



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, 2002

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:** <http://www.vernontel.com>**When was utility organized?:** 10/22/1952**Report any change in name and the effective date:****Telephone numbers for potential customers to contact company:**

Business Customers: (608) 634 - 3136 Ext:

Residential Customers: (608) 634 - 3136 Ext:

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:** 8517 EXCELSIOR DR SUITE #301
MADISON , WI 53717-1994**Fax Number:** (608) 664 - 9112**Telephone Number:** (608) 664 - 9110**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

IDENTIFICATION AND OWNERSHIP

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:

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
<hr/>	
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
<hr/>	
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
<hr/>	
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
<hr/>	
Name: HARLAN ERLANDSON Title/Occupation: PRESIDENT/DIRECTOR Business Address (1): PO BOX 342 Business Address (2): Business Address (3): City State, Zip: LA FARGE, WI 54639	5
<hr/>	
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)	5,366,864	5,329,256	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	1,061,838	976,646	2
Plant Nonspecific Operations Expense	2,117,893	2,075,466	3
Customer Operations Expense (6610-6620)	534,737	480,945	4
Corporate Operations Expense (6710-6790)	745,429	658,538	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	295,889	259,765	7
Total Operating Expenses	4,755,786	4,451,360	8
Net Operating Income	611,078	877,896	9
Other Income			
Nonoperating Income and Expense (7300)	76,820	158,878	10
Nonoperating Taxes (7400)	31,628	12,431	11
Interest and Related Items (7500)	221,367	152,565	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	46,393	(25,478)	14
Total Nonoperating Income	(129,782)	(31,596)	15
Net Income	481,296	846,300	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)	727,459	767,837	2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)	350	350	4
Temporary Investments (1160)	1,139,396	1,182,167	5
TOTAL CASH AND EQUIVALENTS	1,867,205	1,950,354	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	118,932	212,531	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	118,932	212,531	
Other Accounts Receivable (1190)*	888,159	805,851	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	888,159	805,851	
Notes Receivable (1200)*			10
Notes Receivable Allowance (1201)*			11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	963	1,047	12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	1,008,054	1,019,429	
SUPPLIES			
Inventories (1220)*	390,190	294,538	13
TOTAL SUPPLIES	390,190	294,538	
PREPAYMENTS			
Total Prepayments (1280)*			14
Prepaid Rents (1290)	354	348	15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)	21,732	10,739	17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)	15,758	11,157	19
TOTAL PREPAYMENTS	37,844	22,244	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*			20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	3,303,293	3,286,565	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	366,360	281,179	21
RTB Class B Stock (1402)*			22
Other Investments in Nonaffiliated Companies (1402)*	262,685	262,685	23
Nonregulated Investments (1406)*	285,690	125,114	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	938,515	692,758	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*			28
Deferred Maintenance and Retirements (1438)*			29
Deferred Charges (1439)*	115,853	1,836	30
TOTAL DEFERRED CHARGES	115,853	1,836	
TOTAL NONCURRENT ASSETS	1,054,368	694,594	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	24,873,290	22,553,315	31
Less: Accumulated Depreciation (3100)*	14,603,807	14,640,747	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	10,269,483	7,912,568	
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)*	258,271	1,847,543	40
TOTAL TPUC	258,271	1,847,543	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			41
Less: Accumulated Amortization--Other (3600)*			42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	10,527,754	9,760,111	
TOTAL ASSETS AND OTHER DEBITS	14,885,415	13,741,270	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	1,007,313	1,322,689	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)*	327,350	315,950	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*	61,444	(279,736)	7
Other Taxes--Accrued (4080)*	(105)	(105)	8
Net Current Deferred Operating Income Taxes (4100)*			9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	1,757	2,363	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES	1,399,446	1,362,848	
LONG-TERM DEBT			
Funded Debt (4210)*	4,594,164	3,649,198	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	0	18
Other Long-Term Debt (4270)*			19
TOTAL LONG-TERM DEBT	4,594,164	3,649,198	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	2,383,605	2,160,560	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)*	176,048	236,407	26
Deferred Tax Regulatory Liability (4361)*			27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	2,559,653	2,396,967	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	25,360	25,360	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*			30
Other Capital (4540)*	(155,707)	(75,316)	31
Retained Earnings (4550)*	6,462,499	6,382,213	32
TOTAL STOCKHOLDERS' EQUITY	6,332,152	6,332,257	
TOTAL LIABILITIES AND OTHER CREDITS	14,885,415	13,741,270	

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	683,365			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	K			

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	1190	468,888	1
Vernon Communications, LLC	1401	366,360	2
Vernon Communications, LLC	4010	405,747	3

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	459,680	102,303	2 A
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	16,861	6,708	5
Other Work Equipment	2116	267,170	12,527	6 A
Buildings	2121	1,274,235	385,598	7
Furniture	2122	61,787		8
Office Equipment	2123	94,667	32,985	9
General Purpose Computers	2124	602,139	53,026	10
TOTAL--GENERAL SUPPORT ASSETS:		3,018,257	593,147	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	5,921,141	2,683,876	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	37,121	0	15
Circuit Equipment	2232	1,416,024	595,016	16
TOTAL--CENTRAL OFFICE ASSETS:		7,374,286	3,278,892	
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	22,889	926	22
Aerial Cable	2421	74,532	0	23
Underground Cable	2422	172,102	0	24 B
Buried Cable	2423	11,657,579	807,561	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	17,394		29
Conduit Systems	2441	216,276		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		12,160,772	808,487	
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	16,009	4,220	550,194	2 A
2113			0	3
2114			0	4
2115			23,569	5
2116	51,401	(4,220)	224,076	6 A
2121			1,659,833	7
2122			61,787	8
2123	0	0	127,652	9
2124			655,165	10
	67,410	0	3,543,994	
2211			0	11
2212	1,824,832	0	6,780,185	12
2215	0	0	0	13
2220			0	14
2231	0	0	37,121	15
2232	260,782	0	1,750,258	16
	2,085,614	0	8,567,564	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411	1,818		21,997	22
2421	8,631	0	65,901	23
2422	11,893	(2,599)	157,610	24 B
2423	182,586	0	12,282,554	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			17,394	29
2441			216,276	30
	204,928	(2,599)	12,761,732	
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	22,553,315	4,680,526
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	
	2,357,952	(2,599)	24,873,290	
2001			0	34
			24,873,290	

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	32,985	1
Company Communications Equipment	2123.2	31,948		2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	5,906,363	350,100	4
Digital Switching - Remote	2212.3	14,778	2,333,776	5
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	59,806	5,624	10
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	1,356,218	589,392	12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	74,532		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	172,102		16 B
Buried Cable - Nonmetallic	2423.1	3,231,864	203,749	17
Buried Cable - Metallic	2423.2	8,425,715	603,812	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			95,704	1
2123.2			31,948	2
2212.1			0	3
2212.2	1,824,832		4,431,631	4
2212.3			2,348,554	5
2215.1			0	6
2215.2			0	7
2231.1			23,646	8
2231.2			13,475	9
2232.1			65,430	10
2232.2			0	11
2232.3	260,782		1,684,828	12
2421.1			0	13
2421.2	8,631		65,901	14
2422.1			0	15
2422.2	11,893	(2,599)	157,610	16 B
2423.1			3,435,613	17
2423.2	182,586		8,846,941	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	374,111	.0	80,770	12
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	8,152	8.33	1,870	4
Other Work Equipment	2116	223,570	12.66	31,105	5
Buildings	2121	767,658	3.33	45,610	6
Furniture	2122	37,970	6.0	3,707	7
Office Equipment	2123	65,768	8.96	7,516	8
General Purpose Computers	2124	602,139	25.0	53,026	9
Total-- GENERAL SUPPORT ASSETS		2,079,368		223,604	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	5,236,553	12.56	709,785	11
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	24,994	10.0		14
Circuit Equipment	2232	552,598	11.5	189,608	15
Total-- CENTRAL OFFICE ASSETS		5,814,145		899,393	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	22,889	6.88	897	21
Aerial Cable	2421	72,743	5.0	2,339	22
Underground Cable	2422	55,179	6.8	8,690	23
Buried Cable	2423	6,521,606	6.4	768,342	24
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	14,996	5.47	952	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	16,009		1,055		439,927	1 2
2113					0	2
2114					0	3
2115					10,022	4
2116	51,401		500		203,774	5
2121					813,268	6
2122					41,677	7
2123	0				73,284	8
2124					655,165	9
	67,410	0	1,555	0	2,237,117	
2211					0	10
2212	1,824,832		321,784		4,443,290	11
2215	0				0	12
2220					0	13
2231	0				24,994	14
2232	260,782		88,680		570,104	15
	2,085,614	0	410,464	0	5,038,388	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411	1,818		28		21,996	21
2421	8,631	2,821			63,630	22
2422	11,893				51,976	23
2423	182,586				7,107,362	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					15,948	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	59,821	3.5	7,569	29
Total-- CABLE WIRE FACILITIES ASSETS		6,747,234		788,789	0
Total Accumulated Depreciation	3100	14,640,747		1,911,786	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				1,911,786	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					67,390	29
	204,928	2,821	28	0	7,328,302	
3100	2,357,952	2,821	412,047	0	14,603,807	
3100					0	30
3100					14,603,807	

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	33,821	8.2799	7,516	1
Company Communications Equipment	2123.2	31,947		0	2
Software	2212.1	0			3
Digital Switching - Central Office	2212.2	5,626,238	12.56	308,441	4
Digital Switching - Remote	2212.3	(389,685)	12.56	401,344	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	37,300	9.1000	5,914	10
Analog Circuit Equipment	2232.2	0			11
Light Wave Circuit Equipment	2232.3	515,298	11.6	183,694	12
Aerial Cable - Nonmetallic	2421.1	0			13
Aerial Cable - Metallic	2421.2	72,743	5.0	2,339	14
Underground Cable - Nonmetallic	2422.1	0			15
Underground Cable - Metallic	2422.2	55,179	6.8	8,690	16
Buried Cable - Nonmetallic	2423.1	890,897	6.4	214,527	17
Buried Cable - Metallic	2423.2	5,630,709	6.4	553,815	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					41,337	1
2123.2					31,947	2
2212.1					0	3
2212.2	1,824,832		321,784		4,431,631	4
2212.3					11,659	5
2215.1					0	6
2215.2					0	7
2231.1					20,949	8
2231.2					4,045	9
2232.1					43,214	10
2232.2					0	11
2232.3	260,782		88,680		526,890	12
2421.1					0	13
2421.2	8,631	2,821			63,630	14
2422.1					0	15
2422.2	11,893				51,976	16
2423.1					1,105,424	17
2423.2	182,586				6,001,938	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	6,382,213	5,957,220	1
Changes:			
Balance Transferred from Income	481,296	846,300	2
Dividends Declared:			
Common	415,949	436,037	3
Preferred		0	4
Total Dividends Declared	415,949	436,037	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings	14,939	14,730	6
Balance--End of Year	<u>6,462,499</u>	<u>6,382,213</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)	1,258,020	1,237,308	2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)	7,721	7,734	5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)	190,609	197,528	9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	1,456,350	1,442,570	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	559,060	317,083	11 D
Switched Access Revenue (5082)*	1,396,538	1,512,727	12
Special Access Revenue (5083)*	269,733	230,341	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	2,225,331	2,060,151	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	970,053	1,038,815	15
Special Access Revenue (5084.3)*	140,220	139,118	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	1,110,273	1,177,933	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	22,223	18,415	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)	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.	82,582	78,774	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	272,200	295,584	30
Rent Revenue (5240)*	71,543	70,554	31
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)	72,480	25,243	37 E
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	72,480	25,243	
Interstate Billing and Collection Revenue*	61,509	99,925	39 G
Intrastate Billing and Collection Revenue*	85,766	44,475	40 G
Total Carrier Billing and Collection Revenue (5270)*	147,275	144,400	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	563,498	535,781	
GROSS OPERATING REVENUES	5,438,034	5,295,209	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*			42
Uncollectible Revenue--Telecommunications (5301)	71,170	(34,047)	43 H
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	71,170	(34,047)	
TOTAL OPERATING REVENUES	<u>5,366,864</u>	<u>5,329,256</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)	26,109	14,969	1
Less: Nonregulated		0	2
Net Regulated	26,109	14,969	3
Total General Support Expense (6120)	97,992	115,230	4
Less: Nonregulated		0	5
Net Regulated	97,992	115,230	6
Total Central Office Switching Expense (6210)	276,698	251,481	7
Less: Nonregulated		0	8
Net Regulated	276,698	251,481	9
Total Operator Systems Expense (6220)	0	0	10
Less: Nonregulated		0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	283,294	137,704	13
Less: Nonregulated		0	14
Net Regulated	283,294	137,704	15
Total Information Orig. / Term. Expense (6310)	0	0	16
Less: Nonregulated		0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	377,745	457,262	19
Less: Nonregulated		0	20
Net Regulated	377,745	457,262	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	1,061,838	976,646	
Less: Nonregulated	0	0	
Net Regulated	1,061,838	976,646	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	14,982	10,578	22
Less: Nonregulated		0	23
Net Regulated	14,982	10,578	24
Total Network Operations Expense (6530)	138,694	142,857	25
Less: Nonregulated		0	26
Net Regulated	138,694	142,857	27
Access Expense (6540)	55,739	45,754	28
Less: Nonregulated		0	29
Net Regulated	55,739	45,754	30
Total Depreciation and Amortization Expense (6560)	1,908,478	1,876,277	31
Less: Nonregulated		0	32
Net Regulated	1,908,478	1,876,277	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	2,117,893	2,075,466	
Less: Nonregulated	0	0	
Net Regulated	2,117,893	2,075,466	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	39,333	7,737	34
Less: Nonregulated		0	35 F
Net Regulated	39,333	7,737	36
<hr/>			
Total Services (6620)	495,404	473,208	37
Less: Nonregulated		0	38
Net Regulated	495,404	473,208	39
<hr/>			
TOTAL CUSTOMER OPERATIONS EXPENSE	534,737	480,945	
Less: Nonregulated	0	0	
Net Regulated	534,737	480,945	
<hr/>			
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	331,621	296,082	40
Less: Nonregulated		0	41
Net Regulated	331,621	296,082	42
<hr/>			
Total General and Administrative (6720)	413,808	362,456	43
Less: Nonregulated		0	44
Net Regulated	413,808	362,456	45
<hr/>			
Provision for Uncollectible Notes Receiv. (6790)		0	46
Less: Nonregulated		0	47
Net Regulated	0	0	48
<hr/>			
TOTAL CORPORATE OPERATIONS EXPENSE	745,429	658,538	
Less: Nonregulated	0	0	
Net Regulated	745,429	658,538	
<hr/>			
TOTAL EXPENSES	4,459,897	4,191,595	
Less: Nonregulated	0	0	
Net Regulated	4,459,897	4,191,595	

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	1
Provisioning Expense (6512)	14,982	0	2
Total: Reported in Account 6510	14,982	10,578	
Depreciat. Exp.--Tele. Plant in Service (6561)	1,908,478	1,876,277	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	1,908,478	1,876,277	

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	5,438,034	1
Plus: Collection of amounts previously written off		2
Less: Uncollectibles written off during the year	71,170	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	5,366,864	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,456,350	1
Plus: Total Intrastate Access Revenues (5084)	1,110,273	2
Plus: Total Long Distance Network Services Revenue	82,582	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	0	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	2,649,205	

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	5,438,034	1
Plus: Collection of amounts previously written off		2
Less: Uncollectibles written off during the year	71,170	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>5,366,864</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,456,350	1
Plus: Total Intrastate Access Revenues (5084)	1,110,273	2
Plus: Total Long Distance Network Services Revenue	82,582	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	0	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,649,205</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)	8,446	349	3
Operating State and Local Income Taxes (7230)			4
Operating Other Taxes (7240)	287,443	259,416	5
Provision for Deferred Operating Income Taxes--Net (7250)			6
TOTAL OPERATING TAXES (7200)	295,889	259,765	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	26,958	42,902	7
Interest Income (7320)	23,580	44,341	8
Income from Sinking and Other Funds (7330)			9
Allowance for Funds Used During Construction (7340)	18,104		10
Gains or (Losses) from the Disposition of Certain Property (7350)			11
Other Nonoperating Income (7360)	9,585	72,808	12
Special Charges (7370)	1,407	1,173	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	76,820	158,878	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	31,628	12,431	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	221,367	152,565	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)			16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	46,393	(25,478)	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	7	2
Outside Plant	10	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	30	
Part-Time Employees	1	20
Full-Time Employees	29	21
Total Part-Time and Full-Time Employees	30	

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 L
Extended Area Service			2 L
Extended Community Calling	41	199	3
Other Local-Undefined			4 L
Total Local	41	199	
TOLL			
Toll	232	9,134	5
Total Toll	232	9,134	
Total Local & Toll	273	9,333	

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.	9,769	3,503	5,940	4	7
Feature Group D -- Term.	12,421	5,016	654	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	311	1
Strand miles of plant - fiber optics	6,972	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	3	8	1
56 kbps	7	16	2
64 kbps (DS0)	0	0	3 M
1.54 Mbps (DS-1)	7	17	4
45 Mbps (DS-3)	0	2	5 M
SONET OC-1	0	0	6 M
SONET OC-3	0	0	7 M
SONET OC-12	0	0	8 M
SONET OC-48	0	0	9 M
SONET OC-192	0	0	10 M

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	311	1
Strand miles of plant - fiber optics	6,972	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	3	8	1
56 kbps	7	16	2
64 kbps (DS0)	0	0	3 M
1.54 Mbps (DS-1)	7	17	4
45 Mbps (DS-3)	0	2	5 M
SONET OC-1	0	0	6 M
SONET OC-3	0	0	7 M
SONET OC-12	0	0	8 M
SONET OC-48	0	0	9 M
SONET OC-192	0	0	10 M

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	919	1,222	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks	26	26	6
Centrex Trunks			7
Centrex Lines			8
Key System Trunks	270	267	9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)			12
Pay Telephone	43	56	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Other			16
Total Business Lines	1,258	1,571	17
Residential (Incl. Emp. Concess.)			
1 Party	5,916	5,985	19
2 Party			20
4 Party			21
FX-Out (Switched)			22
Other			23
Total Residential Lines	5,916	5,985	24
Total Bus & Res Lines	7,174	7,556	25
Company Used Lines			26
Total Lines Used	7,174	7,556	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	1,776	7
Special Access-interLATA			8
(expressed in equiv. access lines)	13	178	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	380	417	13
TSPS - Trunks	30	16	14
EAS - Trunks	1,072	423	15
Cellular Trunks (Pub. Sw. Net.)	24	24	16
Video Distance Learning	2	2	17
- discounted (special tariff)			18
Customers			
Lifeline Customers	62	78	19
Linkup Customers	0	0	20
Other			
Total Company Square Miles	549	549	21
Total Company Route Miles	2,120	2,149	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	113	71	178	32	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks		7			6
Centrex Trunks					7
Centrex Lines					8
Key System Trunks	20	8	43	6	9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	6	6	5	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	139	92	226	39	17
Residential (Incl. Emp. Concess.)					18
1 Party	818	644	973	363	19
2 Party					20
4 Party					21
FX-Out (Switched)					22
Other					23
Total Residential Lines	818	644	973	363	24
Total Bus & Res Lines	957	736	1,199	402	25
Company Used Lines					26
Total Lines Used	957	736	1,199	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	67	101	642	18	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks			19		6
Centrex Trunks					7
Centrex Lines					8
Key System Trunks	13	46	129	2	9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	5	16	16	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	85	163	806	21	17
Residential (Incl. Emp. Concess.)					18
1 Party	417	580	2,003	187	19
2 Party					20
4 Party					21
FX-Out (Switched)					22
Other					23
Total Residential Lines	417	580	2,003	187	24
Total Bus & Res Lines	502	743	2,809	208	25
Company Used Lines					26
Total Lines Used	502	743	2,809	208	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)	675	27	73	0	7
Special Access-interLATA					8
(equiv. access lines)	24	25	49	0	9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks					13
TSPS - Trunks					14
EAS - Trunks					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	322	225	361	227	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	50	926	0	7
Special Access-interLATA					8
(equiv. access lines)	1	2	77		9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks			417		13
TSPS - Trunks			16		14
EAS - Trunks			423		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	156	210	539	109	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

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
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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	DESTWIXARSO	GENOWIXARSO	LAFRWIXARSO	LBPLWIXARSO	5
Manufacturer of COE (Page 54)	NTI	NTI	NTI	NTI	6
Year COE Installed	2002	2002	2001	2002	7
Type of Equipment (Page 54)	D	D	D	D	8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R	R	R	9
Remote Host PSCW Exchange ID	5780	5780	5780	5780	10
Remote Host PSCW Central Office ID	1	1	1	1	11
COE Generic Software Release No.					12
SS7?	Yes	Yes	Yes	Yes	13
9-1-1?	Yes	Yes	Yes	Yes	14
Access Lines - In Use	1,067	793	1,311	439	15
- Equipped	1,297	831	1,437	516	16
- Wired	2,500	1,196	2,176	816	17
Trunks - In Use					18
- Equipped					19
- Wired					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?	Yes	Yes	Yes	Yes	24
- In Use (# lines)	30	17	19	9	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	21	16	24	8	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	7	9	15	2	35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	76	60	96	96	36
No. of fiber strands working (LIT) in C.O.	32	30	54	24	37
No. of fiber strands for interoffice use	0	0	0	0	38
Miles of fiber sheath in wire center	44	28	55	27	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	2002	1983	1992	7
Type of Equipment (Page 54)	D	D	D	D	8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R	H	R	9
Remote Host PSCW Exchange ID	5780	5780		5780	10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.			502.10		12
SS7?	Yes	Yes	Yes	Yes	13
9-1-1?	Yes	Yes	Yes	Yes	14
Access Lines - In Use	556	821	2,853	230	15
- Equipped	658	1,207	4,245	312	16
- Wired	1,220	1,828	4,258	468	17
Trunks - In Use	0	0	2,592	0	18
- Equipped	0	0	2,592	0	19
- Wired	0	0	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?	Yes	Yes	Yes	Yes	24
- In Use (# lines)	26	22	101	7	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	21	226	6	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	12	14	46	7	35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	192	92	192	12	36
No. of fiber strands working (LIT) in C.O.	28	44	58	8	37
No. of fiber strands for interoffice use	0	0	0	0	38
Miles of fiber sheath in wire center	29	37	72	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, 2002 and 2001, 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, 2003

Schedule Footnotes

Schedule Line Footnotes

- 1) To adjust reserve account as a result of retirements.
- 2) Depreciated on a per unit basis.
 - A) Transfer from 2116 to 2112.
 - B) Related to work order closings at the end of the year.
 - C) Transfer from 2212.3 to 2212.2.
 - D) FCC rate increase in 2002.
 - E) Increase in affiliated charges.
 - F) Increased payroll expense.
 - G) Redistribution of AT&T customers for B&C.
 - H) Increase due to Global Crossing and Worldcom write-offs in 2002.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- I) Increase in general maintenance.
- J) Increase due to write-off of previously salvaged materials.
- K) ATF docket numbers are 6090ATF100 and 5ATF159.
- L) Local and toll telephone calls as well as 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 reocrding would not be practical for information that is not used elsewhere. However, page 47 line 3 should be correct.
- M) The -0- balance is correct.