



4004

# ANNUAL REPORT

OF

Name: HAGER TELECOM, INC.

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Principal Office: W8108 165TH AVE  
P.O. BOX 125  
HAGER CITY, WI 54014-0125

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For the Year Ended: DECEMBER 31, 2001

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## 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. The annual report due date is April 1 of the following year. (Example: The 2001 report is due April 1, 2002.) If that date falls on a weekend or holiday, the annual report is due the following business day.
2. **Electronic filing via e-mail is required.** Go to the Public Service Commission of Wisconsin's web page at <http://psc.wi.gov>, click on Telecommunications and click on Annual Report for Incumbent Local Exchange Carriers (LECs).
3. LEC entities with no revenues for the report year are required to file a LEC annual report.
4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility in conformity with the Uniform System of Accounts prescribed by the Public Service Commission 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.
5. 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.
6. 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.
7. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if 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.
8. Please report all dollar amounts to the nearest whole dollar.
9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the 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.
11. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The LEC annual report program incorporates provisional confidentiality capability for selected items, based on the Commission's confidentiality determination dated February 5, 2002.
13. It is not necessary to sign the signature page.
14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files;  
Filing the Completed Report:**

## GENERAL RULES FOR REPORTING

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status report file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrcs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

### 15. Name Changes:

If a name change is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI.

*These documents can be obtained by:*

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at [www.wdfi.org](http://www.wdfi.org); or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

**While the electronic annual report filing may detail the name change (i.e., date of the change and the affected entities with their respective four-digit Commission utility identification numbers), a name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.**

### 16. Changes to the Annual Report Subsequent to Filing:

If making revisions to the report subsequent to filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

**SIGNATURE PAGE**

I PAUL N. HANSON of  
(Person responsible for accounts)

HAGER TELECOM, INC. , 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.

PAUL N. HANSON 03/27/2002  
(Person responsible for accounts) (Date)

SECRETARY  
(Title)

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**ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS**

<b>Access Line</b>	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.
<b>Analog Signal</b>	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.
<b>Cellular System</b>	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.
<b>Central Office</b>	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.
<b>Centrex</b>	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).
<b>Channel</b>	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.
<b>Customer</b>	A person who uses a telephone as a subscriber.
<b>Digital Signal</b>	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.
<b>Equal Access</b>	The ability of the subscriber to use any long distance service by dialing the same number of digits.
<b>Exchange</b>	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.
<b>Extended Area Service (EAS)</b>	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
<b>Extended Community Calling (ECC)</b>	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.
<b>Feature Group A</b>	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**

<b>Feature Group B</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.
<b>Feature Group C</b>	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.
<b>Feature Group D</b>	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.
<b>FX-IN</b>	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.
<b>FX-OUT</b>	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.
<b>Host Switching System</b>	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.
<b>Local Access Transport Area (LATA)</b>	A geographic area within which an operating company may offer its telecommunications services.
<b>Mobile Telephone</b>	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
<b>Paging</b>	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
<b>Pair</b>	Two wires of a single circuit.
<b>Pay Station</b>	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
<b>Private Line Service</b>	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
<b>Private Branch Exchange (PBX)</b>	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.
<b>Radio Common Carrier (RCC)</b>	A company which furnishes public telecommunications service using one or more radio channels.
<b>Remote Switching Unit (RSU)</b>	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**

<b>Route Miles</b>	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"><li>1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.</li><li>2. One mile of a cross country route with any combination of outside plant facilities.</li><li>3. One mile of point-to-point microwave or radio link.</li><li>4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.</li><li>5. One mile of joint use line where the utility either owns the facility or leases space.</li></ol>
<b>Stand Alone Switch</b>	A central office switch which has no remote switching units (RSUs) subtending it.
<b>Trunk</b>	A communications path connecting two switching systems in the establishment of an end-to-end connection.
<b>Wide Area Telephone Service (WATS)</b>	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.
<b>Wire Center</b>	The location of one or more local switching systems. A point at which customers' loops converge.

**ABBREVIATIONS USED IN ANNUAL REPORTS**

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

**IDENTIFICATION AND OWNERSHIP**

**Exact Utility Name:** HAGER TELECOM, INC.  
**Utility Location:** W8108 165TH AVE  
P.O. BOX 125  
HAGER CITY, WI 54014-0125

**Utility Web Site Address:**

**When was utility organized?:** 05/12/1913

**Report any change in name and the effective date:**

**Officer in charge of correspondence concerning this report**

**Name:** MR MICHAEL J . WALSH 2  
**Title:** GENERAL MANAGER

**Office Address:** W8108 165TH AVENUE  
HAGER CITY , WI 54014

**Fax Number:** (715) 792 - 5385  
**Telephone Number:** (715) 792 - 2103  
**Email Address:** mjw@hager.net

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

**Name:** MRS LINDA J . KRAMER  
**Title:** ACCOUNTING  
**Firm:** HECTOR COMMUNICATIONS CORPORATION  
**Office Address:** 211 MAIN STREET SOUTH  
P.O. BOX 428  
HECTOR , MN 55342

**Fax Number:** (320) 848 - 2323  
**Telephone Number:** (320) 848 - 3231  
**Email Address:** lkramer@hcctel.net

**Person responsible for financial information contained in report**

**Name:** MR PAUL N . HANSON 2  
**Title:** SECRETARY

**Office Address:** 211 MAIN STREET SOUTH  
P.O. BOX 428  
HECTOR , MN 55342

**Fax Number:** (320) 848 - 2323  
**Telephone Number:** (320) 848 - 6611  
**Email Address:** PaulH@commsysinc.com

**Person responsible for statistical information contained in report**

**Name:** MR MICHAEL J . WALSH 2  
**Title:** GENERAL MANAGER

**Office Address:** W8108 165TH AVENUE  
HAGER CITY , WI 54014

**Fax Number:** (715) 792 - 5385  
**Telephone Number:** (715) 792 - 2103  
**Email Address:** mjw@hager.net

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**IDENTIFICATION AND OWNERSHIP**

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**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).**

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**Name:** ALLIANCE TELECOMMUNICATIONS  
**Address:** 13 EAST FOURTH AVENUE  
PO BOX 72  
ADA , MN 56510  
**Number of Shares Held:** 9,000  
**Beneficial Owner:** NONE

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

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**Company Name:** CANNON COMMUNICATIONS  
**Form of Interest:** NONE  
**Extent Of Interest:** NONE

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## OFFICERS AND DIRECTORS

### Name, Title/Occupation and Business Address

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**Name:** STEVEN H. SJOGREN

**Title/Occupation:** PRESIDENT

**Business Address (1):** 211 MAIN STREET SOUTH

**Business Address (2):** PO BOX 428

**Business Address (3):**

**City State, Zip:** HECTOR, MN 55342

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**INCOME STATEMENT - TOTAL COMPANY**

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,657,812	1,544,970	1
<b>Operating Expenses</b>			
Plant Specific Operations Expense (6110-6410)	334,372	344,776	2
Plant Nonspecific Operations Expense	475,870	445,750	3
Customer Operations Expense (6610-6620)	169,640	150,503	4
Corporate Operations Expense (6710-6790)	465,092	738,192	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	48,833	(67,298)	7
<b>Total Operating Expenses</b>	<b>1,493,807</b>	<b>1,611,923</b>	<b>8</b>
<b>Net Operating Income</b>	<b>164,005</b>	<b>(66,953)</b>	<b>9</b>
<b>Other Income</b>			
Nonoperating Income and Expense (7300)	249,639	355,572	10
Nonoperating Taxes (7400)	64,791	52,860	11
Interest and Related Items (7500)	177,380	180,741	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	(609)	4,771	14
<b>Total Nonoperating Income</b>	<b>6,859</b>	<b>126,742</b>	<b>15</b>
<b>Net Income</b>	<b>170,864</b>	<b>59,789</b>	<b>16</b>

## 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.)

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  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.

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  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.

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT ASSETS</b>			
<b>CASH AND EQUIVALENTS</b>			
Cash and Equivalents (1120)*	1,018,486	327,744	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
<b>TOTAL CASH AND EQUIVALENTS</b>	<b>1,018,486</b>	<b>327,744</b>	
<b>RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS</b>			
Telecommunications Accounts Receivable (1180)*	7,934	13,129	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
<b>Net: Telecommunications Accounts Receivable</b>	<b>7,934</b>	<b>13,129</b>	
Other Accounts Receivable (1190)*	491,835	744,584	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
<b>Net: Other Accounts Receivable</b>	<b>491,835</b>	<b>744,584</b>	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
<b>Net: Notes Receivable</b>	<b>0</b>	<b>0</b>	
Interest and Dividends Receivable (1210)*		759	12
<b>TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS</b>	<b>499,769</b>	<b>758,472</b>	
<b>SUPPLIES</b>			
Inventories (1220)*	4,600	1,858	13
<b>TOTAL SUPPLIES</b>	<b>4,600</b>	<b>1,858</b>	
<b>PREPAYMENTS</b>			
Total Prepayments (1280)*	100,320	242,568	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
<b>TOTAL PREPAYMENTS</b>	<b>100,320</b>	<b>242,568</b>	
<b>OTHER CURRENT ASSETS</b>			
Other Current Assets (1350)*	0	0	20
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CURRENT ASSETS</b>	<b>1,623,175</b>	<b>1,330,642</b>	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Investment in Affiliated Companies (1401)*	0	635,184	21
RTB Class B Stock (1402)*	42,100	26,500	22
Other Investments in Nonaffiliated Companies (1402)*	417,275	380,213	23
Nonregulated Investments (1406)*	3,401	0	24
Unamortized Debt Issuance Expense (1407)*	0	0	25

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Sinking Funds (1408)*	0	0	26
Other Noncurrent Assets (1410)*	0	0	27
<b>TOTAL INVESTMENTS</b>	<b>462,776</b>	<b>1,041,897</b>	
<b>DEFERRED CHARGES</b>			
Deferred Tax Regulatory Asset (1437)*	0	0	28
Deferred Maintenance and Retirements (1438)*	0	0	29
Deferred Charges (1439)*	0	0	30
<b>TOTAL DEFERRED CHARGES</b>	<b>0</b>	<b>0</b>	
<b>TOTAL NONCURRENT ASSETS</b>	<b>462,776</b>	<b>1,041,897</b>	
<b>PLANT</b>			
<b>TELECOMMUNICATIONS PLANT IN SERVICE</b>			
Telecommunications Plant in Service (2001)*	6,112,885	6,017,241	31
Less: Accumulated Depreciation (3100 )*	2,922,650	2,539,522	32
Less: Accumulated Amortization--Capitalized Leases (3410 )*	0	0	33
Less: Accumulated Amortization--Leasehold Improvements (3420 )*		0	34
Less: Accumulated Amortization--Intangible (3500 )*	0		35
<b>NET TELECOMMUNICATIONS PLANT IN SERVICE</b>	<b>3,190,235</b>	<b>3,477,719</b>	
<b>PROPERTY HELD FOR FUTURE USE</b>			
Prop. Held for Future Telecommun. Use (2002)*	0	0	36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200 )*	0	0	37
<b>NET PROPERTY HELD FOR FUTURE USE</b>	<b>0</b>	<b>0</b>	
<b>NONOPERATING PLANT</b>			
Nonoperating Plant (2006)*	0	0	38
Less: Accumulated Depreciation--Nonoperating (3300 )*	0	0	39
<b>NET NONOPERATING PLANT</b>	<b>0</b>	<b>0</b>	
<b>TPUC</b>			
TPUC (2003)*	0	0	40
<b>TOTAL TPUC</b>	<b>0</b>	<b>0</b>	
<b>TELECOMMUNICATIONS PLANT ADJUSTMENT</b>			
Telecommunications Plant Adjustment (2005)*	0	0	41
Less: Accumulated Amortization--Other (3600 )*	0	0	42
<b>NET TELECOMMUNICATIONS PLANT ADJUSTMENT</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PLANT</b>	<b>3,190,235</b>	<b>3,477,719</b>	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>5,276,186</b>	<b>5,850,258</b>	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT LIABILITIES</b>			
Accounts Payable (4010)*	154,970	408,491	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	0	0	3
Customer Deposits (4040)*	0	0	4
Current Maturities--Long-Term Debt (4050)*	223,800	186,406	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	16,733	2,324	7
Other Taxes--Accrued (4080)*	1,624	3,315	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)*	48,695	48,945	11
Other Current Liabilities (4130)*	0	0	12
<b>TOTAL CURRENT LIABILITIES</b>	<b>445,822</b>	<b>649,481</b>	
<b>LONG-TERM DEBT</b>			
Funded Debt (4210)*	3,455,480	3,325,729	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
<b>TOTAL LONG-TERM DEBT</b>	<b>3,455,480</b>	<b>3,325,729</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Long-Term Liabilities (4310)*	0	0	20
Unamortized Operating ITC--Net (4320)*	0	0	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	333,794	291,737	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	0	27
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS</b>	<b>333,794</b>	<b>291,737</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (4510)*	6,600	6,600	28
Additional Paid-in Capital (4520)*	3,673	3,673	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	1,030,817	1,573,038	32
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,041,090</b>	<b>1,583,311</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>5,276,186</b>	<b>5,850,258</b>	

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### IMPORTANT CHANGES DURING THE YEAR

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

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

The Alliance Board members approved a resolution during the year to have the assets and business of Cannon Communications Corporation transferred to the parent company, Alliance Telecommunications Corporation via dividend at year end.

**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.

<b>Name of Affiliate (a)</b>	<b>Abbreviations (b)</b>	
Receivable from Cannon Communications Corporaton	A/R CANNON	<b>1</b>
Investment in Cannon Communications Corporation	CANNON	<b>2 1</b>
Hector Communications Corporation	HCC	<b>3</b>

**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.

Particulars (a)	(b)	(c)	(d)	(e)
Docket	2420ATF100	None		
Name of Affiliate	CANNON	HCC		1
Designate whether billed to or from:	TO	FROM		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C		3
Total Dollar Activity	0	203,638		4
Percent of affiliate's business billed to all affiliated regulated utilities				5
If cost based, rate of return on equity or markup incorporated in billings		0.00		6
Footnotes		<b>P</b>		

**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; 1200, Notes Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 1408, Sinking Funds; 4010, Accounts Payable; 4020, Notes 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.

<b>Name of Affiliate (a)</b>	<b>Account Number (b)</b>	<b>Balance EOY (c)</b>	
Receivable from Cannon Communications Corporaton	1190	343,585	1

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B**

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
<b>GENERAL SUPPORT ASSETS</b>				
Land	2111	24,354		1
Motor Vehicles	2112	117,195		2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	62,115	5,606	6
Buildings	2121	535,487		7
Furniture	2122	32,417		8
Office Equipment	2123	45,679	2,954	9
General Purpose Computers	2124	338,847	2,659	10
<b>TOTAL--GENERAL SUPPORT ASSETS:</b>		<b>1,156,094</b>	<b>11,219</b>	
<b>CENTRAL OFFICE ASSETS</b>				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	858,077	6,315	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	62,000	0	15
Circuit Equipment	2232	584,913	39,286	16 A
<b>TOTAL--CENTRAL OFFICE ASSETS:</b>		<b>1,504,990</b>	<b>45,601</b>	
<b>INFORMATION ORIGATION/TERMINATION ASSETS</b>				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
<b>TOTAL--INFORMATION ORIG/TERM ASSETS:</b>		<b>0</b>	<b>0</b>	
<b>CABLE WIRE FACILITIES ASSETS</b>				
Poles	2411	0		22
Aerial Cable	2421	0	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	3,356,157	53,354	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0		29
Conduit Systems	2441	0		30
<b>TOTAL--CABLE WIRE FACILITIES ASSETS:</b>		<b>3,356,157</b>	<b>53,354</b>	
<b>AMORTIZABLE ASSETS</b>				
Capital Leases	2681	0		31

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

<b>Account (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2111			24,354	1
2112			117,195	2
2113			0	3
2114			0	4
2115			0	5
2116			67,721	6
2121	3,560		531,927	7
2122			32,417	8
2123	0	0	48,633	9
2124			341,506	10
	<b>3,560</b>	<b>0</b>	<b>1,163,753</b>	
2211			0	11
2212	0	(214,390)	650,002	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	62,000	15
2232	0	214,390	838,589	16 A
	<b>0</b>	<b>0</b>	<b>1,550,591</b>	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	<b>0</b>	<b>0</b>	<b>0</b>	
2411			0	22
2421	0	0	0	23
2422	0	0	0	24
2423	10,970	0	3,398,541	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			0	30
	<b>10,970</b>	<b>0</b>	<b>3,398,541</b>	
2681			0	31

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B**

<b>Plant Account (a)</b>	<b>Account (b)</b>	<b>Balance FOY (c)</b>	<b>Additions (d)</b>
<b>AMORTIZABLE ASSETS</b>			
Leasehold Improvements	2682	0	<b>32</b>
Intangibles	2690	0	<b>33</b>
<b>TOTAL--AMORTIZABLE ASSETS:</b>		<b>0</b>	<b>0</b>
<b>TOTAL TELECOM. PLANT IN SERVICE</b>	<b>2001</b>	<b>6,017,241</b>	<b>110,174</b>
Less: Allocation to Nonregulated Activity - EOY	2001		<b>34</b>
<b>NET REG. TOTAL TELE. PLANT IN SERV. - EOY</b>	<b>2001</b>		

Explain all amounts shown in column (g).

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

<b>Account (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2682			0	<b>32</b>
2690			0	<b>33</b>
	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>14,530</b>	<b>0</b>	<b>6,112,885</b>	
2001			0	<b>34</b>
			<b>6,112,885</b>	

**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	22,449	2,954	<b>1</b>
Company Communications Equipment	2123.2	23,230		<b>2</b>
Software	2212.1	0		<b>3</b>
Digital Switching - Central Office	2212.2	858,077	6,315	<b>4 A</b>
Digital Switching - Remote	2212.3	0		<b>5</b>
Step by Step Switching	2215.1	0		<b>6</b>
Crossbar Switching	2215.2	0		<b>7</b>
Satellite and Earth Station Facilities	2231.1	62,000		<b>8</b>
Other Radio Facilities	2231.2	0		<b>9</b>
Digital Circuit Equipment	2232.1	554,773	31,383	<b>10 A</b>
Analog Circuit Equipment	2232.2	0		<b>11</b>
Light Wave Circuit Equipment	2232.3	30,140	7,903	<b>12 A</b>
Aerial Cable - Nonmetallic	2421.1	0		<b>13</b>
Aerial Cable - Metallic	2421.2	0		<b>14</b>
Underground Cable - Nonmetallic	2422.1	0		<b>15</b>
Underground Cable - Metallic	2422.2	0		<b>16</b>
Buried Cable - Nonmetallic	2423.1	986,049	0	<b>17 A</b>
Buried Cable - Metallic	2423.2	2,370,108	53,354	<b>18 A</b>
Submarine Cable - Nonmetallic	2424.1	0		<b>19</b>
Submarine Cable - Metallic	2424.2	0		<b>20</b>
Intrabuilding Cable - Nonmetallic	2426.1	0		<b>21</b>
Intrabuilding Cable - Metallic	2426.2	0		<b>22</b>

Explain all amounts shown in column (g).

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

<b>Subaccount (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2123.1			25,403	1
2123.2			23,230	2
2212.1			0	3
2212.2		(214,390)	650,002	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			62,000	8
2231.2			0	9
2232.1		194,798	780,954	10 A
2232.2			0	11
2232.3		19,592	57,635	12 A
2421.1			0	13
2421.2			0	14
2422.1			0	15
2422.2			0	16
2423.1		37,535	1,023,584	17 A
2423.2	10,970	(37,535)	2,374,957	18 A
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

**ACCUMULATED DEPRECIATION CLASS A & B**

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
<b>GENERAL SUPPORT ASSETS</b>					
Motor Vehicles	2112	76,098	20.0	23,439	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	64,695	10.0	(2,299)	5M
Buildings	2121	252,430	3.3	18,429	6
Furniture	2122	32,417	10.0		7
Office Equipment	2123	45,679	20.0	296	8
General Purpose Computers	2124	328,641	20.0	10,472	9
<b>Total-- GENERAL SUPPORT ASSETS</b>		<b>799,960</b>		<b>50,337</b>	<b>0</b>
<b>CENTRAL OFFICE ASSETS</b>					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	137,085	11.11	70,549	11A
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	61,998	11.11	2	14
Circuit Equipment	2232	330,612	14.29	107,903	15A
<b>Total-- CENTRAL OFFICE ASSETS</b>		<b>529,695</b>		<b>178,454</b>	<b>0</b>
<b>INFORMATION ORIG/TERM ASSETS</b>					
Station Apparatus	2311	0			16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
<b>Total-- INFORMATION ORIG/TERM ASSETS</b>		<b>0</b>		<b>0</b>	<b>0</b>
<b>CABLE WIRE FACILITIES ASSETS</b>					
Poles	2411	0			21
Aerial Cable	2421	0			22
Underground Cable	2422	0			23
Buried Cable	2423	1,209,867	5.0	168,867	24
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	0			28

**ACCUMULATED DEPRECIATION CLASS A & B (cont.)**

<b>Acct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2112					99,537	1
2113					0	2
2114					0	3
2115					0	4
2116					62,396	5 M
2121	3,560				267,299	6
2122					32,417	7
2123	0				45,975	8
2124					339,113	9
	<b>3,560</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>846,737</b>	
2211					0	10
2212	0			(31,716)	175,918	11 A
2215	0				0	12
2220					0	13
2231	0				62,000	14
2232	0			31,716	470,231	15 A
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>708,149</b>	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
2411					0	21
2421	0				0	22
2422	0				0	23
2423	10,970			0	1,367,764	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

**ACCUMULATED DEPRECIATION CLASS A & B**

<b>Primary Plant Account (a)</b>	<b>Acct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>
<b>CABLE WIRE FACILITIES ASSETS</b>					
Conduit Systems	2441	0			29
<b>Total-- CABLE WIRE FACILITIES ASSETS</b>		<b>1,209,867</b>		<b>168,867</b>	<b>0</b>
<b>Total Accumulated Depreciation</b>	<b>3100</b>	<b>2,539,522</b>		<b>397,658</b>	<b>0</b>
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			0	0 30
<b>Net Regulated Total Accum Depreciation - 3100 Columns e, f and I</b>				<b>397,658</b>	<b>0</b>

**ACCUMULATED DEPRECIATION CLASS A & B (cont.)**

<b>Acct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2441					0	<b>29</b>
	<b>10,970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,367,764</b>	
<b>3100</b>	<b>14,530</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,922,650</b>	
3100					0	<b>30</b>
<b>3100</b>					<b>2,922,650</b>	

**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.

<b>Plant Subaccount (a)</b>	<b>Subacct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>	
Office Support Equipment	2123.1	22,449	20.0	296		1
Company Communications Equipment	2123.2	23,230	20.0	0		2
Software	2212.1	0				3
Digital Switching - Central Office	2212.2	137,085	11.11	70,549		4 A
Digital Switching - Remote	2212.3	0				5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	61,998	11.11	2		8
Other Radio Facilities	2231.2	0				9
Digital Circuit Equipment	2232.1	328,459	14.29	100,234		10 A
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	2,153	14.29	7,669		12 A
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	0				14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	0				16
Buried Cable - Nonmetallic	2423.1	107,959	5.0	51,179		17 A
Buried Cable - Metallic	2423.2	1,101,908	5.0	117,688		18 A
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					22,745	1
2123.2					23,230	2
2212.1					0	3
2212.2				(31,716)	175,918	4 A
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					62,000	8
2231.2					0	9
2232.1				28,818	457,511	10 A
2232.2					0	11
2232.3				2,898	12,720	12 A
2421.1					0	13
2421.2					0	14
2422.1					0	15
2422.2					0	16
2423.1				37,535	196,673	17 A
2423.2	10,970			(37,535)	1,171,091	18 A
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

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

This schedule should be used to report the deferred operating income tax portion of the stated accounts.  
Credit amounts should be shown in ( ).

Particulars (a)	Balance EOY (b)	
<b>PROPERTY RELATED</b>		
Other Current Assets (1350 )	0	1
Other Noncurrent Assets (1410 )	0	2
Deferred Tax Regulatory Asset (1437 )	0	3
Net Current Deferred Operating Income Taxes (4100 )	0	4
Net Noncurrent Deferred Operating Income Taxes (4340 )	(345,549)	5
Net Deferred Tax Liability Adjustments (4341 )	0	6
Deferred Tax Regulatory Liability (4361 )	0	7
<b>Net Property Related Deferred Operating Income Taxes</b>	<b>(345,549)</b>	
Less: Allocation to Nonregulated Activity	0	8
<b>Net Regulated Total Property Related Deferred Operating Income Taxes</b>	<b>(345,549)</b>	
<b>NONPROPERTY RELATED</b>		
Other Current Assets (1350 )	0	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 )	11,755	13
Net Deferred Tax Liability Adjustments (4341 )	0	14
Deferred Tax Regulatory Liability (4361 )	0	15
<b>Total Nonproperty Related Deferred Operating Income Taxes</b>	<b>11,755</b>	

**RETAINED EARNINGS (ACCT. 4550)**

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,573,038	1,524,799	1
<b>Changes:</b>			
Balance Transferred from Income	170,864	59,789	2
<b>Dividends Declared:</b>			
Common	713,085	11,550	3
Preferred		0	4
<b>Total Dividends Declared</b>	<b>713,085</b>	<b>11,550</b>	
Miscellaneous Debits to Retained Earnings		0	5
Miscellaneous Credits to Retained Earnings		0	6
<b>Balance--End of Year</b>	<b><u>1,030,817</u></b>	<b><u>1,573,038</u></b>	

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

Particulars (a)	This Year (b)	Last Year (c)	
<b>LOCAL NETWORK SERVICES REVENUES</b>			
Basic Local Service Revenue (5000 )*	600,020	593,343	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
<b>TOTAL BASIC LOCAL SERVICE REVENUE (5000)</b>	<b>600,020</b>	<b>593,343</b>	
<b>NETWORK INTERSTATE ACCESS SERVICES REV.</b>			
End User Revenue (5081 )*	89,129	88,360	11
Switched Access Revenue (5082 )*	538,512	520,611	12
Special Access Revenue (5083 )*	50,064	17,446	13 C
<b>TOTAL INTERSTATE ACCESS REVENUES (5080)</b>	<b>677,705</b>	<b>626,417</b>	
<b>NETWORK INTRASTATE ACCESS SERVICES REV.</b>			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	226,036	227,831	15
Special Access Revenue (5084.3)*	20,017	13,602	16
<b>TOTAL INTRASTATE ACCESS REVENUES (5084)</b>	<b>246,053</b>	<b>241,433</b>	
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>			
Long Distance Message Revenue (5100 )*	1,018	9,600	17 D
Long Distance Inward-Only Revenue (5111 )			18
Long Distance Outward-Only Revenue (5112 )			19
<b>Unidirectional Long Distance Revenue (5110)</b>	<b>0</b>	<b>0</b>	
<b>Long Distance Private Network Revenues</b>			
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
<b>Total Long Distance Private Network Revenue</b>	<b>0</b>	<b>0</b>	
Other Long Distance Revenue (5160 )			28
Other Long Distance Revenue Settlements (5169 )			29
<b>TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.</b>	<b>1,018</b>	<b>9,600</b>	

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

Particulars (a)	This Year (b)	Last Year (c)	
<b>MISCELLANEOUS REVENUES</b>			
Directory Revenue (5230 )*	54,076	0	<b>30 E</b>
Rent Revenue (5240 )*	30,742	21,266	<b>31 F</b>
Corporate Operations Revenue (5250 )*	0	0	<b>32</b>
<b>Miscellaneous:</b>			
Miscellaneous Revenue (5260 )*	4,839	6,387	<b>33</b>
Special Billing Arrangements Revenue (5261 )			<b>34</b>
Customer Operations Revenue (5262 )			<b>35</b>
Plant Operations Revenue (5263 )			<b>36</b>
Other Incidental Regulated Revenue (5264 )			<b>37</b>
Other Revenue Settlements (5269 )			<b>38</b>
<b>Total Miscellaneous Revenue (5260)</b>	<b>4,839</b>	<b>6,387</b>	
Interstate Billing and Collection Revenue*	26,424	29,646	<b>39</b>
Intrastate Billing and Collection Revenue*	17,296	16,991	<b>40</b>
<b>Total Carrier Billing and Collection Revenue (5270)*</b>	<b>43,720</b>	<b>46,637</b>	
Nonregulated Operating Revenue (5280 )**			<b>41</b>
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>133,377</b>	<b>74,290</b>	
<b>GROSS OPERATING REVENUES</b>	<b>1,658,173</b>	<b>1,545,083</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue (5300 )*	361	113	<b>42</b>
Uncollectible Revenue--Telecommunications (5301 )			<b>43</b>
Uncollectible Revenue--Other (5302 )			<b>44</b>
<b>TOTAL UNCOLLECTIBLE REVENUE (5300)</b>	<b>361</b>	<b>113</b>	
<b>TOTAL OPERATING REVENUES</b>	<b><u>1,657,812</u></b>	<b><u>1,544,970</u></b>	

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

**EXPENSES - CLASS A & B**

Particulars (a)	Total This Year (b)	Total Last Year (c)	
<b>PLANT SPECIFIC OPERATIONS EXPENSE</b>			
Total Network Support Expense ( 6110 )	0	0	1
Less: Nonregulated	0	0	2
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>3</b>
Total General Support Expense ( 6120 )	40,627	50,428	4
Less: Nonregulated	0	0	5
<b>Net Regulated</b>	<b>40,627</b>	<b>50,428</b>	<b>6</b>
Total Central Office Switching Expense ( 6210 )	64,161	47,367	7
Less: Nonregulated	0	0	8 G
<b>Net Regulated</b>	<b>64,161</b>	<b>47,367</b>	<b>9</b>
Total Operator Systems Expense ( 6220 )	0	0	10
Less: Nonregulated	0	0	11
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>12</b>
Total Central Office Transmission Expenses ( 6230 )	90,922	34,880	13
Less: Nonregulated	0	0	14 H
<b>Net Regulated</b>	<b>90,922</b>	<b>34,880</b>	<b>15</b>
Total Information Orig. / Term. Expense ( 6310 )	0	26	16
Less: Nonregulated	0	0	17
<b>Net Regulated</b>	<b>0</b>	<b>26</b>	<b>18</b>
Total Cable and Wire Fac. Expense ( 6410 )	138,662	212,075	19
Less: Nonregulated	0	0	20 I
<b>Net Regulated</b>	<b>138,662</b>	<b>212,075</b>	<b>21</b>
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>334,372</b>	<b>344,776</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>334,372</b>	<b>344,776</b>	
<b>PLANT NONSPECIFIC OPERATIONS EXPENSE</b>			
Total Other Property, Plant and Equip. Exp. ( 6510 )	10,941	9,951	22
Less: Nonregulated	0	0	23
<b>Net Regulated</b>	<b>10,941</b>	<b>9,951</b>	<b>24</b>
Total Network Operations Expense ( 6530 )	67,272	48,947	25
Less: Nonregulated	0	0	26 J
<b>Net Regulated</b>	<b>67,272</b>	<b>48,947</b>	<b>27</b>
Access Expense ( 6540 )	0	0	28
Less: Nonregulated	0	0	29
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>30</b>
Total Depreciation and Amortization Expense ( 6560 )	397,657	386,852	31
Less: Nonregulated	0	0	32
<b>Net Regulated</b>	<b>397,657</b>	<b>386,852</b>	<b>33</b>
<b>TOTAL PLANT NONSPECIFIC OPERATIONS EXP.</b>	<b>475,870</b>	<b>445,750</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>475,870</b>	<b>445,750</b>	

**EXPENSES - CLASS A & B**

Particulars (a)	Total This Year (b)	Total Last Year (c)	
<b>CUSTOMER OPERATIONS EXPENSE</b>			
Total Marketing ( 6610 )	15,686	5,775	34
Less: Nonregulated	0	0	35 K
<b>Net Regulated</b>	<b>15,686</b>	<b>5,775</b>	<b>36</b>
Total Services ( 6620 )	153,954	144,728	37
Less: Nonregulated	0	0	38
<b>Net Regulated</b>	<b>153,954</b>	<b>144,728</b>	<b>39</b>
<b>TOTAL CUSTOMER OPERATIONS EXPENSE</b>	<b>169,640</b>	<b>150,503</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>169,640</b>	<b>150,503</b>	
<b>CORPORATE OPERATIONS EXPENSE</b>			
Total Exec. and Planning ( 6710 )	205,526	381,586	40
Less: Nonregulated	0	0	41 N
<b>Net Regulated</b>	<b>205,526</b>	<b>381,586</b>	<b>42</b>
Total General and Administrative ( 6720 )	259,566	356,606	43
Less: Nonregulated	0	0	44 N
<b>Net Regulated</b>	<b>259,566</b>	<b>356,606</b>	<b>45</b>
Provision for Uncollectible Notes Receiv. ( 6790 )	0	0	46
Less: Nonregulated	0	0	47
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>48</b>
<b>TOTAL CORPORATE OPERATIONS EXPENSE</b>	<b>465,092</b>	<b>738,192</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>465,092</b>	<b>738,192</b>	
<b>TOTAL EXPENSES</b>	<b>1,444,974</b>	<b>1,679,221</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>1,444,974</b>	<b>1,679,221</b>	

**EXPENSES - CLASS A & B (DETAIL)**

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. ( 6511 )	10,941	9,951	1
Provisioning Expense ( 6512 )	0	0	2
<b>Total: Reported in Account 6510</b>	<b>10,941</b>	<b>9,951</b>	
Depreciat. Exp.--Tele. Plant in Service ( 6561 )	397,657	386,852	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
<b>Total: Reported in Account 6560</b>	<b>397,657</b>	<b>386,852</b>	

### CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	1,658,173	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b><u>1,658,173</u></b>	

### CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	600,020	1
Plus: Total Intrastate Access Revenues (5084)	246,053	2
Plus: Total Long Distance Network Services Revenue	1,018	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	439	5
Plus (or Less) Other (please specify): None	0	6
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b><u>847,530</u></b>	

### CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	1,658,173	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b><u>1,658,173</u></b>	

### CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	600,020	1
Plus: Total Intrastate Access Revenues (5084)	246,053	2
Plus: Total Long Distance Network Services Revenue	1,018	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	439	5
Plus (or Less) Other (please specify): None	0	6
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b><u>847,530</u></b>	

**OTHER INCOME ACCOUNTS**

Particulars (a)	This Year (b)	Last Year (c)	
<b>OTHER OPERATING INCOME AND EXPENSE</b>			
Total Other Oper. Income and (Expense) (7100 )	0	0	1
<b>OPERATING TAXES</b>			
Operating Investment Tax Credits--Net (7210 )	0	0	2
Operating Federal Income Taxes (7220 )	(18,512)	(87,198)	3
Operating State and Local Income Taxes (7230 )	11,822	(20,666)	4
Operating Other Taxes (7240 )	55,523	40,566	5
Provision for Deferred Operating Income Taxes--Net (7250 )	0	0	6
<b>TOTAL OPERATING TAXES (7200)</b>	<b>48,833</b>	<b>(67,298)</b>	
<b>NONOPERATING INCOME AND EXPENSE</b>			
Dividend Income (7310 )	5,645	814	7
Interest Income (7320 )	11,652	46,553	8
Income from Sinking and Other Funds (7330 )	0	0	9
Allowance for Funds Used During Construction (7340 )	718	2,391	10
Gains or (Losses) from the Disposition of Certain Property (7350 )	0	0	11
Other Nonoperating Income (7360 )	231,624	305,814	12
Special Charges (7370 )	0	0	13
<b>TOTAL NONOPERATING INCOME AND EXPENSE (7300)</b>	<b>249,639</b>	<b>355,572</b>	
<b>NONOPERATING TAXES</b>			
Total Nonoperating Taxes (7400 )	64,791	52,860	14
<b>INTEREST AND RELATED ITEMS</b>			
Total Interest and Related Items (7500 )	177,380	180,741	15
<b>EXTRAORDINARY ITEMS</b>			
Extraordinary Items (7600 )	0	0	16
<b>NONREGULATED NET INCOME</b>			
Nonregulated Net Income (7990 )	(609)	4,771	17

**NONREGULATED ACTIVITIES**

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

**Nonregulated Activity  
(a)**

---

The sale of Customer Premise Equipment

**1**

**DISTRIBUTION OF SALARIES AND WAGES**

Description (a)	Amount (b)	
Regulated Expense	408,065	1
All Other Accounts	113,081	2
<b>Total Salaries and Wages</b>	<b>521,146</b>	3

**EMPLOYEE DATA - END OF YEAR**

Report employee data based on primary allocation of respective wages and salaries.

<b>Particulars (a)</b>	<b>Employees (b)</b>	
<b>Plant Operations</b>		
Supervisory & Management	1	1
Central Office	1	2
Outside Plant	2	3
Building & Service	0	4
Other	0	5
<b>Customer Operations</b>		
Supervisory & Management	0	6
Operators	0	7
Business Office	3	8
Other	0	9
<b>Corporate Operations</b>		
Executive & General Management	1	10
Accounting & Finance	0	11
External Relations	0	12
Human Resources	0	13
Information Management	0	14
Legal	0	15
Procurement	0	16
Research & Development	0	17
Other	0	18
<b>Other</b>		
All Other Employees, Not Listed Above	0	19
<b>Total Employees</b>	<b>8</b>	
Part-Time Employees	0	20
Full-Time Employees	8	21
<b>Total Part-Time and Full-Time Employees</b>	<b>8</b>	

**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)	
<b>LOCAL</b>			
Intra-Exchange	0	0	1 0
Extended Area Service	0	0	2
Extended Community Calling	7	34	3
Other Local-Undefined	0	0	4
<b>Total Local</b>	<b>7</b>	<b>34</b>	
<b>TOLL</b>			
Toll	80	911	5
<b>Total Toll</b>	<b>80</b>	<b>911</b>	
<b>Total Local &amp; Toll</b>	<b>87</b>	<b>945</b>	

**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.	23	1	0	0	2
Feature Group B -- Orig.	0	0	0	0	3
Feature Group B -- Term.	0	0	0	0	4
Feature Group C -- Orig.	0	0	0	0	5
Feature Group C -- Term.	0	0	0	0	6
Feature Group D -- Orig.	2,671	441	943	0	7
Feature Group D -- Term.	4,615	1,957	280	0	8

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	36	1
Strand miles of plant - fiber optics	1,332	2
Route miles of plant - microwave	0	3

**SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR**

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

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	36	<b>1</b>
Strand miles of plant - fiber optics	1,332	<b>2</b>
Route miles of plant - microwave	0	<b>3</b>

**SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR**

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

**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)	
<b>Business</b>			
1 Party	205	206	<b>3</b>
2 Party	0	0	<b>4</b>
4 Party	0	0	<b>5</b>
PBX Trunks/System Trunks	14	14	<b>6</b>
Centrex Trunks	0	0	<b>7</b>
Centrex Lines	0	0	<b>8</b>
Key System Trunks	54	55	<b>9</b>
Mobile (Utility Provided Service)	0	0	<b>10</b>
Paging (Utility Provided Service)	0	0	<b>11</b>
FX-Out (Switched)	0	0	<b>12</b>
Pay Telephone	1	7	<b>13</b>
Coin-Operated Pay Telephone	0	0	<b>14</b>
Independent Pay Telephone Provider	0	0	<b>15</b>
Other	0	1	<b>16</b>
<b>Total Business Lines</b>	<b>274</b>	<b>283</b>	<b>17</b>
<b>Residential (Incl. Emp. Concess.)</b>			
1 Party	1,751	1,762	<b>18</b>
2 Party	0	0	<b>19</b>
4 Party	0	0	<b>20</b>
FX-Out (Switched)	0	0	<b>21</b>
Other	0	0	<b>22</b>
<b>Total Residential Lines</b>	<b>1,751</b>	<b>1,762</b>	<b>23</b>
<b>Total Bus &amp; Res Lines</b>	<b>2,025</b>	<b>2,045</b>	<b>24</b>
Company Used Lines	56	31	<b>25</b>
<b>Total Lines Used</b>	<b>2,081</b>	<b>2,076</b>	<b>26</b>
			<b>27</b>

**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)	
<b>Miscellaneous</b>			
WATS Lines - OutWATS	0	0	<b>3</b>
WATS Lines - 800 Service	0	0	<b>4</b>
FX-In-intraLATA	1	3	<b>5</b>
Special Access-intraLATA			<b>6</b>
(expressed in equiv. access lines)	27	53	<b>7</b>
Special Access-interLATA			<b>8</b>
(expressed in equiv. access lines)	80	78	<b>9</b>
Feature Group A Lines	0	0	<b>10</b>
Feature Group B Trunks	0	0	<b>11</b>
Feature Group C Trunks	65	65	<b>12</b>
Feature Group D Trunks	24	24	<b>13</b>
TSPS - Trunks	6	6	<b>14</b>
EAS - Trunks	360	360	<b>15</b>
Cellular Trunks (Pub. Sw. Net.)	0	0	<b>16</b>
Video Distance Learning	0	0	<b>17</b>
- discounted (special tariff)			<b>18</b>
<b>Customers</b>			
Lifeline Customers	7	10	<b>20</b>
Linkup Customers	0	1	<b>21</b>
<b>Other</b>			
Total Company Square Miles	108	108	<b>23</b>
Total Company Route Miles	308	309	<b>24</b>
Footnotes			<b>25</b>

**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	0350	2210			1
<b>Business</b>					2
1 Party	69	137			3
2 Party	0	0			4
4 Party	0	0			5
PBX Trunks/System Trunks	0	14			6
Centrex Trunks	0	0			7
Centrex Lines	0	0			8
Key System Trunks	12	43			9
Mobile (utility provided service)	0	0			10
Paging (utility provided service)	0	0			11
FX-Out (Switched)	0	0			12
Pay Telephone	2	5			13
Coin-Operated Pay Telephone	0	0			14
Independent Pay Telephone Provider	0	0			15
Other	0	1			16
<b>Total Business Lines</b>	<b>83</b>	<b>200</b>	<b>0</b>	<b>0</b>	17
<b>Residential (Incl. Emp. Concess.)</b>					18
1 Party	625	1,137			19
2 Party	0	0			20
4 Party	0	0			21
FX-Out (Switched)	0	0			22
Other	0	0			23
<b>Total Residential Lines</b>	<b>625</b>	<b>1,137</b>	<b>0</b>	<b>0</b>	24
<b>Total Bus &amp; Res Lines</b>	<b>708</b>	<b>1,337</b>	<b>0</b>	<b>0</b>	25
Company Used Lines	2	29			26
<b>Total Lines Used</b>	<b>710</b>	<b>1,366</b>	<b>0</b>	<b>0</b>	27

**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	0350	2210			<b>1</b>
<b>Miscellaneous</b>					<b>2</b>
WATS Lines - OutWATS	0	0			<b>3</b>
WATS Lines - 800 Service	0	0			<b>4</b>
FX-In-intraLATA	0	3			<b>5</b>
Special Access-intraLATA (equiv. access lines)	0	53			<b>6</b> <b>7</b>
Special Access-interLATA (equiv. access lines)	1	77			<b>8</b> <b>9</b>
Feature Group A Lines	0	0			<b>10</b>
Feature Group B Trunks	0	0			<b>11</b>
Feature Group C Trunks	0	65			<b>12</b>
Feature Group D Trunks	0	24			<b>13</b>
TSPS - Trunks	0	6			<b>14</b>
EAS - Trunks	0	360			<b>15</b>
Cellular Trunks (Pub. Sw. Net.)	0	0			<b>16</b>
Video Distance Learning - discounted (special tariff)	0	0			<b>17</b> <b>18</b>
<b>Other</b>					<b>19</b>
Exchange Square Miles	45	63			<b>20</b>
Exchange Route Miles	109	200			<b>21</b>
Footnotes			L		<b>22</b>

**MANUFACTURER ABBREVIATIONS**

Use these abbreviations when completing the central office data schedule.

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

**EQUIPMENT ABBREVIATIONS**

Use these abbreviations when completing the central office data schedule.

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

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Electronic--Digital	D	<b>3</b>
Electronic--Video	V	<b>4</b>

**CENTRAL OFFICE DATA - END OF YEAR**

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

<b>Description (a)</b>	<b>Central Off. (b)</b>	<b>Central Off. (c)</b>	<b>Central Off. (d)</b>	<b>Central Off. (e)</b>	
Exchange Name	BAY CITY	HAGER CITY			1
PSCW Exchange ID	0350	2210			2
Central Office Name	BAY CITY	HAGER CITY			3
PSCW Central Office ID	1	1			4
Central Office CLLI Code	BYCYWIXAR	HGCYWIXAR			5
Manufacturer of COE (Page 54)	NO	NO			6
Year COE Installed	1999	1999			7
Type of Equipment (Page 54)	D	D			8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R			9
Remote Host PSCW Exchange ID	2210	2210			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	17	17			12
SS7?	Yes	Yes			13
9-1-1?	Yes	Yes			14
Access Lines - In Use	710	1,366			15
- Equipped	806	1,388			16
- Wired	1,244	1,848			17
Trunks - In Use	0	0			18
- Equipped	0	0			19
- Wired	0	0			20
ISDN Available?	Yes	Yes			21
ISDN Lines - In Use (BRI)	0	0			22
- In Use (PRI)	0	1			23
XDSL Available?	Yes	Yes			24
- In Use (# lines)	1	4			25
Switched 56 Service?	No	No			26
Switched 56 lines in use	0	0			27
Digital Transmission Facilities: DS-1 - In Use	0	30			28
DS-3 - In Use	0	0			29
Advanced Data Service Available:					
Packet Switching?	No	No			30
SMDS?	No	No			31
Frame Relay?	No	No			32
ATM (Asynchronous Trans. Mode)?	No	No			33
Video Information - Service Available?	No	No			34
- In Use (# lines) <sup>1</sup>	0	0			35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	144			36
No. of fiber strands working (LIT) in C.O.	0	22			37
No. of fiber strands for interoffice use	0	0			38
Miles of fiber sheath in wire center	3	33			39
Access Tandem Serving this C.O.:					
- C.O. Name	ELK LAKE	ELK LAKE			40
- PSCW C.O. ID	1740-01	1740-01			41
Does this C.O. do access tandem switching?	Yes	Yes			42
Footnotes					43

<sup>1</sup> Teleco provided end-to-end facility.

**GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**

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**General Footnote**

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**Schedule Footnotes**

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**Schedule Line Footnotes**

- 1) Investment in Cannon Communications was transferred at year end via dividend to parent company, Alliance Telecommunications.
- 2) Page 7 has been amended to correct Email addresses for Paul N. Hanson and Michael J. Walsh.
- A) Transfers were made in 2001 to properly classify equipment, as follows:  
\$214,390 was transferred from acct 2212.2 Digital Switching-Central Office.  
\$194,798 of that went to acct 2232.1 Digital Circuit Equipment. \$19,592 went to acct 2232.3 Light Wave Circuit Equipment.  
  
\$37,535 was transferred from acct 2423.2 Buried Cable-Metallic, to acct 2423.1 Buried Cable Nonmetallic. This was done to adjust buried cable acct for fiber optic investment.  
  
Depreciation was adjusted accordingly.
- B) 45 mbps (DS3)and 64 kbps (DS0) - we have not received an order for this type of circuit.
- C) Interstate special access acct 5083 has increased \$32,000 from 2000. Hager Telecom had 3 high cap circuits installed in 2001.
- D) Acct 5100, Long Distance Message Revenue, was high in 2000 due to a conversion of billing software in February of that year which affected the coding of revenue to this account.
- E) Acct. 523 - The directory revenue and expenses were transferred in 2001 from Cannon Communications to Hager Telecom.
- F) Acct. 524, Rent Revenue is higher in 2001 due to additional fiber leases.
- G) Switching is done for Hager Telecom by West Wisconsin. In 2001, Hager Telecom paid monthly switching expense to West Wisconsin. Hager Telecom had not been previously billed for this.
- H) Payments made to Wisconsin Independent Network for lease of DS 3 increased in 2001. Also, additional time was spent in the area of central office transmission as there were upgrades to toll cxr and sub cxr.
- I) Cable and wire facilities acct 6410 decreased due to less time spent in this area. There also was a change in timesheet coding procedures to reflect actual time use.
- J) Network operations expense acct 653 increased. There was a change in timesheet coding procedure to reflect actual time use.
- K) The cost of customer service training in 2001 for Hager Telecom employees was coded as marketing expense. In addition, customer satisfaction surveys were mailed out during year 2001 and are included in marketing expense.
- L) Page 52, end of year service data - "Other" business lines are digital channel.
- M) The negative annual accrual of depreciation for Other Work Equipment acct. 2116, is to fix an error. Depreciation was over accrued at the end of the year 2000.

**GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**

- N)** Accounts 6710, Executive and Planning, and 6720, General and Administrative decreased in 2001. Both of these accounts had greater charges in the year 2000 due to executive and legal expenses related to the acquisition of Hager Telecom by Alliance Telecommunications Corp.
- O)** Local calls are not tracked.
- P)** Hager Telecom was sold in June 2000 to Alliance Telecommunications Corporation of which Hector Communications Corporation (HCC) holds 68% ownership. HCC does the accounting for Hager Telecom. Hager is charged through intercompany accounting for those charges.

Additional services provided by HCC to Hager include:

Plant administration support. HCC uses its greater size to negotiate better prices for materials and services required by Hager and its other subsidiaries. HCC also provides technical, consulting and forecasting support on construction projects.

Human resources. HCC provides, or negotiates with other suppliers to provide, human resource management for its subsidiaries. HCC provides payroll functions and employee benefits management, including group health and life insurance, 401(k) savings and ESOP.

Charges from HCC are at cost. HCC does not earn any profit for providing these services.