



4004

ANNUAL REPORT

OF

Name: INDIANHEAD TELEPHONE COMPANY

Principal Office: 211 MAIN ST S
P.O. BOX 428
HECTOR, MN 55342-0428

For the Year Ended: DECEMBER 31, 2001

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; 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 LINDA J. KRAMER of
(Person responsible for accounts)

INDIANHEAD 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.

LINDA J. KRAMER 03/22/2002
(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: INDIANHEAD TELEPHONE COMPANY
Utility Location: 211 MAIN ST S
P.O. BOX 428
HECTOR, MN 55342-0428

Utility Web Site Address:

When was utility organized?: 12/31/1958

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MRS LINDA J . KRAMER
Title: TREASURER

Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR , MN 55342-0428

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611
Email Address: lkramer@hcctel.net

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

Name:
Title:

Office Address:

Fax Number:
Telephone Number:
Email Address:

Person responsible for financial information contained in report

Name: MRS LINDA J . KRAMER
Title: TREASURER

Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR , MN 55342-0428

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611
Email Address: lkramer@hcctel.net

Person responsible for statistical information contained in report

Name: MR MATT SPARKS
Title: OPERATIONS MANAGER

Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR , MN 55342-0428

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611
Email Address: msparks@hcctel.net

OFFICERS AND DIRECTORS

Name, Title/Occupation and Business Address

Name: CURTIS A. SAMPSON

Title/Occupation: CHAIRMAN OF THE BOARD

Business Address (1): 211 S MAIN ST

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)	3,183,993	3,256,839	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	356,497	309,508	2
Plant Nonspecific Operations Expense	1,062,523	1,139,661	3
Customer Operations Expense (6610-6620)	107,780	95,042	4
Corporate Operations Expense (6710-6790)	367,941	427,807	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	459,554	463,690	7
Total Operating Expenses	2,354,295	2,435,708	8
Net Operating Income	829,698	821,131	9
Other Income			
Nonoperating Income and Expense (7300)	215,286	359,112	10
Nonoperating Taxes (7400)	83,795	93,366	11
Interest and Related Items (7500)	281,695	259,230	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	82,719	63,251	14
Total Nonoperating Income	(67,485)	69,767	15
Net Income	762,213	890,898	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.)
-
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.

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)*	3,764,228	3,425,570	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	3,764,228	3,425,570	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	41,462	40,887	6
Accounts Receivable Allowance-Telecom (1181)*	2,517	4,358	7
Net: Telecommunications Accounts Receivable	38,945	36,529	
Other Accounts Receivable (1190)*	1,976,012	1,083,607	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	1,976,012	1,083,607	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	70	82	12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	2,015,027	1,120,218	
SUPPLIES			
Inventories (1220)*	58,036	55,757	13
TOTAL SUPPLIES	58,036	55,757	
PREPAYMENTS			
Total Prepayments (1280)*	32,570	27,426	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	32,570	27,426	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	0	20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	5,869,861	4,628,971	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	1,223,901	1,143,905	21
RTB Class B Stock (1402)*	98,550	98,550	22
Other Investments in Nonaffiliated Companies (1402)*	39,945	41,741	23
Nonregulated Investments (1406)*	43,490	39,958	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)	
NONCURRENT ASSETS			
INVESTMENTS			
Sinking Funds (1408)*	0	0	26
Other Noncurrent Assets (1410)*	0	0	27
TOTAL INVESTMENTS	1,405,886	1,324,154	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	28
Deferred Maintenance and Retirements (1438)*	0	0	29
Deferred Charges (1439)*	0	0	30
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	1,405,886	1,324,154	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	11,193,493	11,029,318	31
Less: Accumulated Depreciation (3100)*	7,119,546	6,338,793	32
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	33
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	34
Less: Accumulated Amortization--Intangible (3500)*	0	0	35
NET TELECOMMUNICATIONS PLANT IN SERVICE	4,073,947	4,690,525	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	37
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	38
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	39
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	134,487	33,910	40
TOTAL TPUC	134,487	33,910	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	41
Less: Accumulated Amortization--Other (3600)*	0	0	42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	4,208,434	4,724,435	
TOTAL ASSETS AND OTHER DEBITS	11,484,181	10,677,560	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	179,872	163,241	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)*	361,600	329,200	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	0	0	7
Other Taxes--Accrued (4080)*	0	0	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)*	117,477	147,261	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES	658,949	639,702	
LONG-TERM DEBT			
Funded Debt (4210)*	5,473,988	5,380,724	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	5,473,988	5,380,724	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	0	0	20
Unamortized Operating ITC--Net (4320)*	8,158	11,883	21
Unamortized Nonoperating ITC--Net (4330)*	52	90	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	103,920	168,260	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
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	112,130	180,233	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	33,180	33,180	28
Additional Paid-in Capital (4520)*	0	0	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	5,205,934	4,443,721	32
TOTAL STOCKHOLDERS' EQUITY	5,239,114	4,476,901	
TOTAL LIABILITIES AND OTHER CREDITS	11,484,181	10,677,560	

IMPORTANT CHANGES DURING THE YEAR

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.
 2. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.
-

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)	
Hector Communications Corporation	HCC	1
Other	OTH	2
Pine Island Telephone Company	PITC	3

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	4860ATF100			
Name of Affiliate	HCC			1
Designate whether billed to or from:	FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C			3
Total Dollar Activity	278,175			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	J			

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.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Pine Island Telephone Company	1401	1,223,901	1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	7,328		1
Motor Vehicles	2112	258,045		2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	153,996	59,189	6
Buildings	2121	637,516		7
Furniture	2122	16,921		8
Office Equipment	2123	8,746	1,592	9
General Purpose Computers	2124	14,417	1,394	10
TOTAL--GENERAL SUPPORT ASSETS:		1,096,969	62,175	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	1,560,763	46,138	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	2,375,086	116,751	16 A
TOTAL--CENTRAL OFFICE ASSETS:		3,935,849	162,889	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	3,284		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
TOTAL--INFORMATION ORIG/TERM ASSETS:		3,284	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	1,704		22
Aerial Cable	2421	2,057	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	5,989,455	93,468	25 A
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
TOTAL--CABLE WIRE FACILITIES ASSETS:		5,993,216	93,468	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			7,328	1
2112	16,815		241,230	2
2113			0	3
2114			0	4
2115			0	5
2116			213,185	6
2121			637,516	7
2122	310		16,611	8
2123	0	0	10,338	9
2124			15,811	10
	17,125	0	1,142,019	
2211			0	11
2212	166	21,595	1,628,330	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	92,672	8,517	2,407,682	16 A
	92,838	30,112	4,036,012	
2311			3,284	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	3,284	
2411			1,704	22
2421	0	0	2,057	23
2422	0	0	0	24
2423	44,394	(30,112)	6,008,417	25 A
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			0	30
	44,394	(30,112)	6,012,178	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	11,029,318	318,532
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	154,357	0	11,193,493	
2001			0	34
			11,193,493	

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	1,820	1,592	1
Company Communications Equipment	2123.2	6,926	0	2
Software	2212.1	458,551	42,486	3
Digital Switching - Central Office	2212.2	1,102,212	3,652	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	0		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	2,077,235	116,751	10 A
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	297,851		12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	2,057		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	0		16
Buried Cable - Nonmetallic	2423.1	1,302,244		17 A
Buried Cable - Metallic	2423.2	4,687,211	93,468	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

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			3,412	1
2123.2			6,926	2
2212.1			501,037	3
2212.2	166	21,595	1,127,293	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1	92,672	8,517	2,109,831	10 A
2232.2			0	11
2232.3			297,851	12
2421.1			0	13
2421.2			2,057	14
2422.1			0	15
2422.2			0	16
2423.1		(453)	1,301,791	17 A
2423.2	44,394	(29,659)	4,706,626	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)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	175,804	25.0	34,766	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	85,404	10.0	13,154	5
Buildings	2121	217,016	3.33	21,251	6
Furniture	2122	14,386	10.0	1,677	7
Office Equipment	2123	8,746	20.0	159	8
General Purpose Computers	2124	11,630	25.0	3,136	9
Total-- GENERAL SUPPORT ASSETS		512,986		74,143	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	804,067	7.6	242,460	11A,E
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	1,896,498	14.29	266,514	15A
Total-- CENTRAL OFFICE ASSETS		2,700,565		508,974	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	3,283	14.29	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
Total-- INFORMATION ORIG/TERM ASSETS		3,283		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	1,534			21
Aerial Cable	2421	1,852	5.88		22
Underground Cable	2422	0			23
Buried Cable	2423	3,118,573	5.88	351,993	24A
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.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	16,815				193,755	1
2113					0	2
2114					0	3
2115					0	4
2116					98,558	5
2121					238,267	6
2122	310				15,753	7
2123	0				8,905	8
2124					14,766	9
	17,125	0	0	0	570,004	
2211					0	10
2212	166			21,595	1,067,956	11 A,E
2215	0				0	12
2220					0	13
2231	0				0	14
2232	92,672			8,517	2,078,857	15 A
	92,838	0	0	30,112	3,146,813	
2311					3,283	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	3,283	
2411					1,534	21
2421	0				1,852	22
2422	0				0	23
2423	44,394			(30,112)	3,396,060	24 A
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	0			29
Total-- CABLE WIRE FACILITIES ASSETS		3,121,959		351,993	0
Total Accumulated Depreciation	3100	6,338,793		935,110	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				935,110	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					0	29
	44,394	0	0	(30,112)	3,399,446	
3100	154,357	0	0	0	7,119,546	
3100					0	30
3100					7,119,546	

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	1,820	20.0	159	1
Company Communications Equipment	2123.2	6,926	20.0	0	2
Software	2212.1	351,773	50.0	117,399	3
Digital Switching - Central Office	2212.2	452,294	11.11	125,061	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	0			8
Other Radio Facilities	2231.2	0			9
Digital Circuit Equipment	2232.1	1,788,307	14.29	223,964	10 A
Analog Circuit Equipment	2232.2	0			11
Light Wave Circuit Equipment	2232.3	108,191	14.29	42,550	12
Aerial Cable - Nonmetallic	2421.1	0			13
Aerial Cable - Metallic	2421.2	1,852	5.88		14
Underground Cable - Nonmetallic	2422.1	0			15
Underground Cable - Metallic	2422.2	0			16
Buried Cable - Nonmetallic	2423.1	338,176	5.88	76,576	17 A
Buried Cable - Metallic	2423.2	2,780,397	5.88	275,417	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					1,979	1
2123.2					6,926	2
2212.1					469,172	3
2212.2	166			21,595	598,784	4 A
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1	92,672			8,517	1,928,116	10 A
2232.2					0	11
2232.3					150,741	12
2421.1					0	13
2421.2					1,852	14
2422.1					0	15
2422.2					0	16
2423.1				(453)	414,299	17 A
2423.2	44,394			(29,659)	2,981,761	18 A
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	4,443,721	3,552,823	1
Changes:			
Balance Transferred from Income	762,213	890,898	2
Dividends Declared:			
Common	0	0	3
Preferred	0	0	4
Total Dividends Declared	0	0	
Miscellaneous Debits to Retained Earnings	0	0	5
Miscellaneous Credits to Retained Earnings	0	0	6
Balance--End of Year	<u>5,205,934</u>	<u>4,443,721</u>	

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

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	1,421,897	1,479,424	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)	1,421,897	1,479,424	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	102,187	97,460	11
Switched Access Revenue (5082)*	1,081,488	1,108,991	12
Special Access Revenue (5083)*	70,231	43,624	13 F
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,253,906	1,250,075	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	321,685	339,670	15
Special Access Revenue (5084.3)*	38,147	34,835	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	359,832	374,505	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	10,619	6,498	17 G
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.	10,619	6,498	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	27,365	28,364	30
Rent Revenue (5240)*	53,318	54,835	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	8,462	14,562	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	8,462	14,562	
Interstate Billing and Collection Revenue*	17,267	21,436	39
Intrastate Billing and Collection Revenue*	35,677	38,940	40
Total Carrier Billing and Collection Revenue (5270)*	52,944	60,376	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	142,089	158,137	
GROSS OPERATING REVENUES	3,188,343	3,268,639	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	4,350	11,800	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	4,350	11,800	
TOTAL OPERATING REVENUES	<u>3,183,993</u>	<u>3,256,839</u>	

** 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)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Total Network Support Expense (6110)	0	0	1
Less: Nonregulated	0	0	2
Net Regulated	0	0	3
Total General Support Expense (6120)	33,893	36,330	4
Less: Nonregulated	0	0	5
Net Regulated	33,893	36,330	6
Total Central Office Switching Expense (6210)	93,475	93,713	7
Less: Nonregulated	0	0	8
Net Regulated	93,475	93,713	9
Total Operator Systems Expense (6220)	0	0	10
Less: Nonregulated	0	0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	16,330	18,641	13
Less: Nonregulated	0	0	14
Net Regulated	16,330	18,641	15
Total Information Orig. / Term. Expense (6310)	0	0	16
Less: Nonregulated	0	0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	212,799	160,824	19
Less: Nonregulated	0	0	20 H
Net Regulated	212,799	160,824	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	356,497	309,508	
Less: Nonregulated	0	0	
Net Regulated	356,497	309,508	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	0	0	22
Less: Nonregulated	0	0	23
Net Regulated	0	0	24
Total Network Operations Expense (6530)	114,264	133,263	25
Less: Nonregulated	0	0	26
Net Regulated	114,264	133,263	27
Access Expense (6540)	13,149	8,611	28
Less: Nonregulated	0	0	29 I
Net Regulated	13,149	8,611	30
Total Depreciation and Amortization Expense (6560)	935,110	997,787	31
Less: Nonregulated	0	0	32
Net Regulated	935,110	997,787	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	1,062,523	1,139,661	
Less: Nonregulated	0	0	
Net Regulated	1,062,523	1,139,661	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	8,748	1,123	34
Less: Nonregulated	0	0	35
Net Regulated	8,748	1,123	36
<hr/>			
Total Services (6620)	99,032	93,919	37
Less: Nonregulated	0	0	38
Net Regulated	99,032	93,919	39
<hr/>			
TOTAL CUSTOMER OPERATIONS EXPENSE	107,780	95,042	
Less: Nonregulated	0	0	
Net Regulated	107,780	95,042	
<hr/>			
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	105,751	125,328	40
Less: Nonregulated	0	0	41
Net Regulated	105,751	125,328	42
<hr/>			
Total General and Administrative (6720)	262,190	302,479	43
Less: Nonregulated	0	0	44
Net Regulated	262,190	302,479	45
<hr/>			
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47
Net Regulated	0	0	48
<hr/>			
TOTAL CORPORATE OPERATIONS EXPENSE	367,941	427,807	
Less: Nonregulated	0	0	
Net Regulated	367,941	427,807	
<hr/>			
TOTAL EXPENSES	1,894,741	1,972,018	
Less: Nonregulated	0	0	
Net Regulated	1,894,741	1,972,018	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)	0	0	1
Provisioning Expense (6512)	0	0	2
Total: Reported in Account 6510	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	935,110	997,787	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	935,110	997,787	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	3,188,343	1
Plus: Collection of amounts previously written off	3,260	2
Less: Uncollectibles written off during the year	9,452	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
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>3,182,151</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,421,897	1
Plus: Total Intrastate Access Revenues (5084)	359,832	2
Plus: Total Long Distance Network Services Revenue	10,619	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	7,750	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>1,800,098</u>	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	3,188,343	1
Plus: Collection of amounts previously written off	3,260	2
Less: Uncollectibles written off during the year	9,452	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
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>3,182,151</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,421,897	1
Plus: Total Intrastate Access Revenues (5084)	359,832	2
Plus: Total Long Distance Network Services Revenue	10,619	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	7,750	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>1,800,098</u>	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)	0	0	1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)	(3,762)	(4,805)	2
Operating Federal Income Taxes (7220)	282,336	289,726	3
Operating State and Local Income Taxes (7230)	72,495	69,442	4
Operating Other Taxes (7240)	108,485	109,327	5
Provision for Deferred Operating Income Taxes--Net (7250)	0	0	6
TOTAL OPERATING TAXES (7200)	459,554	463,690	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	12,426	8,805	7
Interest Income (7320)	111,409	164,979	8
Income from Sinking and Other Funds (7330)	0	0	9
Allowance for Funds Used During Construction (7340)	5,857	5,560	10
Gains or (Losses) from the Disposition of Certain Property (7350)	0	0	11
Other Nonoperating Income (7360)	85,996	180,421	12
Special Charges (7370)	402	653	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	215,286	359,112	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	83,795	93,366	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	281,695	259,230	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)	0	0	16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	82,719	63,251	17

NONREGULATED ACTIVITIES

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

Nonregulated Activity	
(a)	
Installations, lease, sale and repair of CPE, CPW	1
Internet	2
Public Telephone Term. Equipment	3

EMPLOYEE DATA - END OF YEAR

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

Particulars (a)	Employees (b)	
Plant Operations		
Supervisory & Management	1	1
Central Office	1	2
Outside Plant	3	3
Building & Service	0	4
Other	0	5
Customer Operations		
Supervisory & Management	0	6
Operators	0	7
Business Office	3	8
Other	0	9
Corporate Operations		
Executive & General Management	0	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
Other		
All Other Employees, Not Listed Above	0	19
Total Employees	8	
Part-Time Employees	1	20
Full-Time Employees	7	21
Total Part-Time and Full-Time Employees	8	

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	314	1,541	1
Extended Area Service	28	86	2
Extended Community Calling	55	436	3
Other Local-Undefined	0	0	4
Total Local	397	2,063	
TOLL			
Toll	118	434	5
Total Toll	118	434	
Total Local & Toll	515	2,497	

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.	42	0	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.	2,778	887	1,543	0	7
Feature Group D -- Term.	3,391	1,297	391	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	110	1
Strand miles of plant - fiber optics	2,251	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	4	8	1
56 kbps	3	1	2
64 kbps (DS0)	0	0	3 B
1.54 Mbps (DS-1)	7	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	110	1
Strand miles of plant - fiber optics	2,251	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

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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

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	301	242	3
2 Party	0	0	4
4 Party	0	0	5
PBX Trunks/System Trunks	0	0	6
Centrex Trunks	0	0	7
Centrex Lines	0	0	8
Key System Trunks	0	0	9
Mobile (Utility Provided Service)	0	0	10
Paging (Utility Provided Service)	0	0	11
FX-Out (Switched)	0	0	12
Pay Telephone	15	15	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Other	0	108	16
Total Business Lines	316	365	17
Residential (Incl. Emp. Concess.)			
1 Party	1,988	1,997	19
2 Party	0	0	20
4 Party	0	0	21
FX-Out (Switched)	0	0	22
Other	0	0	23
Total Residential Lines	1,988	1,997	24
Total Bus & Res Lines	2,304	2,362	25
Company Used Lines	30	30	26
Total Lines Used	2,334	2,392	27

SERVICE DATA (cont.)

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

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	0	0	3
WATS Lines - 800 Service	0	0	4
FX-In-intraLATA	3	3	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	9	57	7
Special Access-interLATA			8
(expressed in equiv. access lines)	176	175	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	456	0	12
Feature Group D Trunks	0	456	13
TSPS - Trunks	41	20	14
EAS - Trunks	22	118	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning	1	1	17
- discounted (special tariff)			18
Customers			
Lifeline Customers	33	41	20
Linkup Customers	3	2	21
Other			
Total Company Square Miles	399	399	23
Total Company Route Miles	670	679	24
Footnotes			25

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	1820	4460	5820		1
Business					2
1 Party	49	107	86		3
2 Party	0	0	0		4
4 Party	0	0	0		5
PBX Trunks/System Trunks	0	0	0		6
Centrex Trunks	0	0	0		7
Centrex Lines	0	0	0		8
Key System Trunks	0	0	0		9
Mobile (utility provided service)	0	0	0		10
Paging (utility provided service)	0	0	0		11
FX-Out (Switched)	0	0	0		12
Pay Telephone	1	7	7		13
Coin-Operated Pay Telephone	0	0	0		14
Independent Pay Telephone Provider	0	0	0		15
Other	48	12	48		16
Total Business Lines	98	126	141	0	17
Residential (Incl. Emp. Concess.)					18
1 Party	556	800	641		19
2 Party	0	0	0		20
4 Party	0	0	0		21
FX-Out (Switched)	0	0	0		22
Other	0	0	0		23
Total Residential Lines	556	800	641	0	24
Total Bus & Res Lines	654	926	782	0	25
Company Used Lines	3	9	18		26
Total Lines Used	657	935	800	0	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	1820	4460	5820		1
Miscellaneous					2
WATS Lines - OutWATS	0	0	0		3
WATS Lines - 800 Service	0	0	0		4
FX-In-intraLATA	0	3	0		5
Special Access-intraLATA					6
(equiv. access lines)	2	3	52		7
Special Access-interLATA					8
(equiv. access lines)	4	120	51		9
Feature Group A Lines	0	0	0		10
Feature Group B Trunks	0	0	0		11
Feature Group C Trunks	0	0	0		12
Feature Group D Trunks	96	120	240		13
TSPS - Trunks	0	0	20		14
EAS - Trunks	11	11	96		15
Cellular Trunks (Pub. Sw. Net.)	0	0	0		16
Video Distance Learning					17
- discounted (special tariff)	0	0	1		18
Other					19
Exchange Square Miles	170	133	96		20
Exchange Route Miles	219	255	205		21
Footnotes			c		22

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

MANUFACTURER ABBREVIATIONS

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EQUIPMENT ABBREVIATIONS

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

CENTRAL OFFICE DATA - END OF YEAR

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

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	EXELAND	RADISSON	WEYERHAEUSER		1
PSCW Exchange ID	1820	4460	5820		2
Central Office Name	EXELAND	RADISSON	WEYERHAEUSER		3
PSCW Central Office ID	1	1	1		4
Central Office CLLI Code	EXLDWIXA943	RDSNWIXA945	WYHRWIXA353		5
Manufacturer of COE (Page 54)	NTI	NTI	NTI		6
Year COE Installed	1991	1991	1991		7
Type of Equipment (Page 54)	D	D	D		8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R	H		9
Remote Host PSCW Exchange ID	5820	5820			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	501.3	501.3	501.3		12
SS7?	Yes	Yes	Yes		13
9-1-1?	Yes	Yes	Yes		14
Access Lines - In Use	657	935	800		15
- Equipped	800	1,080	962		16
- Wired	1,216	1,216	1,280		17
Trunks - In Use	96	144	408		18
- Equipped	120	144	864		19
- Wired	144	144	1,248		20
ISDN Available?	Yes	Yes	Yes		21
ISDN Lines - In Use (BRI)	5	5	5		22
- In Use (PRI)	0	0	0		23
XDSL Available?	Yes	Yes	Yes		24
- In Use (# lines)	3	9	2		25
Switched 56 Service?	No	No	No		26
Switched 56 lines in use	0	0	0		27
Digital Transmission Facilities: DS-1 - In Use	8	23	74		28
DS-3 - In Use	1	2	1		29
Advanced Data Service Available:					
Packet Switching?	No	No	No		30
SMDS?	No	No	No		31
Frame Relay?	No	No	No		32
ATM (Asynchronous Trans. Mode)?	No	No	No		33
Video Information - Service Available?	No	No	No		34
- In Use (# lines) ¹	0	0	0		35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	68	44	108		36
No. of fiber strands working (LIT) in C.O.	10	14	24		37
No. of fiber strands for interoffice use	6	10	16		38
Miles of fiber sheath in wire center	36	52	22		39
Access Tandem Serving this C.O.:					
- C.O. Name	ELK LAKE	ELK LAKE	ELK LAKE		40
- PSCW C.O. ID	1740-01	1740-01	1740-01		41
Does this C.O. do access tandem switching?	No	No	No		42
Footnotes					43

¹ Teleco provided end-to-end facility.

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

Schedule Footnotes**Service Data Footnote. Page 50**

Schedule Line Footnotes

- A)** Transfers were made in 2001 to properly classify equipment as follows:
\$21,595 was transferred from Digital Circuit acct. #2232.1 and moved to Digital Switching acct. #2212.2.
AFC concrete peds valued at \$1,717 were transferred from Buried Fiber acct. #2423.1 to Digital Circuit acct. #2232.1.
Fiber Optic cable valued at \$1,263 was transferred from Buried Metallic acct. #2423.2 to Buried Fiber acct. #2423.1. (Costs for fiber optic had been gathered to acct. 2423.2 in year 2000 and properly reclassified in 2001).
Equipment for AFC huts valued at \$28,396 was transferred from Buried Cable acct. #2423.2 to Digital Circuit acct. #2232.1.
- Depreciation was adjusted accordingly.
- B)** 45 Mbps (DS-3) - We have one circuit under special tariff for Video Distance learning. This is under contract so is not counted as a special circuit.
- 64 Kbps (DS-0) - We have not received an order for this type of circuit.
- C)** Page 52, end of year service data - "Other" business lines are digital channel.
- E)** Digital Electronic Switching acct. 2212 shows a composite rate of hardware and software.
- F)** New high cap circuits were billed in 2001, increasing revenue in Interstate Special Access, Acct. 5083.
High cap circuits that were disconnected had been in place only a partial year in 2000.
- G)** There is an increase of Long Distance Message Revenue Acct. 5100 due to timing difference of receipts.
- H)** \$32,000 of the increase to cable and wire fac. Expense Acct. 6410 is due to lease of DS 3, paid to Wisconsin Independent Network. There were 13 monthly payments made in 2001, but only 2-1/2 months paid in 2000.
Increase to the account is also due to additional time spent for buried cable expense.
- I)** The increase to Access Expense Acct. 6540 is due to increase of monthly assessments for universal service funds.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

J) Indianhead Telephone Company (ITC) is a wholly owned subsidiary of Hector Communications Corporation (HCC). HCC has a wholly-owned or majority-owned interest in eleven local exchange telephone companies, including ITC. HCC, acting through its general offices and employees, provided services to its subsidiary companies to aid in their operations.

Charges for services provided by HCC to its subsidiaries are calculated based on a management service agreement. This agreement has been approved by the Rural Utilities Service and the Wisconsin Public Service Commission (Notice 4860-AT-100). Under the agreement, charges from HCC to the subsidiaries are at cost. HCC does not earn any profit for providing these services.

Services provided by HCC to ITC include:

Local service and CABS billing. HCC is a service bureau for its subsidiaries with respect to billing and CABS. HCC provides the personnel, computer hardware and software necessary to maintain ITCs customer base, toll and CABS data management and processing, and rating. HCC generates bills for all of ITCs customers (end-users or IXCs). HCC also provides management information service support for other ITC data processing requirements.

Plant administration support. HCC uses its greater size to negotiate better prices for materials and services required by ITC 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.