



4004

ANNUAL REPORT

OF

Name: VERNON TELEPHONE COOPERATIVE

Principal Office: 103 N MAIN ST
P.O. BOX 20
WESTBY, WI 54667-0020

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.

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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: VERNON TELEPHONE COOPERATIVE
Utility Location: 103 N MAIN ST
P.O. BOX 20
WESTBY, WI 54667-0020

Utility Web Site Address:

When was utility organized?: 10/22/1952

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR SCOTT E . HAAKENSON
Title: ACCOUNTANT

Office Address: 103 NORTH MAIN STREET
P.O. BOX 20
WESTBY , WI 54667

Fax Number: (608) 634 - 2000
Telephone Number: (608) 634 - 3136 EXT 223
Email Address: shaakenson@vernontel.com

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

Name: MR BRUCE E . HOEHNE , CPA
Title: PARTNER
Firm: KIESLING ASSOCIATES
Office Address: 6401 ODANA RD
MADISON , WI 53719

Fax Number: (608) 273 - 2383
Telephone Number: (608) 273 - 2315
Email Address: bhoehne@kiesling.com

Person responsible for financial information contained in report

Name: MR SCOTT E . HAAKENSON
Title: ACCOUNTANT

Office Address: 103 NORTH MAIN STREET
P.O. BOX 20
WESTBY , WI 54667

Fax Number: (608) 634 - 2000
Telephone Number: (608) 634 - 3136 EXT 223
Email Address: shaakenson@vernontel.com

Person responsible for statistical information contained in report

Name: MR KURT C . HAUGE
Title: PLANT MANAGER

Office Address: 103 NORTH MAIN STREET
P.O. BOX 20
WESTBY , WI 54667

Fax Number: (608) 634 - 2000
Telephone Number: (608) 634 - 3136 EXT 222
Email Address:

IDENTIFICATION AND OWNERSHIP

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

Name: N/A
Address: N/A
PO BOX 0
N/A , WI 54667
Number of Shares Held:
Beneficial Owner: NONE

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

Company Name: VERNON COMMUNICATIONS, LLC
Form of Interest: OWNED
Extent Of Interest: 100%

OFFICERS AND DIRECTORS

**Name, Title/Occupation
and Business Address**

Name: BRAD GABRIELSON	
Title/Occupation: DIRECTOR	
Business Address (1): E11810 STATE HIGHWAY 82	
Business Address (2):	
Business Address (3):	
City State, Zip: LA FARGE, WI 54639	1

Name: DAVID DREGNE	
Title/Occupation: DIRECTOR	
Business Address (1): S7886 US HIGHWAY 14	
Business Address (2):	
Business Address (3):	
City State, Zip: READSTOWN, WI 54652	2

Name: DONALD STOWELL	
Title/Occupation: DIRECTOR	
Business Address (1): 11028 ELM ST	
Business Address (2):	
Business Address (3):	
City State, Zip: YUBA, WI 54634	3

Name: EDMUND WOLF	
Title/Occupation: DIRECTOR	
Business Address (1): 118 COLUMBIA ST	
Business Address (2):	
Business Address (3):	
City State, Zip: DESOTO, WI 54624	4

Name: HARLAN ERLANDSON	
Title/Occupation: PRESIDENT/DIRECTOR	
Business Address (1): PO BOX 342	
Business Address (2):	
Business Address (3):	
City State, Zip: LLA FARGE, WI 54639	5

Name: JIM MATTHES	
Title/Occupation: VICE-PRESIDENT/DIRECTOR	
Business Address (1): 114 E RAILROAD ST	
Business Address (2): PO BOX 297	
Business Address (3):	
City State, Zip: VIOLA, WI 54664	6

OFFICERS AND DIRECTORS**Name, Title/Occupation
and Business Address**

Name: MARTY STENSLIEN	
Title/Occupation: DIRECTOR	
Business Address (1): S1528 STENSLIEN LN	
Business Address (2):	
Business Address (3):	
City State, Zip: WESTBY, WI 54667	7

Name: NORMAN JAMBOIS	
Title/Occupation: SECRETARY & TREASURER/DIRECTOR	
Business Address (1): 505 MAIN ST	
Business Address (2): PO BOX 100	
Business Address (3):	
City State, Zip: GENOA, WI 54632	8

Name: ORRIS PETERSON	
Title/Occupation: DIRECTOR	
Business Address (1): E6344 COUNTY RD NN	
Business Address (2):	
Business Address (3):	
City State, Zip: VIROQUA, WI 54665	9

Name: RON IVERSON	
Title/Occupation: DIRECTOR	
Business Address (1): 215 WEST AVE S	
Business Address (2):	
Business Address (3):	
City State, Zip: WESTBY, WI 54667	10

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	5,329,256	4,768,923	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	976,646	821,742	2
Plant Nonspecific Operations Expense	2,075,466	1,988,137	3
Customer Operations Expense (6610-6620)	480,945	405,525	4
Corporate Operations Expense (6710-6790)	658,538	796,267	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	259,765	457,173	7
Total Operating Expenses	4,451,360	4,468,844	8
Net Operating Income	877,896	300,079	9
Other Income			
Nonoperating Income and Expense (7300)	158,878	158,109	10
Nonoperating Taxes (7400)	12,431	34,374	11
Interest and Related Items (7500)	152,565	148,043	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	(25,478)	257,098	14
Total Nonoperating Income	(31,596)	232,790	15
Net Income	846,300	532,869	16

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*			1
Cash (1130)	767,837	371,261	2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)	350	350	4
Temporary Investments (1160)	1,182,167	1,334,059	5
TOTAL CASH AND EQUIVALENTS	1,950,354	1,705,670	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	212,531	251,844	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	212,531	251,844	
Other Accounts Receivable (1190)*	805,851	640,963	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	805,851	640,963	
Notes Receivable (1200)*			10
Notes Receivable Allowance (1201)*			11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	1,047	1,173	12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	1,019,429	893,980	
SUPPLIES			
Inventories (1220)*	294,538	188,704	13
TOTAL SUPPLIES	294,538	188,704	
PREPAYMENTS			
Total Prepayments (1280)*			14
Prepaid Rents (1290)	348	326	15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)	10,739	13,921	17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)	11,157	24,450	19
TOTAL PREPAYMENTS	22,244	38,697	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*			20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	3,286,565	2,827,051	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	281,179		21
RTB Class B Stock (1402)*			22
Other Investments in Nonaffiliated Companies (1402)*	262,685	439,840	23
Nonregulated Investments (1406)*	125,114	157,920	24
Unamortized Debt Issuance Expense (1407)*			25

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Sinking Funds (1408)*			26
Other Noncurrent Assets (1410)*	23,780	23,780	27
TOTAL INVESTMENTS	692,758	621,540	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*			28
Deferred Maintenance and Retirements (1438)*			29
Deferred Charges (1439)*	1,836	1,836	30
TOTAL DEFERRED CHARGES	1,836	1,836	
TOTAL NONCURRENT ASSETS	694,594	623,376	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	22,553,315	21,443,829	31
Less: Accumulated Depreciation (3100)*	14,640,747	13,917,198	32
Less: Accumulated Amortization--Capitalized Leases (3410)*			33
Less: Accumulated Amortization--Leasehold Improvements (3420)*			34
Less: Accumulated Amortization--Intangible (3500)*			35
NET TELECOMMUNICATIONS PLANT IN SERVICE	7,912,568	7,526,631	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*			36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*			37
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*			38
Less: Accumulated Depreciation--Nonoperating (3300)*			39
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	1,847,543	917,436	40
TOTAL TPUC	1,847,543	917,436	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			41
Less: Accumulated Amortization--Other (3600)*			42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	9,760,111	8,444,067	
TOTAL ASSETS AND OTHER DEBITS	13,741,270	11,894,494	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	1,322,689	710,417	1
Notes Payable (4020)*			2
Advance Billing and Payments (4030)*	1,687	1,687	3
Customer Deposits (4040)*			4
Current Maturities--Long-Term Debt (4050)*	315,950	255,800	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*	(279,736)	69,096	7
Other Taxes--Accrued (4080)*	(105)	(5,452)	8
Net Current Deferred Operating Income Taxes (4100)*			9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	2,363	2,950	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES	1,362,848	1,034,498	
LONG-TERM DEBT			
Funded Debt (4210)*	3,649,198	2,676,839	13
Premium on Long-Term Debt (4220)*			14
Discount on Long-Term Debt (4230)*			15
Reacquired Debt (4240)*			16
Obligations Under Capital Leases (4250)*			17
Advances from Affiliated Companies (4260)*	0		18
Other Long-Term Debt (4270)*			19
TOTAL LONG-TERM DEBT	3,649,198	2,676,839	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	2,160,560	1,925,657	20
Unamortized Operating ITC--Net (4320)*			21
Unamortized Nonoperating ITC--Net (4330)*			22
Net Noncurrent Deferred Operating Income Taxes (4340)*			23
Net Deferred Tax Liability Adjustments (4341)*			24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*			25
Other Deferred Credits (4360)*	236,407	296,766	26
Deferred Tax Regulatory Liability (4361)*			27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	2,396,967	2,222,423	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	25,360	25,360	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*			30
Other Capital (4540)*	(75,316)	(21,846)	31
Retained Earnings (4550)*	6,382,213	5,957,220	32
TOTAL STOCKHOLDERS' EQUITY	6,332,257	5,960,734	
TOTAL LIABILITIES AND OTHER CREDITS	13,741,270	11,894,494	

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)	
Vernon Communications, LLC	VCLLC	1

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	Various			
Name of Affiliate	VCLLC			1
Designate whether billed to or from:	TO			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C			3
Total Dollar Activity	168,718			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				6
Footnotes	C			

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)	
Vernon Communications, LLC	1401	281,179	1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	241,718		1
Motor Vehicles	2112	450,990	43,568	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	10,307	6,554	5
Other Work Equipment	2116	347,354	66,465	6
Buildings	2121	1,274,235		7
Furniture	2122	56,772	5,015	8
Office Equipment	2123	94,667	0	9
General Purpose Computers	2124	582,706	19,433	10
TOTAL--GENERAL SUPPORT ASSETS:		3,058,749	141,035	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	5,827,206	860,865	12 B
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	37,121	0	15
Circuit Equipment	2232	1,401,785	220,322	16
TOTAL--CENTRAL OFFICE ASSETS:		7,266,112	1,081,187	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	24,692		22
Aerial Cable	2421	78,803	0	23
Underground Cable	2422	106,698	65,404	24
Buried Cable	2423	10,674,232	1,166,914	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	18,267		29
Conduit Systems	2441	216,276		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		11,118,968	1,232,318	
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			241,718	1
2112	34,878		459,680	2
2113			0	3
2114			0	4
2115			16,861	5
2116	146,649		267,170	6
2121			1,274,235	7
2122			61,787	8
2123	0	0	94,667	9
2124			602,139	10
	181,527	0	3,018,257	
2211			0	11
2212	766,907	(23)	5,921,141	12 B
2215	0	0	0	13
2220			0	14
2231	0	0	37,121	15
2232	206,083	0	1,416,024	16
	972,990	(23)	7,374,286	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411	1,803		22,889	22
2421	4,271	0	74,532	23
2422	0	0	172,102	24
2423	183,567	0	11,657,579	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431	873		17,394	29
2441			216,276	30
	190,514	0	12,160,772	
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	21,443,829	2,454,540
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	
	1,345,031	(23)	22,553,315	
2001			0	34
			22,553,315	

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	62,719		1
Company Communications Equipment	2123.2	31,948		2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	5,561,677	378,199	4
Digital Switching - Remote	2212.3	265,529	482,666	5 B
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	23,646		8
Other Radio Facilities	2231.2	13,475		9
Digital Circuit Equipment	2232.1	172,306	9,654	10
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	1,229,479	210,668	12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	78,803		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	106,698	65,404	16
Buried Cable - Nonmetallic	2423.1	2,827,749	404,115	17
Buried Cable - Metallic	2423.2	7,846,483	762,799	18
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	0		22

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			62,719	1
2123.2			31,948	2
2212.1			0	3
2212.2	33,513		5,906,363	4
2212.3	733,394	(23)	14,778	5 B
2215.1			0	6
2215.2			0	7
2231.1			23,646	8
2231.2			13,475	9
2232.1	122,154		59,806	10
2232.2			0	11
2232.3	83,929		1,356,218	12
2421.1			0	13
2421.2	4,271		74,532	14
2422.1			0	15
2422.2			172,102	16
2423.1			3,231,864	17
2423.2	183,567		8,425,715	18
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	342,433	.0	66,556	1D
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	6,909	8.33	1,243	4
Other Work Equipment	2116	343,124	12.18	27,095	5
Buildings	2121	725,226	3.33	42,432	6
Furniture	2122	34,488	6.0	3,482	7
Office Equipment	2123	60,361	7.0	5,407	8
General Purpose Computers	2124	506,889	25.0	95,250	9
Total-- GENERAL SUPPORT ASSETS		2,019,430		241,465	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	5,164,359	12.56	734,751	11
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	24,994			14
Circuit Equipment	2232	510,752	11.45	156,845	15
Total-- CENTRAL OFFICE ASSETS		5,700,105		891,596	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0			16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
Total-- INFORMATION ORIG/TERM ASSETS		0		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	24,692			21
Aerial Cable	2421	78,803	5.0	311	22
Underground Cable	2422	47,052	6.8	8,127	23
Buried Cable	2423	5,978,338	6.4	726,835	24
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	16,527	6.4	375	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	34,878				374,111	1 D
2113					0	2
2114					0	3
2115					8,152	4
2116	146,649				223,570	5
2121					767,658	6
2122					37,970	7
2123	0				65,768	8
2124					602,139	9
	181,527	0	0	0	2,079,368	
2211					0	10
2212	766,907	7,685	112,035		5,236,553	11
2215	0				0	12
2220					0	13
2231	0				24,994	14
2232	206,083		91,084		552,598	15
	972,990	7,685	203,119	0	5,814,145	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411	1,803				22,889	21
2421	4,271	2,100			72,743	22
2422	0				55,179	23
2423	183,567				6,521,606	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431	873		(1,033)		14,996	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	52,251	3.5	7,570	29
Total-- CABLE WIRE FACILITIES ASSETS		6,197,663		743,218	0
Total Accumulated Depreciation	3100	13,917,198		1,876,279	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			0	0 30
Net Regulated Total Accum Depreciation - 3100 Columns e, f and I				1,876,279	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					59,821	29
	190,514	2,100	(1,033)	0	6,747,234	
3100	1,345,031	9,785	202,086	0	14,640,747	
3100					0	30
3100					14,640,747	

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	28,414	7.0	5,407		1
Company Communications Equipment	2123.2	31,947				2
Software	2212.1	0				3
Digital Switching - Central Office	2212.2	5,013,149	12.56	615,784		4
Digital Switching - Remote	2212.3	151,210	12.56	118,967		5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	20,949				8
Other Radio Facilities	2231.2	4,045				9
Digital Circuit Equipment	2232.1	152,135	10.0	3,342		10
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	358,617	11.6	153,503		12
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	78,803	5.0	311		14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	47,052	6.8	8,127		16
Buried Cable - Nonmetallic	2423.1	690,935	6.4	199,962		17
Buried Cable - Metallic	2423.2	5,287,403	6.4	526,873		18
Submarine Cable - Nonmetallic	2424.1	0				19
Submarine Cable - Metallic	2424.2	0				20
Intrabuilding Cable - Nonmetallic	2426.1	0				21
Intrabuilding Cable - Metallic	2426.2	0				22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					33,821	1
2123.2					31,947	2
2212.1					0	3
2212.2	33,513	2,695	33,513		5,626,238	4
2212.3	733,394	4,990	78,522		(389,685)	5
2215.1					0	6
2215.2					0	7
2231.1					20,949	8
2231.2					4,045	9
2232.1	122,154		3,977		37,300	10
2232.2					0	11
2232.3	83,929		87,107		515,298	12
2421.1					0	13
2421.2	4,271	2,100			72,743	14
2422.1					0	15
2422.2					55,179	16
2423.1					890,897	17
2423.2	183,567				5,630,709	18
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	5,957,220	5,644,203	1
Changes:			
Balance Transferred from Income	846,300	532,869	2
Dividends Declared:			
Common	436,037	231,679	3
Preferred		0	4
Total Dividends Declared	436,037	231,679	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings	14,730	11,827	6
Balance--End of Year	<u>6,382,213</u>	<u>5,957,220</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
Basic Area Revenue (5001)	1,237,308	1,062,242	2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)	7,734	7,955	5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)	197,528	160,558	9 L
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	1,442,570	1,230,755	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	317,083	298,700	11
Switched Access Revenue (5082)*	1,512,727	1,361,875	12
Special Access Revenue (5083)*	230,341	212,746	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	2,060,151	1,873,321	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	1,038,815	1,106,758	15
Special Access Revenue (5084.3)*	139,118	117,421	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	1,177,933	1,224,179	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	18,415	(10,036)	17 M
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)	60,359	60,359	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	60,359	60,359	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	78,774	50,323	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	295,584	216,915	30 J
Rent Revenue (5240)*	70,554	14,638	31 K
Corporate Operations Revenue (5250)*			32
Miscellaneous:			
Miscellaneous Revenue (5260)*			33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)	25,243	16,480	37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	25,243	16,480	
Interstate Billing and Collection Revenue*	99,925	102,088	39
Intrastate Billing and Collection Revenue*	44,475	46,437	40
Total Carrier Billing and Collection Revenue (5270)*	144,400	148,525	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	535,781	396,558	
GROSS OPERATING REVENUES	5,295,209	4,775,136	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*			42
Uncollectible Revenue--Telecommunications (5301)	(34,047)	6,213	43 A
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	(34,047)	6,213	
TOTAL OPERATING REVENUES	<u>5,329,256</u>	<u>4,768,923</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)	14,969	22,999	1
Less: Nonregulated		0	2
Net Regulated	14,969	22,999	3
Total General Support Expense (6120)	115,230	85,948	4
Less: Nonregulated		0	5 G
Net Regulated	115,230	85,948	6
Total Central Office Switching Expense (6210)	251,481	210,769	7
Less: Nonregulated		0	8
Net Regulated	251,481	210,769	9
Total Operator Systems Expense (6220)		0	10
Less: Nonregulated		0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	137,704	38,441	13
Less: Nonregulated		0	14 H
Net Regulated	137,704	38,441	15
Total Information Orig. / Term. Expense (6310)		0	16
Less: Nonregulated		0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	457,262	463,585	19
Less: Nonregulated		0	20
Net Regulated	457,262	463,585	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	976,646	821,742	
Less: Nonregulated	0	0	
Net Regulated	976,646	821,742	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	10,578	8,108	22
Less: Nonregulated		0	23
Net Regulated	10,578	8,108	24
Total Network Operations Expense (6530)	142,857	150,242	25
Less: Nonregulated		0	26
Net Regulated	142,857	150,242	27
Access Expense (6540)	45,754	35,451	28
Less: Nonregulated		0	29 L
Net Regulated	45,754	35,451	30
Total Depreciation and Amortization Expense (6560)	1,876,277	1,794,336	31
Less: Nonregulated		0	32
Net Regulated	1,876,277	1,794,336	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	2,075,466	1,988,137	
Less: Nonregulated	0	0	
Net Regulated	2,075,466	1,988,137	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	7,737	0	34
Less: Nonregulated		0	35
Net Regulated	7,737	0	36
<hr/>			
Total Services (6620)	473,208	405,525	37
Less: Nonregulated		0	38
Net Regulated	473,208	405,525	39
<hr/>			
TOTAL CUSTOMER OPERATIONS EXPENSE	480,945	405,525	
Less: Nonregulated	0	0	
Net Regulated	480,945	405,525	
<hr/>			
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	296,082	402,337	40
Less: Nonregulated		0	41
Net Regulated	296,082	402,337	42
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Total General and Administrative (6720)	362,456	393,930	43
Less: Nonregulated		0	44
Net Regulated	362,456	393,930	45
<hr/>			
Provision for Uncollectible Notes Receiv. (6790)		0	46
Less: Nonregulated		0	47
Net Regulated	0	0	48
<hr/>			
TOTAL CORPORATE OPERATIONS EXPENSE	658,538	796,267	
Less: Nonregulated	0	0	
Net Regulated	658,538	796,267	
<hr/>			
TOTAL EXPENSES	4,191,595	4,011,671	
Less: Nonregulated	0	0	
Net Regulated	4,191,595	4,011,671	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)	10,578	0	1
Provisioning Expense (6512)		8,108	2
Total: Reported in Account 6510	10,578	8,108	
Depreciat. Exp.--Tele. Plant in Service (6561)	1,876,277	1,794,336	3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562		0	4
Amortization Expense--Tangible (6563)		0	5
Amortization Expense--Intangible (6564)		0	6
Amortization Expense--Other (6565)		0	7
Total: Reported in Account 6560	1,876,277	1,794,336	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	5,295,209	1
Plus: Collection of amounts previously written off	34,047	2
Less: Uncollectibles written off during the year		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)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>5,329,256</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,442,570	1
Plus: Total Intrastate Access Revenues (5084)	1,177,933	2
Plus: Total Long Distance Network Services Revenue	78,774	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues		5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,699,277</u>	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	5,295,209	1
Plus: Collection of amounts previously written off	34,047	2
Less: Uncollectibles written off during the year		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)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>5,329,256</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,442,570	1
Plus: Total Intrastate Access Revenues (5084)	1,177,933	2
Plus: Total Long Distance Network Services Revenue	78,774	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues		5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,699,277</u>	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)			1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)			2
Operating Federal Income Taxes (7220)	349	230,251	3
Operating State and Local Income Taxes (7230)			4
Operating Other Taxes (7240)	259,416	226,922	5
Provision for Deferred Operating Income Taxes--Net (7250)			6
TOTAL OPERATING TAXES (7200)	259,765	457,173	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	42,902	32,445	7
Interest Income (7320)	44,341	30,314	8
Income from Sinking and Other Funds (7330)			9
Allowance for Funds Used During Construction (7340)			10
Gains or (Losses) from the Disposition of Certain Property (7350)			11
Other Nonoperating Income (7360)	72,808	98,288	12
Special Charges (7370)	1,173	2,938	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	158,878	158,109	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	12,431	34,374	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	152,565	148,043	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)			16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	(25,478)	257,098	17

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	3	1
Central Office	4	2
Outside Plant	9	3
Building & Service	1	4
Other		5
Customer Operations		
Supervisory & Management		6
Operators		7
Business Office	6	8
Other		9
Corporate Operations		
Executive & General Management	1	10
Accounting & Finance	1	11
External Relations		12
Human Resources		13
Information Management		14
Legal	1	15
Procurement		16
Research & Development		17
Other		18
Other		
All Other Employees, Not Listed Above		19
Total Employees	26	
Part-Time Employees	1	20
Full-Time Employees	25	21
Total Part-Time and Full-Time Employees	26	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange			1 E
Extended Area Service			2 E
Extended Community Calling	43	209	3
Other Local-Undefined			4 E
Total Local	43	209	
TOLL			
Toll	261	8,360	5
Total Toll	261	8,360	
Total Local & Toll	304	8,569	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.					1
Feature Group A -- Term.					2
Feature Group B -- Orig.					3
Feature Group B -- Term.					4
Feature Group C -- Orig.					5
Feature Group C -- Term.					6
Feature Group D -- Orig.	9,213	3,665	6,532	3	7
Feature Group D -- Term.	10,581	4,989	1,606	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	226	1
Strand miles of plant - fiber optics	6,639	2
Route miles of plant - microwave		3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	1	6	1
56 kbps	12	25	2
64 kbps (DS0)	0	1	3 F
1.54 Mbps (DS-1)	0	18	4 F
45 Mbps (DS-3)	0	3	5 F
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	226	1
Strand miles of plant - fiber optics	6,639	2
Route miles of plant - microwave		3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	1	6	1
56 kbps	12	25	2
64 kbps (DS0)	0	1	3 F
1.54 Mbps (DS-1)	0	18	4 F
45 Mbps (DS-3)	0	3	5 F
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

SERVICE DATA

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

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	850	919	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks	26	26	6
Centrex Trunks			7
Centrex Lines			8
Key System Trunks	292	270	9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)			12
Pay Telephone	43	43	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Other			16
Total Business Lines	1,211	1,258	17
Residential (Incl. Emp. Concess.)			
1 Party	5,827	5,916	19
2 Party			20
4 Party			21
FX-Out (Switched)			22
Other			23
Total Residential Lines	5,827	5,916	24
Total Bus & Res Lines	7,038	7,174	25
Company Used Lines			26
Total Lines Used	7,038	7,174	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			3
WATS Lines - 800 Service			4
FX-In-intraLATA			5
Special Access-intraLATA			6
(expressed in equiv. access lines)	2,480	2,480	7
Special Access-interLATA			8
(expressed in equiv. access lines)	13	13	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	449	380	13
TSPS - Trunks	38	30	14
EAS - Trunks	1,215	1,072	15
Cellular Trunks (Pub. Sw. Net.)	24	24	16
Video Distance Learning	1	2	17
- discounted (special tariff)			18
Customers			
Lifeline Customers	62	62	19
Linkup Customers	0	0	20
Other			
Total Company Square Miles	549	549	21
Total Company Route Miles	2,067	2,120	22
Footnotes			23
			24
			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	1480	2010	2790	2940	1
Business					2
1 Party	110	71	185	33	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks		7			6
Centrex Trunks					7
Centrex Lines					8
Key System Trunks	20	8	46	6	9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	4	4	3		13
Coin-Operated Pay Telephone	0	0	0	0	14
Independent Pay Telephone Provider	0	0	0	0	15
Other					16
Total Business Lines	134	90	234	39	17
Residential (Incl. Emp. Concess.)					18
1 Party	812	637	972	363	19
2 Party					20
4 Party					21
FX-Out (Switched)					22
Other					23
Total Residential Lines	812	637	972	363	24
Total Bus & Res Lines	946	727	1,206	402	25
Company Used Lines					26
Total Lines Used	946	727	1,206	402	27

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	4500	5520	5780	6050	1
Business					2
1 Party	68	97	340	15	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks			19		6
Centrex Trunks					7
Centrex Lines					8
Key System Trunks	15	40	135		9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	6	15	10	1	13
Coin-Operated Pay Telephone	0	0	0	0	14
Independent Pay Telephone Provider	0	0	0	0	15
Other					16
Total Business Lines	89	152	504	16	17
Residential (Incl. Emp. Concess.)					18
1 Party	408	573	1,962	189	19
2 Party					20
4 Party					21
FX-Out (Switched)					22
Other					23
Total Residential Lines	408	573	1,962	189	24
Total Bus & Res Lines	497	725	2,466	205	25
Company Used Lines					26
Total Lines Used	497	725	2,466	205	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	1480	2010	2790	2940	1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)	674	26	49		7
Special Access-interLATA					8
(equiv. access lines)		3			9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks	56	53		48	13
TSPS - Trunks	5	5		4	14
EAS - Trunks	116	115		215	15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)	1				18
Other					19
Exchange Square Miles	80	56	90	48	20
Exchange Route Miles	311	225	363	199	21
Footnotes					22

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	4500	5520	5780	6050	1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)	25	51	1,655		7
Special Access-interLATA					8
(equiv. access lines)	1	2	7		9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks		91	132		13
TSPS - Trunks		6	10		14
EAS - Trunks		267	359		15
Cellular Trunks (Pub. Sw. Net.)			24		16
Video Distance Learning					17
- discounted (special tariff)			1		18
Other					19
Exchange Square Miles	42	83	104	46	20
Exchange Route Miles	155	208	551	108	21
Footnotes					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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Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
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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

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	DESOTO	GENOA	LA FARGE	LIBERTY POLE	1
PSCW Exchange ID	1480	2010	2790	2940	2
Central Office Name	DESOTO	GENOA	LA FARGE	LIBERTY POLE	3
PSCW Central Office ID	1	1	1	1	4
Central Office CLLI Code	DESTWIXADSO	GENOWIXADOS	LAFRWIXADSO	LBPLWIXADSO	5
Manufacturer of COE (Page 54)	NTI	NTI	NTI	NTI	6
Year COE Installed	1986	1986	2001	1987	7
Type of Equipment (Page 54)	D	D	D	D	8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	S	S	R	S	9
Remote Host PSCW Exchange ID			5780		10
Remote Host PSCW Central Office ID	0	0	1	0	11
COE Generic Software Release No.	410.10	410.10		410.10	12
SS7?	Yes	Yes	Yes	Yes	13
9-1-1?	Yes	Yes	Yes	Yes	14
Access Lines - In Use	1,079	760	1,259	425	15
- Equipped	1,115	1,064	1,300	448	16
- Wired	1,280	1,280	2,368	1,280	17
Trunks - In Use	216	216		336	18
- Equipped	288	288		432	19
- Wired	288	288		432	20
ISDN Available?	No	No	No	No	21
ISDN Lines - In Use (BRI)	0	0	0	0	22
- In Use (PRI)	0	0	0	0	23
XDSL Available?	No	No	No	No	24
- In Use (# lines)					25
Switched 56 Service?	No	No	No	No	26
Switched 56 lines in use	0	0	0	0	27
Digital Transmission Facilities: DS-1 - In Use	11	13	21	14	28
DS-3 - In Use	1	0	0	0	29
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	30
SMDS?	No	No	No	No	31
Frame Relay?	No	No	No	No	32
ATM (Asynchronous Trans. Mode)?	No	No	No	No	33
Video Information - Service Available?	Yes	Yes	Yes	Yes	34
- In Use (# lines) ¹	0	0	0	0	35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	68	60	52	60	36
No. of fiber strands working (LIT) in C.O.	20	17	28	14	37
No. of fiber strands for interoffice use	0	0	0	0	38
Miles of fiber sheath in wire center	35	28	55	17	39
Access Tandem Serving this C.O.:					
- C.O. Name	VIROQUA	VIROQUA	VIROQUA	VIROQUA	40
- PSCW C.O. ID	5530-01	5530-01	5530-01	5530-01	41
Does this C.O. do access tandem switching?	No	No	No	No	42
Footnotes					43

¹ Teleco provided end-to-end facility.

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	READSTOWN	VIOLA	WESTBY	YUBA	1
PSCW Exchange ID	4500	5520	5780	6050	2
Central Office Name	READSTOWN	VIOLA	WESTBY	YUBA	3
PSCW Central Office ID	1	1	1	1	4
Central Office CLLI Code	RDTWWIXADSO	VILAWIXADSO	WSBYWIXADSO	YUBAWIXARSO	5
Manufacturer of COE (Page 54)	NTI	NTI	NTI	NTI	6
Year COE Installed	1998	1987	1983	1992	7
Type of Equipment (Page 54)	D	D	D	D	8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	S	H	R	9
Remote Host PSCW Exchange ID	5780			5780	10
Remote Host PSCW Central Office ID	1			1	11
COE Generic Software Release No.		410.10	502.10		12
SS7?	Yes	Yes	Yes	Yes	13
9-1-1?	Yes	Yes	Yes	Yes	14
Access Lines - In Use	519	771	2,617	212	15
- Equipped	730	815	2,757	672	16
- Wired	1,866	1,280	2,784	672	17
Trunks - In Use	0	384	2,592	0	18
- Equipped	0	432	2,592	0	19
- Wired	0	432	3,072	0	20
ISDN Available?	No	No	No	No	21
ISDN Lines - In Use (BRI)	0	0	0	0	22
- In Use (PRI)	0	0	0	0	23
XDSL Available?	No	No	No	No	24
- In Use (# lines)					25
Switched 56 Service?	No	No	No	No	26
Switched 56 lines in use	0	0	0	0	27
Digital Transmission Facilities: DS-1 - In Use	7	25	113	0	28
DS-3 - In Use	0	0	1	0	29
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	30
SMDS?	No	No	No	No	31
Frame Relay?	No	No	No	No	32
ATM (Asynchronous Trans. Mode)?	No	No	No	No	33
Video Information - Service Available?	Yes	Yes	Yes	Yes	34
- In Use (# lines) ¹	1	0	0	0	35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	32	104	88	12	36
No. of fiber strands working (LIT) in C.O.	8	16	28	8	37
No. of fiber strands for interoffice use	0	0	0	0	38
Miles of fiber sheath in wire center	29	37	71	19	39
Access Tandem Serving this C.O.:					
- C.O. Name	VIROQUA	VIROQUA	VIROQUA	VIROQUA	40
- PSCW C.O. ID	5530-01	5530-01	5530-01	5530-01	41
Does this C.O. do access tandem switching?	No	No	No	No	42
Footnotes					43

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Accountants Compilation Report

To the Board of Directors
Vernon Telephone Cooperative, Inc.
Westby, Wisconsin

We have compiled the balance sheets of Vernon Telephone Cooperative, Inc. as of December 31, 2001 and 2000, and the related statements of income and retained earnings for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form, except for pages 46 through 55.

Our compilation was limited to presenting in the form prescribed by the Public Service Commission of Wisconsin, information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

The supplementary information contained on pages 46 through 55 of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

Kiesling Associates LLP
Madison, Wisconsin
March 31, 2002

Schedule Footnotes

General, Schedule Level and Schedule Line Footnotes Footnote. Page 56

Schedule Line Footnotes

- A) Decrease is due to reimbursement of prior year write-offs.
- B) To adjust balance.
- C) ATF docket numbers are 6090ATF100 and 5ATF159.
- D) Account is depreciated on a per unit basis.
- E) Local telephone calls and minutes of use data are not available for lines 1, 2, and 4 of page 47. Vernon Telephone Cooperative is a flat rate company and the cost incurred for the necessary software and record keeping for usage sensitive recording would not be practical for information that will not be used elsewhere.
- F) Reported amount of -0- for these special access circuits is correct.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- G)** Increase in office equipment and computer expenses.
- H)** Increase in expense due to inventory write-offs in 2001.
 - I)** Decrease in executive expense due to one of the managers retiring in 2001.
- J)** Increase due to change in directory providers.
- K)** Increase due to additional rental agreements in 2001.
- L)** Increase in the number of customers selecting a different long-distance provider resulted in increased revenues.
- M)** Change in classification for purchase of accounts receivable.