Regulated	887,553	1,058,072		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	953,571	1,124,578	30,354	
Less: Nonregulated	0	0	0	
Net Regulated	953,571	1,124,578	30,354	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	0	0	36,472	(35,039)	1
	0	0	0	0	2
	0	0	36,472	(35,039)	3
6120	4,708	21,515	63,382	0	4
	0	0	0	0	5 3
	4,708	21,515	63,382	0	6
6210	5,412	0	59,241	0	7
	0	0	0	0	8 4
	5,412	0	59,241	0	9
6220	0	0	0	0	10
	0	0	0	0	11
	0	0	0	0	12
6230	2,197	0	2,960	0	13
	0	0	0	0	14 5
	2,197	0	2,960	0	15
6310	46	0	209	0	16
	0	0	0	0	17
	46	0	209	0	18
6410	31,817	8,980	102,323	0	19
	0	0	0	0	20
	31,817	8,980	102,323	0	21
	44,180	30,495	264,587	(35,039)	
	0	0	0	0	
	44,180	30,495	264,587	(35,039)	
6510	2,314	0	2,308	(17,774)	22
	0		0	0	23
	2,314		2,308	(17,774)	24
6530	3,061	0	24,721	0	25
	0	0	0	0	26
	3,061	0	24,721	0	27
6540	0	0	21,522	0	28
	0	0	0	0	29
	0	0	21,522	0	30
6560			1,058,072		31
					32
			1,058,072		33
	5,375	0	1,106,623	(17,774)	
	0	0	0	0	
	5,375	0	1,106,623	(17,774)	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	1,531	9,724	6,871	34
Less: Nonregulated	0	0	0	35 6
Net Regulated	1,531	9,724	6,871	36
<hr/>				
Total Services (6620)	498,695	491,713	153,359	37
Less: Nonregulated	0	0	0	38
Net Regulated	498,695	491,713	153,359	39
<hr/>				
TOTAL CUSTOMER OPERATIONS EXPENSE	500,226	501,437	160,230	
Less: Nonregulated	0	0	0	
Net Regulated	500,226	501,437	160,230	
<hr/>				
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	304,899	290,373	186,985	40
Less: Nonregulated	0	0	0	41
Net Regulated	304,899	290,373	186,985	42
<hr/>				
Total General and Administrative (6720)	195,475	210,360	79,490	43
Less: Nonregulated	0	0	0	44
Net Regulated	195,475	210,360	79,490	45
<hr/>				
Provision for Uncollectible Notes Receiv. (6790)		0		46
Less: Nonregulated	0	0		47
Net Regulated	0	0		48
<hr/>				
TOTAL CORPORATE OPERATIONS EXPENSE	500,374	500,733	266,475	
Less: Nonregulated	0	0	0	
Net Regulated	500,374	500,733	266,475	
<hr/>				
TOTAL EXPENSES	2,597,444	2,683,188	709,276	
Less: Nonregulated	0	0	0	
Net Regulated	2,597,444	2,683,188	709,276	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	1,120	0	1,733	0	34
	0	0	0	0	35 ⁶
	1,120	0	1,733	0	36
6620	26,821		311,533	0	37
	0		0	0	38
	26,821		311,533	0	39
	27,941	0	313,266	0	
	0	0	0	0	
	27,941	0	313,266	0	
6710	32,457		70,931	0	40
	0		0	0	41
	32,457		70,931	0	42
6720	14,018		116,852	0	43
	0		0	0	44
	14,018		116,852	0	45
6790			0		46
			0		47
			0		48
	46,475	0	187,783	0	
	0	0	0	0	
	46,475	0	187,783	0	
	123,971	30,495	1,872,259	(52,813)	
	0	0	0	0	
	123,971	30,495	1,872,259	(52,813)	

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)	0	0	13,152	2
Total: Reported in Account 6510	0	0	13,152	
Depreciat. Exp.--Tele. Plant in Service (6561)	887,553	1,058,072		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0		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	887,553	1,058,072		

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	2,314		2,308	(17,774)	2
	2,314		2,308	(17,774)	
6561			1,058,072		3
6562			0		4
6563			0		5
6564			0		6
6565			0		7
			1,058,072		

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	4,267,247	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): uncollectible revenue	(4,473)	8 G
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	4,262,774	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,482,276	1
Plus: Total Intrastate Access Revenues (5084)	952,416	2
Plus: Total Long Distance Network Services Revenue	60,640	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify):		5
Assessable Revenues for Universal Service Fund Assessment Purposes	2,495,332	

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	4,267,247	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): uncollectible revenue	(4,473)	8 G
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u><u>4,262,774</u></u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,482,276	1
Plus: Total Intrastate Access Revenues (5084)	952,416	2
Plus: Total Long Distance Network Services Revenue	60,640	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify):		5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u><u>2,495,332</u></u>	

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

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	0	0	1
Return from Nonregulated Use of Regulated Facilities (7130)*	0	0	2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	0	0	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(18,521)	(18,600)	6
Operating Federal Income Taxes (7220)*	441,156	325,830	7
Operating State and Local Income Taxes (7230)*	104,637	78,965	8
Operating Other Taxes (7240)*	245,427	221,778	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(87,021)	(94,347)	10
TOTAL OPERATING TAXES (7200)*	685,678	513,626	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	1,854	1,875	11
Interest Income (7320)*	29,916	17,755	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	731	0	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	0	0	16
Special Charges (7370)*	24,194	20,239	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	8,307	(609)	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	2,361	(190)	19
Nonoperating State and Local Income Taxes (7430)*	631	(51)	20
Nonoperating Other Taxes (7440)*	0	0	21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	0	0	22
TOTAL NONOPERATING TAXES (7400)*	2,992	(241)	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	200,961	212,149	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	0	0	25
Other Interest Deductions (7540)*	15	88	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	200,976	212,237	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*	0	0	27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	44,077	29,870	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	270,808	1
Less: Cost of Goods Sold	37,953	2
Net Sales	232,855	3
Expenses (Acct. 7990.2)	188,778	4
Nonregulated Net Income	<u><u>44,077</u></u>	5

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

customer premise equipment, leasing, sales and servicing
 authorized cellular and paging service distribution for Cellcom,
 providing public telephone service and equipment

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	709,276	1
Nonregulated Expense	69,876	2
Plant Accounts	98,847	3
Accumulated Depreciation Accounts	203	4
All Other Accounts	332,024	5
Total Salaries and Wages	<u>1,210,226</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	4.00	4.00	321,783	1
Supervision and Other Management	8.00	6.00	232,230	2
Other Employees	32.00	31.00	656,213	3
Total	<u>44.00</u>	<u>41.00</u>	<u>1,210,226</u>	

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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	3,238		4
Total Local	3,238	0	
TOLL			
Operator Handled: State--intraLATA	2	20	5
Operator Handled: State--interLATA	1	15	6
Operator Handled: Interstate	1	29	7
Customer Dialed: State--intraLATA	62	498	8
Customer Dialed: State--interLATA	45	502	9
Customer Dialed: Interstate	65	962	10
WATS			11
Other Toll-Undefined			12
Total Toll	176	2,026	
Total Local & Toll	3,414	2,026	

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	0	0	0	1
Feature Group A -- Term.	24	9	0	0	2
Feature Group B -- Orig.	2	4	0	0	3
Feature Group B -- Term.	64	14	0	0	4
Feature Group C -- Orig.	0	0	1,392	0	5
Feature Group C -- Term.	0	0	1,203	0	6
Feature Group D -- Orig.	3,910	2,365	3,680	0	7
Feature Group D -- Term.	7,899	3,776	1,996	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	38	1
Sheath miles of plant - buried	630	2
Sheath miles of plant - fiber optics	57	3
Strand miles of plant - fiber optics	1,495	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	11	21	1
56 kbps	7	4	2
64 kbps (DS0)	7	3	3
1.54 Mbps (DS-1)	10	3	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	38	1
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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	620	666	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	71	64	6
Centrex Trunks	0		7
Centrex Lines	674	824	8
Key System Trunks	147	159	9
Mobile (Utility Provided Service)	0		10
Paging (Utility Provided Service)	0		11
FX-Out (Switched)	0		12
Pay Telephone		48	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Pay Stations - Public	36	0	16
- Semi-Public	12	0	17
- Cust. Owned	6	0	18
Other	36	57	19
Total Business Lines	1,602	1,818	20
Residential (Incl. Emp. Concess.)			
1 Party	5,426	5,681	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	0		25
Other	0		26
Total Residential Lines	5,426	5,681	27
Total Bus & Res Lines	7,028	7,499	28
Company Used Lines	86	99	29
Total Lines Used	7,114	7,598	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		3
WATS Lines - 800 Service	0		4
FX-In-intraLATA	11	19	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	97	100	7
Special Access-interLATA			8
(expressed in equiv. access lines)	215	265	9
Feature Group A Lines	0		10
Feature Group B Trunks	0		11
Feature Group C Trunks	0		12
Feature Group D Trunks	314	302	13
TSPS - Trunks	25	25	14
EAS - Trunks	531	666	15
Cellular Trunks (Pub. Sw. Net.)	0		16
Video Distance Learning			17
- discounted (special tariff)	0		18
Customers			19
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			24
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	10,181,943	10,809,485	26
Total Company Square Miles	182	182	27
Total Company Route Miles	679	707	28
Footnotes		H	29
			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	2750	3390	3970	4440	1
Business					2
1 Party	36	114	109	407	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks			38	26	6
Centrex Trunks					7
Centrex Lines	13	47	326	438	8
Key System Trunks	2	43	36	78	9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	1	6	14	27	13
Coin-Operated Pay Telephone	0	0	0	0	14
Independent Pay Telephone Provider	0	0	0	0	15
Pay Stations - Public	0	0	0	0	16
- Semi-Public	0	0	0	0	17
- Cust. Owned	0	0	0	0	18
Other			57		19
Total Business Lines	52	210	580	976	20
Residential (Incl. Emp. Concess.)					21
1 Party	354	1,123	1,168	3,036	22
2 Party					23
4 Party					24
FX-Out (Switched)					25
Other					26
Total Residential Lines	354	1,123	1,168	3,036	27
Total Bus & Res Lines	406	1,333	1,748	4,012	28
Company Used Lines		5	2	92	29
Total Lines Used	406	1,338	1,750	4,104	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	2750	3390	3970	4440	1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA	2	1	11	5	5
Special Access-intraLATA					6
(equiv. access lines)	1	4	86	9	7
Special Access-interLATA					8
(equiv. access lines)	1	3	181	80	9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks		83	74	145	13
TSPS - Trunks		5	10	10	14
EAS - Trunks		143	190	333	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)	405,074	2,247,106	2,611,233	5,546,072	27
Exchange Square Miles	24	28	31	99	28
Exchange Route Miles	57	146	145	359	29
Footnotes	H	H	H	H	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	KRAKOW	MILL CENTER	ONEIDA	PULASKI	1
PSCW Exchange ID	2750	3390	3970	4440	2
Central Office Name	KRAKOW	MILL CENTER	ONEIDA	PULASKI	3
PSCW Central Office ID	1	1	1	1	4
Manufacturer of COE (Page 54)	NTI	NTI	NTI	NTI	5
Year COE Installed	1991	1982	1981	1985	6
Type of Equipment (Page 54)	D	D	D	D	7
(S)tandalone, (H)ost, (R)emote	R	S	S	H	8
Remote Host PSCW Exchange ID	4440				9
Remote Host PSCW Central Office ID	1	0	0		10
COE Generic Software Release No.	408.11	408.11	408.11	408.11	11
SS7?	Yes	Yes	Yes	Yes	12
9-1-1?	Yes	Yes	Yes	Yes	13
Access Lines - In Use	406	1,338	1,750	4,104	14
- Equipped	436	1,496	2,060	4,962	15
- Wired	512	1,600	2,936	7,060	16
Trunks - In Use	0	231	274	488	17
- Equipped	0	231	274	488	18
- Wired	0	288	432	720	19
ISDN Available?	No	No	No	No	20
ISDN Lines - In Use (BRI)	0	0	0	0	21
- In Use (PRI)	0	0	0	0	22
Switched 56 Service?	Yes	Yes	Yes	Yes	23
Switched 56 lines in use	0	0	0	0	24
Digital Transmission Facilities: DS-1 - In Use	0	10	11	20	25
DS-3 - In Use	0	3	1	1	26
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	27
SMDS?	No	No	No	No	28
Frame Relay?	No	No	No	No	29
ATM (Asynchronous Trans. Mode)?	No	No	No	No	30
Video Information - Service Available?	No	No	No	No	31
- In Use (# lines) ¹	0	0	0	0	32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	74	20	116	33
No. of fiber strands working (LIT) in C.O.	0	20	16	30	34
No. of fiber strands for interoffice use	0	12	12	6	35
Miles of fiber sheath in wire center	0	18	9	27	36
Access Tandem Serving this C.O.:					
- C.O. Name	GREEN BAY	GREEN BAY	GREEN BAY	GREEN BAY	37
- PSCW C.O. ID	2160-01	2160-01	2160-01	2160-01	38
Does this C.O. do access tandem switching?	No	No	No	No	39
Equal Access: InterLATA (1+)?	Yes	Yes	Yes	Yes	40
Equal Access: IntraLATA (1+)?	Yes	Yes	Yes	Yes	41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Accounts Receivable Net Write Offs - Telecommunications Footnote. Page 17

Schedule Line Footnotes

- 1) Various circuits were added in the second half of 1996 and all of 1997. We have full year revenues this year over 1996 for most of these circuits.
- 2) Caller Name service started in 1997. NSF check charges and reconnection charges increased during the November 1996 rate increase.
- 3) 1996 was the first full year of corporate office expenses at a new location which included various start up expenses that were not incurred in 1997. In 1996 our plant area was reorganized and we also relocated other offices which did not occur in 1997. Furniture also was purchased for this in 1996. Copier maintenance rates were lower in 1997 due to one less copier and less executive usage. Network maintenance fees for the computers were lower in 1997. In 1996 all computers were windows and memory upgraded for the new billing system and for multi-tasking.
- 4) Labor decreased in 1997 due to increase in other plant related projects. In 1996 we purchased 408 generic software as well as caller name software. SS7 costs increased in 1997 due to a rate change by Ameritech. In 1997 we purchased voice mail software ports.
- 5) In 1996 we trained the plant technicians on the AFC equipment for the new technology used in the plant.
- 6) A new employee was hired in this area for 1997 to work on the marketing aspect of our company.
- A) We write off uncollectibles directly to account 5300 as they become uncollectible. We do not set up an accounts receivable allowance.
- B) Public Telephone Equipment is now a deregulated business and is no longer in the Plant in service account
- C) This is a prior period adjustment, not a 1997 retirement.
- D) Adjustment for over-depreciation on a vehicle that was retired in 1997. The depreciation adjustment is for a prior period.
- E) Adjust accumulated depreciation to zero to match asset that was retired in a prior period.
- F) One time depreciation adjustment to this account.
- G) Since we do not set up an accounts receivable allowance, we do not fill in anything in the schedule on page 17 except a footnote (A). Therefore, I am showing our uncollectible revenue as "other" in this schedule.
- H) The reported number of route miles excludes the drop wire mileage due to nonavailability of such information.
- I) We do not have Minutes of Use information for our local calls. Per 10/5/98 letter from utility, their computer system is not capable of recording this data and it would cost them \$50,000 to upgrade to the point where it could.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- J)** Per 10/18/98 letter from utility:
Here is a breakdown of the \$44,757 (deregulated inventory held for resale)
for page 20 column b.
Customer premise equipment = \$44,299.
Cellular equipment = 0.
Paging equipment = \$458.