



4004

ANNUAL REPORT

OF

Name: HAGER TELECOM, INC.

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

For the Year Ended: DECEMBER 31, 2003

**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 2002 report is due April 1, 2003.) 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, unless additional provisional confidential treatment is desired.** Go to the Public Service Commission of Wisconsin's Web Page at <http://psc.wi.gov>, click on the Annual Reports icon, click on Annual Report Programs - Telecommunications, and click the appropriate program 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-113. 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). Do not type commas when entering numbers. 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 thousand dollars.
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 January 29, 2003, as supplemented for the new nonregulated schedules and a request for additional confidential treatment dated April 15, 2004.
13. It is not necessary to manually or electronically "sign" the signature page. It is not necessary to file a hardcopy of the annual report with the Commission.

GENERAL RULES FOR REPORTING

14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

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 pscrecs@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 (e.g., the new name, the date of the change, and the affected entities with their respective four-digit Commission identification numbers) 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 <http://www.wdfi.org>; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

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 an electronic 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.

Revisions to an annual report previously filed on a manual basis also require a new complete manual filing.

GENERAL RULES FOR REPORTING

SIGNATURE PAGE

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

HAGER TELECOM, INC. , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

PAUL H. HANSON 06/24/2004
(Person responsible for accounts) (Date)

SECRETARY
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of: <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	A central office switch which has no remote switching units (RSUs) subtending it.
Trunk	A communications path connecting two switching systems in the establishment of an end-to-end connection.
Wide Area Telephone Service (WATS)	Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.
Wire Center	The location of one or more local switching systems. A point at which customers' loops converge.

ABBREVIATIONS USED IN ANNUAL REPORTS

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

IDENTIFICATION AND OWNERSHIP

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

Utility Web Site Address: www.hager.net

When was utility organized?: 05/12/1913

Report any change in name and the effective date:

Telephone numbers for potential customers to contact company:

Business Customers: (715) 792 - 2103 Ext:

Residential Customers: (715) 792 - 2103 Ext:

Primary Utility Contact (located at utility address)

Name: MR. MICHAEL J. WALSH
Title: GENERAL MANAGER
Firm: HAGER TELECOM
Office Address: W8108 165TH AVE
P.O. BOX 125
HAGER CITY, WI 54014
Fax Number: (715) 792 - 5385 EXT
Telephone Number: (715) 792 - 2103 EXT
Email Address: mjw@hager.net

Officer in charge of correspondence concerning this report

Name: MR. MICHAEL J. WALSH
Title: GENERAL MANAGER
Office Address: W8108 165TH AVENUE
P.O. BOX 125
HAGER CITY, WI 54014-0125
Fax Number: (715) 792 - 5385
Telephone Number: (715) 792 - 2103
Email Address: mjw@hager.net

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

Name: MRS. LINDA J. KRAMER
Title: ACCOUNTING
Firm: HECTOR COMMUNICATIONS CORPORATION
Office Address: 211 MAIN STREET SOUTH
P.O. BOX 428
HECTOR , MN 55342
Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611 EXT
Email Address: lkramer@hcctel.net

IDENTIFICATION AND OWNERSHIP

Person responsible for financial information contained in report

Name: MR. PAUL N. HANSON
Title: SECRETARY

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

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

Person responsible for statistical information contained in report

Name: MICHAEL J. WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
P.O. BOX 125
HAGER CITY, WI 54014

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

Contact person for regulatory inquiries and complaints

Name: MR. MICHAEL J. WALSH
Title: GENERAL MANAGER
Firm: HAGER TELECOM

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

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

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: ALLIANCE TELECOMMUNICATIONS
Address: 211 S. MAIN STREET
PO BOX 428
HECTOR, MN 55342

Number of Shares Held: 9,000
Beneficial Owner: NONE

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

Company Name: NONE
Form of Interest: NONE
Extent Of Interest: NONE

OFFICERS AND DIRECTORS

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

Name: MR. CURTIS A. SAMPSON
Title/Occupation: CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Business Address (1): 211 MAIN STREET SOUTH
Business Address (2): PO BOX 428
Business Address (3):
City State, Zip: HECTOR, MN 55342 1

Name: MR. DENNIS M. SPEISER
Title/Occupation: TREASURER AND ASST. SECRETARY
Business Address (1): 211 MAIN STREET SOUTH
Business Address (2): PO BOX 428
Business Address (3):
City State, Zip: HECTOR, MN 55342 2

Name: MR. MICHAEL J. WALSH
Title/Occupation: VICE PRESIDENT - OPERATIONS & GEN MGR.
Business Address (1): W8108 165TH AVE
Business Address (2): PO BOX 125
Business Address (3):
City State, Zip: HAGER CITY, WI 54014 3

Name: MR. STEVEN H. SJOGREN
Title/Occupation: PRESIDENT
Business Address (1): 211 MAIN STREET SOUTH
Business Address (2): PO BOX 428
Business Address (3):
City State, Zip: HECTOR, MN 55342 4

Name: MR. PAUL N. HANSON
Title/Occupation: SECRETARY
Business Address (1): 211 MAIN STREET SOUTH
Business Address (2): PO BOX 428
Business Address (3):
City State, Zip: HECTOR, MN 55342 5

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
Operating Revenues			
Operating Revenues (5000-5300)	1,806	1,655	1
Total Operating Revenues	1,806	1,655	
Operating Expenses			
Plant Specific Operations Expenses (6110-6410)	318	332	2
Other Plant Nonspecific Operations Expenses	478	487	3
Customer Operations Expense (6610-6620)	76	129	4
Corporate Operations Expense (6720-6790)	297	416	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	215	74	7
Total Operating Expenses	1,384	1,438	
Net Operating Income	422	217	
Other Income			
Nonoperating Income and Expense (7300)	241	247	8
Nonoperating Taxes (7400)	97	99	9
Interest and Related Items (7500)	173	181	10
Extraordinary Items (7600)	0	0	11
Nonregulated Net Income (7990)	0	7	12
Total Nonoperating Income	(29)	(26)	
Net Income	393	191	

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)
-
2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.
-
3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

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

Particulars (a)	Balance--EOY	Balance--FOY (000's) (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	1,958	1,560	1
TOTAL CASH AND EQUIVALENTS	1,958	1,560	
RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	9	9	2
Other Accounts Receivable (1190)*	260	304	3
Receivables (1170)*	0		4
Accounts Receivable Allowance-Telecom (1181)*	1	1	5
Accounts Receivable Allowance-Other (1191)*	5	13	6
Allowance for Doubtful Accounts (1171)*	0		7
TOTAL RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS	263	299	
SUPPLIES			
Inventories (1220)*	5	8	8
TOTAL SUPPLIES	5	8	
PREPAYMENTS			
Prepayments (1280)*	6	31	9
TOTAL PREPAYMENTS	6	31	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	0	10
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	2,232	1,898	
NONCURRENT ASSETS			
INVESTMENTS			
Nonregulated Investments (1406)*	0	15	11
RTB Class B Stock (1402)*	45	45	12
Other Noncurrent Assets (1410)*	719	579	13
TOTAL INVESTMENTS	764	639	
DEFERRED CHARGES			
Deferred Maint., Retirements and Other Deferred Charges (1438)*	0	0	14
TOTAL DEFERRED CHARGES	0	0	
OTHER JURISDICTIONAL ASSETS-NET			
Other Jurisdictional Assets-Net (1500)*	0	0	15
TOTAL OTHER JURISDICTIONAL ASSETS-NET	0	0	
TOTAL NONCURRENT ASSETS	764	639	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	6,376	6,273	16
Less: Accumulated Depreciation (3100)*	3,699	3,324	17
Less: Accumulated Amortization-Tangible (3400)*	0	0	18
Less: Accumulated Amortization-Capitalized Leases (3410)			19
Less: Accumulated Amortization-Leasehold Improvements (3420)			20
NET TELECOMMUNICATIONS PLANT IN SERVICE	2,677	2,949	

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

Particulars (a)	Balance--EOY	Balance--FOY (000's) (c)
PLANT		
PROPERTY HELD FOR FUTURE USE		
Property Held for Future Telecommunications Use (2002)*	0	0 21
Less: Accumulated Depr.-Held for Future Telecom. Use (3200)*	0	0 22
NET PROPERTY HELD FOR FUTURE USE	0	0
NONOPERATING PLANT		
Nonoperating Plant (2006)*	0	0 23
Less: Accumulated Depreciation-Nonoperating (3300)*	0	0 24
NET NONOPERATING PLANT	0	0
TPUC		
Telecommunications Plant Under Construction (2003)*	0	0 25
TOTAL TPUC	0	0
TELECOMMUNICATIONS PLANT ADJUSTMENT		
Telecommunications Plant Adjustment (2005)*	0	0 26
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0
GOODWILL		
Goodwill (2007)*	0	0 27
TOTAL GOODWILL	0	0
TOTAL PLANT	2,677	2,949
TOTAL ASSETS AND OTHER DEBITS	5,673	5,486

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

Particulars (a)	Balance--EOY (000's) (b)	Balance--FOY (000's) (c)	
CURRENT LIABILITIES			
Notes Payable (4020)*	0	0	1
Other Current Accounts and Notes Payable (4000)*	215	274	2
Customers' Deposits (4040)*	0	0	3
Income Taxes-Accrued (4070)*	41	21	4
Other Taxes-Accrued (4080)*	5	2	5
Net Current Deferred Operating Income Taxes (4100)*	0	0	6
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	7
Current Maturities-Long-Term Debt (4050)*	252	254	8
Current Maturities-Capital Leases (4060)*	0	0	9
Other Current Liabilities (4130)*	31	30	10
TOTAL CURRENT LIABILITIES	544	581	
LONG-TERM DEBT			
Funded Debt (4210)*	3,041	3,274	11
Obligations Under Capital Leases (4250)*	0	0	12
Advances from Affiliated Companies (4260)*	0	0	13
Other Long-Term Debt (4270)*	0	0	14
Long-Term Debt and Funded Debt (4200)*	0	0	15
TOTAL LONG-TERM DEBT	3,041	3,274	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Liabilities and Deferred Credits (4300)*	0	0	16
Unamortized Operating Investment Tax Credits-Net (4320)*	0	0	17
Unamortized Nonoperating Investment Tax Credits-Net (4330)*	0	0	18
Net Noncurrent Deferred Operating Income Taxes (4340)*	462	399	19
Net Deferred Tax Liability Adjustments (4341)*	0	0	20
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	21
Deferred Tax Regulatory Adjustments-Net (4361)*	0	0	22
Other Jurisdictional Liabilities and Deferred Credits-Net (4370)*	0	0	23
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	462	399	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	7	7	24
Additional Paid-in Capital (4520)*	4	3	25
Treasury Stock (4530)*	0	0	26
Other Capital (4540)*	0	0	27
Retained Earnings (4550)*	2,093	1,222	28
TOTAL STOCKHOLDERS' EQUITY	2,104	1,232	
TOTAL LIABILITIES AND OTHER CREDITS	6,151	5,486	

IMPORTANT CHANGES DURING THE YEAR

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates. Provide details and dollar amounts for increases and decreases, respectively, by revenue category noted on Operating Revenues schedule.

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

**Adoption of Docket 05-US-113-Uniform System of Accounts for Wisconsin
Commission Report.**

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Receivable from Cannon Communications Corporaton	A/R CANNON	1
Alliance Telecommunications	ALLIANCE	2
Hector Communications Corporation	HCC	3

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25 (,000) or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000 (,000), individual contracts or arrangements not exceeding \$100 (,000) may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing.

Particulars (a)	(b)	(c)	(d)	(e)
Docket	2420ATF101			
Name of Affiliate	HCC			1
Designate whether billed to or from:	FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C			3
Total Dollar Activity (000's)	137			4
Percent of affiliate's business billed to all affiliated regulated utilities				5
If cost based, rate of return on equity or markup incorporated in billings	0.00			6
Footnotes	D			

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: 1160, Temporary Investments; 1120, Cash and Equivalents (for other than former account 1160); 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1200, Notes Receivable; 1210, Interest and Dividends Receivable; 1170, Receivables (for other than former accounts 1180, 1190, 1200, and 1210); 1401, Investment in Affiliated Companies; 1408, Sinking Funds; 1410, Other Noncurrent Assets (for other than former accounts 1401 and 1408); 4010, Accounts Payable; 4020, Notes Payable; 4000, Current Accounts and Notes Payable (for other than former accounts 4010 and 4020); 4260, Advances from Affiliated Companies; and 4200, Long Term Debt and Funded Debt (for other than former account 4260). 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 (000's) (c)	
Alliance Telecommunications	1190	3	1
Receivable from Cannon Communications Corporaton	1190	169	2
Hector Communications Corporation	4000	153	3

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
GENERAL SUPPORT ASSETS				
Land	2111	24		1
Motor Vehicles	2112	129		2
Aircraft	2113	0		3
Tools and Other Work Equipment	2114	68	2	4
Buildings	2121	532		5
Furniture	2122	32		6
Office Equipment	2123	49	0	7
General Purpose Computers	2124	341		8
NET REG--GENERAL SUPPORT ASSETS:		1,175	2	
CENTRAL OFFICE ASSETS				
Non-Digital Switching	2211	0		9
Digital Electronic Switching	2212	662	0	10
Operator Systems	2220	0		11
Radio Systems	2231	62		12
Circuit Equipment	2232	864	36	13
NET REG--CENTRAL OFFICE ASSETS:		1,588	36	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		14
Customer Premises Wiring	2321	0		15
Large Private Branch Exchanges	2341	0		16
Public Telephone Terminal Equipment	2351	0		17
Other Terminal Equipment	2362	0		18
NET REG--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE & WIRE FACILITIES ASSETS				
Poles	2411	0		19
Aerial Cable	2421	0	0	20
Underground Cable	2422	0	0	21
Buried Cable	2423	3,510	56	22
Submarine and Deep Sea Cable	2424	0	0	23
Intrabuilding Network Cable	2426	0	0	24
Aerial Wire	2431	0		25
Conduit Systems	2441	0		26
NET REG--CABLE & WIRE FACILITIES ASSETS:		3,510	56	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		27
Leasehold Improvements	2682	0		28
Intangibles	2690			29
Accumulated Amortization - Intangible	3500			30
NET REG--AMORTIZABLE ASSETS:		0	0	

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

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2111			24	1
2112	27		102	2
2113			0	3
2114			70	4
2121			532	5
2122			32	6
2123	0	0	49	7
2124			341	8
	27	0	1,150	
2211			0	9
2212	0	0	662	10
2220			0	11
2231			62	12
2232	0	0	900	13
	0	0	1,624	
2311			0	14
2321			0	15
2341			0	16
2351			0	17
2362			0	18
	0	0	0	
2411			0	19
2421	0	0	0	20
2422	0	0	0	21
2423	6	0	3,560	22
2424	0	0	0	23
2426	0	0	0	24
2431			0	25
2441			0	26
	6	0	3,560	
2681			0	27
2682			0	28
2690			0	29
3500			0	30
	0	0	0	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
NET REG TELECOM. PLANT IN SERVICE		6,273	94	
Plus: Allocation to Nonregulated Activity - EOY	2001			31
TOTAL TELECOM. PLANT IN SERVICE - EOY				
Explain all amounts shown in column (g).				

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

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
	33	0	6,334	
2001			42	31
			6,376	

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

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. 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 (000's) (c)	Additions (000's) (d)	
Office Support Equipment	2123.1	26		1
Company Communications Equipment	2123.2	23		2
Digital Electronic Switching - Circuit	2212.1	662		3
Digital Electronic Switching - Packet	2212.2	0		4
Circuit Equipment - Electronic	2232.1	806	36	5
Circuit Equipment- Optical	2232.2	58		6
Aerial Cable - Nonmetallic	2421.1	0		7
Aerial Cable - Metallic	2421.2	0		8
Underground Cable - Nonmetallic	2422.1	0		9
Underground Cable - Metallic	2422.2	0		10
Buried Cable - Nonmetallic	2423.1	1,024		11 c
Buried Cable - Metallic	2423.2	2,486	56	12 c
Submarine and Deep Sea Cable - Nonmetallic	2424.1	0		13
Submarine and Deep Sea Cable - Metallic	2424.2	0		14
Intrabuilding Cable - Nonmetallic	2426.1	0		15
Intrabuilding Cable - Metallic	2426.2	0		16

Explain all amounts shown in column (g).

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

Subaccount (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2123.1			26	1
2123.2			23	2
2212.1			662	3
2212.2			0	4
2232.1			842	5
2232.2			58	6
2421.1			0	7
2421.2			0	8
2422.1			0	9
2422.2			0	10
2423.1		20	1,044	11C
2423.2	6	(20)	2,516	12C
2424.1			0	13
2424.2			0	14
2426.1			0	15
2426.2			0	16

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	118	20.0000	11		1
Aircraft	2113	0				2
Tools and Other Work Equipment	2114	68	10.0000			3
Buildings	2121	286	3.3300	18		4
Furniture	2122	32	10.0000			5
Office Equipment	2123	49	20.0000	0	0	6
General Purpose Computers	2124	341	20.0000			7
NET REG--GENERAL SUPPORT ASSETS		894		29	0	
CENTRAL OFFICE ASSETS						
Non-Digital Switching	2211	0				8
Digital Electronic Switching	2212	259	11.1100	73	0	9
Operator Systems	2220	0				10
Radio Systems	2231	62	11.1100			11
Circuit Equipment	2232	576	14.2900	114	0	12
NET REG--CENTRAL OFFICE ASSETS		897		187	0	
INFORMATION ORIGINATION/TERMINATION ASSETS						
Station Apparatus	2311	0				13
Customer Premises Wiring	2321	0				14
Large Private Branch Exchanges	2341	0				15
Public Telephone Terminal Equipment	2351	0				16
Other Terminal Equipment	2362	0				17
NET REG--INFORMATION ORIG/TERM ASSETS		0		0	0	
CABLE & WIRE FACILITIES ASSETS						
Poles	2411	0				18
Aerial Cable	2421	0		0	0	19
Underground Cable	2422	0		0	0	20
Buried Cable	2423	1,532	5.0000	177	0	21
Submarine and Deep Sea Cable	2424	0		0	0	22
Intrabuilding Network Cable	2426	0		0	0	23
Aerial Wire	2431	0				24
Conduit Systems	2441	0				25
NET REG--CABLE & WIRE FACILITIES ASSETS		1,532		177	0	
Net Reg Accumulated Depreciation		3,323		393	0	
Plus: Nonreg Accumulated Depreciation	3100			5	0	26
Total Accumulated Depreciation				398	0	
Columns e, f and I						

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (000's) (h)	Cost of Removal (000's) (i)	Salvage (000's) (j)	Other (000's) (k)	Balance EOY (000's) (l)	
2112	27				102	1
2113	0				0	2
2114	0				68	3
2121	0				304	4
2122	0				32	5
2123	0	0	0	0	49	6
2124	0				341	7
	27	0	0	0	896	
2211	0				0	8
2212	0	0	0	0	332	9
2220	0				0	10
2231	0				62	11
2232	0	0	0	0	690	12
	0	0	0	0	1,084	
2311	0				0	13
2321	0				0	14
2341	0				0	15
2351	0				0	16
2362	0				0	17
	0	0	0	0	0	
2411	0				0	18
2421	0	0	0	0	0	19
2422	0	0	0	0	0	20
2423	6	0	0	0	1,703	21
2424	0	0	0	0	0	22
2426	0	0	0	0	0	23
2431	0				0	24
2441	0				0	25
	6	0	0	0	1,703	
	33	0	0	0	3,683	
3100					16	26
					3,699	

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 or subsidiary record. 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 (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)	
Office Support Equipment	2123.1	26	20.0			1
Company Communications Equipment	2123.2	23	20.0			2
Digital Electronic Switching - Circuit	2212.1	259	11.11	73		3
Digital Electronic Switching - Packet	2212.2					4
Circuit Equipment - Electronic	2232.1	555	14.29	106		5
Circuit Equipment- Optical	2232.2	21	14.29	8		6
Aerial Cable - Nonmetallic	2421.1	0				7
Aerial Cable - Metallic	2421.2	0				8
Underground Cable - Nonmetallic	2422.1	0				9
Underground Cable - Metallic	2422.2	0				10
Buried Cable - Nonmetallic	2423.1	248	5.0	51		11 c
Buried Cable - Metallic	2423.2	1,284	5.0	126		12 c
Submarine and Deep Sea Cable - Nonmetall	2424.1	0				13
Submarine and Deep Sea Cable - Metallic	2424.2	0				14
Intrabuilding Cable - Nonmetallic	2426.1	0				15
Intrabuilding Cable - Metallic	2426.2	0				16

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

Subacct (g)	Retired (000's) (h)	Cost of Removal (000's) (i)	Salvage (000's) (j)	Other (000's) (k)	Balance EOY (000's) (l)	
2123.1	0				26	1
2123.2	0				23	2
2212.1	0				332	3
2212.2	0				0	4
2232.1	0				661	5
2232.2	0				29	6
2421.1	0				0	7
2421.2	0				0	8
2422.1	0				0	9
2422.2	0				0	10
2423.1	0			1	300	11 C
2423.2	6			(1)	1,403	12 C
2424.1	0				0	13
2424.2	0				0	14
2426.1	0				0	15
2426.2	0				0	16

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

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

Particulars (a)	Balance EOY (000's) (b)	
PROPERTY RELATED		
Net Reg Other Current Assets (1350)	0	1
Net Reg Other Noncurrent Assets (1410)	0	2
Net Reg Net Current Deferred Operating Income Taxes (4100)	0	3
Net Reg Net Noncurrent Deferred Operating Income Taxes (4340)	(326)	4
Net Reg Net Deferred Tax Liability Adjustments (4341)	0	5
Net Reg Deferred Tax Regulatory Adjustments-Net (4361)	0	6
Net Regulated Total Property Related Deferred Operating Income Taxes	(326)	
Plus: Allocation to Nonregulated Activity	0	7
Total Net Property Related Deferred Operating Income Taxes	(326)	
NONPROPERTY RELATED		
Other Current Assets (1350)	0	8
Other Noncurrent Assets (1410)	0	9
Net Current Deferred Operating Income Taxes (4100)	0	10
Net Noncurrent Deferred Operating Income Taxes (4340)	(136)	11
Net Deferred Tax Liability Adjustments (4341)	0	12
Deferred Tax Regulatory Adjustments-Net (4361)	0	13
Total Nonproperty Related Deferred Operating Income Taxes	(136)	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
Balance-First of Year	1,222	1,031	1
Changes:			
Balance Transferred from Income	871	678	2
Dividends Declared:			
Common		0	3
Preferred		0	4
Total Dividends Declared	0	0	
Miscellaneous Debits to Retained Earnings		0	5
Miscellaneous Credits to Retained Earnings		0	6
Balance--End of Year	<u>2,093</u>	<u>1,709</u>	

REVENUES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	595	595	1
Basic Area Revenue (5001)			2
Private Line Revenue (5040)			3
Other Basic Area Revenue (5060)			4
TOTAL LOCAL NETWORK SERVICES REVENUES	595	595	
INTERSTATE NETWORK ACCESS SERVICES REV.			
End User Revenue (5081)*	171	147	5
Switched Access Revenue (5082)*	571	508	6
Special Access Revenue (5083)*	91	52	7 E
TOTAL INTERSTATE NETWORK ACCESS SERVICES REV.	833	707	
INTRASTATE NETWORK ACCESS SERVICES REV.			
End User Revenue (5081)*	0	0	8
Switched Access Revenue (5082)*	193	214	9
Special Access Revenue (5083)*	20	20	10
TOTAL INTRASTATE NETWORK ACCESS SERVICES REV.	213	234	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	2	1	11
TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV.	2	1	
MISCELLANEOUS & NONREGULATED REVENUES			
Miscellaneous Revenue (5200)*	68	67	12
Directory Revenue (5230)	71	68	13
Nonregulated Operating Revenue (5280)*	27	0	14 F
TOTAL MISCELLANEOUS & NONREGULATED REVENUES	166	135	
GROSS OPERATING REVENUES	1,809	1,672	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	3	17	15 G
TOTAL UNCOLLECTIBLE REVENUES	3	17	
TOTAL OPERATING REVENUES	1,806	1,655	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (000's) (b)	Total Last Year (000's) (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Net Reg Network Support Expense (6110)	0	0	1
Net Reg General Support Expense (6120)	41	47	2
Net Reg Central Office Switching Expense (6210)	43	59	3 H
Net Reg Operator Systems Expense (6220)	0	0	4
Net Reg Central Office Transmission Expenses (6230)	108	95	5
Net Reg Information Orig. / Term. Expense (6310)	0	0	6
Net Reg Cable and Wire Facilities Expense (6410)	124	131	7
NET REGULATED	316	332	
PLUS: NONREGULATED	2	0	8
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	318	332	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Net Reg Other Property, Plant and Equip. Exp. (6510)	13	13	9
Net Reg Network Operations Expense (6530)	52	65	10
Net Reg Access Expense (6540)	11	5	11
Net Reg Depreciation and Amortization Expense (6560)	393	404	12
NET REGULATED	469	487	
PLUS: NONREGULATED	9	0	13
TOTAL PLANT NONSPECIFIC OPERATIONS EXPENSE	478	487	
CUSTOMER OPERATIONS EXPENSE			
Net Reg Marketing (6610)	7	9	14
Net Reg Services (6620)	64	120	15 I
NET REGULATED	71	129	
PLUS: NONREGULATED	5	0	16
TOTAL CUSTOMER OPERATIONS EXPENSE	76	129	
CORPORATE OPERATIONS EXPENSE			
Net Reg General and Administrative (6720)	297	416	17 J
Net Reg Provision for Uncollectible Notes Receiv. (6790)	0	0	18
NET REGULATED	297	416	
PLUS: NONREGULATED	0	0	19
TOTAL CORPORATE OPERATIONS EXPENSE	297	416	
NET REGULATED	1,153	1,364	
PLUS: NONREGULATED	16	0	
TOTAL EXPENSES	1,169	1,364	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (000's) (b)	Total Last Year (000's) (c)	
Property Held for Future Tele. Use Exp. (6511)	0	0	1
Provisioning Expense (6512)	13	13	2
NET REG: Reported in Account 6510	13	13	
Depreciat. Exp.--Tele. Plant in Service (6561)	393	404	3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0	4
Amortization Expense--Tangible (6563)	0	0	5
Amortization Expense--Intangible (6564)	0	0	6
Amortization Expense--Other (6565)	0	0	7
NET REG: Reported in Account 6560	393	404	

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 (000's) (b)	
Gross Operating Revenues	1,809	1
Plus: Collection of amounts previously written off	1	2
Less: Uncollectibles written off during the year	4	3
Plus: Total Net Reg. Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)	27	5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)	0	6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify):	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,779	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (000's) (b)	
Total Basic Local Service Revenue (5000)	595	1
Plus: Total Intrastate Access Revenues (5081-5083)	213	2
Plus: Total Long Distance Network Services Revenue	2	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	5	5
Plus (or Less) Other (please specify):	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	815	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
OTHER OPERATING INCOME AND EXPENSE			
Net Reg Other Operating Income and (Expense) (7100)	0	0	1
NET REGULATED	0	0	
PLUS: NONREGULATED	0	0	2
TOTAL OTHER OPERATING INCOME AND EXPENSE (7100)	0	0	
OPERATING TAXES			
Net Reg Operating Investment Tax Credits--Net (7210)	0	0	3
Net Reg Operating Federal Income Taxes (7220)	127	43	4
Net Reg Operating State and Local Income Taxes (7230)	39	(19)	5
Net Reg Operating Other Taxes (7240)	49	50	6
Net Reg Provision for Deferred Operating Income Taxes--Net (7250)	0	0	7
NET REGULATED	215	74	
PLUS: NONREGULATED	0	0	8
TOTAL OPERATING TAXES (7200)	215	74	
NONOPERATING INCOME AND EXPENSE			
Net Reg Dividend Income (7310)	7	6	9
Net Reg Interest Income (7320)	11	10	10
Net Reg Income from Sinking and Other Funds (7330)	0	0	11
Net Reg Allowance for Funds Used During Construction (7340)	0	1	12
Net Reg Gains or (Losses) from the Disposition of Certain Property (7350)	5	0	13
Net Reg Other Nonoperating Income (7360)	218	230	14
Net Reg Special Charges (7370)	0	0	15
NET REGULATED	241	247	
PLUS: NONREGULATED	0	0	16
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	241	247	
NONOPERATING TAXES			
Net Reg Nonoperating Taxes (7400)	93	99	17
NET REGULATED	93	99	
PLUS: NONREGULATED	4	0	18
TOTAL NONOPERATING TAXES (7400)	97	99	
INTEREST AND RELATED ITEMS			
Net Reg Interest and Related Items (7500)	173	181	19
NET REGULATED	173	181	
PLUS: NONREGULATED	0	0	20
TOTAL INTEREST AND RELATED ITEMS (7500)	173	181	
EXTRAORDINARY ITEMS			
Net Reg Extraordinary Items (7600)	0	0	21
NET REGULATED	0	0	
PLUS: NONREGULATED	0	0	22
TOTAL EXTRAORDINARY ITEMS (7600)	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)		7	23
TOTAL NONREGULATED NET INCOME (7990)	0	7	
TOTAL NET REGULATED	722	608	
TOTAL NONREGULATED	4	0	
TOTAL OTHER INCOME ACCOUNTS	726	608	

NONREGULATED ACCUMULATED DEPRECIATION

Plant Account (a)	Acct (b)	Annual Accrual (000's) (c)	Additonal Accrual (000's) (d)	Balance EOY (000's) (e)	
Circuit Equipment	2232	5		8	1
Public Telephone Terminal Equipment	2351	0		8	2
Total Nonregulated Accumulated Depreciation		5	0	16	

NONREGULATED INCOME STATEMENT

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)
NONREGULATED REVENUES		
Nonregulated Operating Revenue (5280)	27	1
NONREGULATED EXPENSES		
Plant Specific Operations Expense		
Nonregulated Network Support Expense (6110)	0	2
Nonregulated General Support Expense (6120)	0	3
Nonregulated Central Office Switching Expense (6210)	1	4
Nonregulated Operator Systems Expense (6220)	0	5
Nonregulated Central Office Transmission Expense (6230)	0	6
Nonregulated Information Orig./Term. Expense (6310)	1	7
Nonregulated Cable and Wire Facilities Expense (6410)	0	8
Total Nonregulated Plant Specific Operations Expense	2	0
Plant Nonspecific Operations Expense		
Nonregulated Other Property, Plant and Equip. Exp (6510)	0	9
Nonregulated Network Operations Expense (6530)	0	10
Nonregulated Access Expense (6540)	4	11
Nonregulated Depreciation and Amortization Expense (6560)	5	12
Total Nonregulated Plant Nonspecific Operations Expense	9	0
Customer Operations Expense		
Nonregulated Marketing (6610)	4	13
Nonregulated Services (6620)	1	14
Total Nonregulated Customer Operations Expense	5	0
Corporate Operations Expense		
Nonregulated General and Administrative (6720)	0	15
Nonregulated Provision for Uncollectible Notes Receivable (6790)	0	16
Total Nonregulated Corporate Operations Expense	0	0
TOTAL NONREGULATED EXPENSES (Excluding Other Income Accts.)	16	0
OTHER NONREGULATED INCOME ACCOUNTS		
Nonregulated Other Operating Income and Expense (7100)	0	17
Nonregulated Operating Taxes (7200)	0	18
Nonregulated Nonoperating Income and Expense (7300)	0	19
Nonregulated Nonoperating Taxes (7400)	4	20
Nonregulated Interest and Related Items (7500)	0	21
Nonregulated Extraordinary Items (7600)	0	22
NONREGULATED NET INCOME	7	0

NONREGULATED ACTIVITIES

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

Nonregulated Activity	
(a)	
Internet - Circuit Equipment	1
Public Telephone	2
The sale of customer premise equipment.	3

NONREGULATED INVESTMENTS

Particulars (a)	Balance EOY (000's) (b)	
Telecommunications Plant in Service - Allocation to Nonregulated Activity	42	1
Accumulated Depreciation - Allocation to Nonregulated Activity	16	2
Telecommunications Plant Under Construction - Allocation to Nonregulated Activity	0	3
Inventories - Allocation to Nonregulated Activity	0	4
Net Deferred Operating Income Taxes - Allocation to Nonregulated Activity	0	5
Net Nonregulated Investments	26	

NONREGULATED TELECOMMUNICATIONS PLANT IN SERVICE

Plant Account (a)	Account (b)	Balance EOY (000's) (c)	
Circuit Equipment	2232	34	1
Public Telephone Terminal Equipment	2351	8	2
TOTAL NONREGULATED TELECOMMUNICATIONS PLANT IN SERVICE		42	

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (000's) (b)	
Regulated Expense	330	1
All Other Accounts	15	2
Total Salaries and Wages	345	3

EMPLOYEE DATA - END OF YEAR

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

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

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	0	0	1 A
Extended Area Service	0	0	2 A
Extended Community Calling	5	26	3
Other Local-Undefined	0	0	4
Total Local	5	26	
TOLL			
Toll	129	425	5
Total Toll	129	425	
Total Local & Toll	134	451	

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 -- Originating	0	0	0	0	1
Feature Group A -- Terminating	15	0	0	0	2
Feature Group B -- Originating	0	0	0	0	3
Feature Group B -- Terminating	0	0	0	0	4
Feature Group C -- Originating	0	0	0	0	5
Feature Group C -- Terminating	0	0	0	0	6
Feature Group D -- Originating	3,588	711	798	0	7
Feature Group D -- Terminating	3,082	1,516	110	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	52	1
Strand miles of plant - fiber optics	1,586	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

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

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	247	268	3
2 Party	0	0	4
4 Party	0	0	5
PBX Trunks/System Trunks	14	13	6
Centrex Trunks	0	0	7
Centrex Lines	0	0	8
Key System Trunks	0	0	9
Mobile (Utility Provided Service)	0	0	10
Paging (Utility Provided Service)	0	0	11
FX-Out (Switched)	0	0	12
Pay Telephone	8	5	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Other	1	1	16
Total Business Lines	270	287	17
Residential (Incl. Emp. Concess.)			
1 Party	1,760	1,747	19
2 Party	0	0	20
4 Party	0	0	21
FX-Out (Switched)	0	0	22
Other	0	0	23
Total Residential Lines	1,760	1,747	24
Total Bus & Res Lines	2,030	2,034	25
Company Used Lines	31	33	26
Total Lines Used	2,061	2,067	27

SERVICE DATA (cont.)

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

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	0	0	3
WATS Lines - 800 Service	0	0	4
FX-In-intraLATA	3	3	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	50	49	7
Special Access-interLATA			8
(expressed in equiv. access lines)	101	125	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	65	65	12
Feature Group D Trunks	24	24	13
TSPS - Trunks	6	6	14
EAS and ECC - Trunks	360	360	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning	0	0	17
- discounted (special tariff)			18
Customers			19
Number of Lifeline customers at FOY (January 1, 2003)			20
and EOY (December 31, 2003):	10	12	21
Number of Linkup customers connected during			22
FOY (Calendar year 2002) and EOY (Calendar year 2003):	0	2	23
Other			24
Total Company Square Miles	108	108	25
Total Company Route Miles	310	310	26
Footnotes			

SERVICE DATA - END OF YEAR

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

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0350	2210			1
Business					2
1 Party	80	188			3
2 Party	0	0			4
4 Party	0	0			5
PBX Trunks/System Trunks	0	13			6
Centrex Trunks	0	0			7
Centrex Lines	0	0			8
Key System Trunks	0	0			9
Mobile (utility provided service)	0	0			10
Paging (utility provided service)	0	0			11
FX-Out (Switched)	0	0			12
Pay Telephone	2	3			13
Coin-Operated Pay Telephone	0	0			14
Independent Pay Telephone Provider	0	0			15
Other	0	1			16
Total Business Lines	82	205	0	0	17
Residential (Incl. Emp. Concess.)					18
1 Party	627	1,120			19
2 Party	0	0			20
4 Party	0	0			21
FX-Out (Switched)	0	0			22
Other	0	0			23
Total Residential Lines	627	1,120	0	0	24
Total Bus & Res Lines	709	1,325	0	0	25
Company Used Lines	2	31			26
Total Lines Used	711	1,356	0	0	27

SERVICE DATA - END OF YEAR (cont.)

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

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0350	2210			1
Miscellaneous					2
WATS Lines - OutWATS	0	0			3
WATS Lines - 800 Service	0	0			4
FX-In-intraLATA	0	3			5
Special Access-intraLATA (equiv. access lines)	0	49			6 7
Special Access-interLATA (equiv. access lines)	0	125			8 9
Feature Group A Lines	0	0			10
Feature Group B Trunks	0	0			11
Feature Group C Trunks	0	65			12
Feature Group D Trunks	0	24			13
TSPS - Trunks	0	6			14
EAS and ECC - Trunks	0	360			15
Cellular Trunks (Pub. Sw. Net.)	0	0			16
Video Distance Learning - discounted (special tariff)	0	0			17 18
Other					19
Exchange Square Miles	45	63			20
Exchange Route Miles	110	200			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

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	BAY CITY	HAGER CITY			1
PSCW Exchange ID	0350	2210			2
Central Office Name	BAY CITY	HAGER CITY			3
PSCW Central Office ID	1	1			4
Central Office CLLI Code	BYCYWIXAR	HGCYWIXAR			5
Manufacturer of COE (Page 54)	NTI	NTI			6
Year COE Installed	1999	1999			7
Type of Equipment (Page 54)	D	D			8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R			9
Remote Host PSCW Exchange ID	2210	2210			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	14	14			12
SS7?	Yes	Yes			13
9-1-1?	Yes	Yes			14
Access Lines - In Use	711	1,364			15
- Equipped	866	1,578			16
- Wired	1,244	1,848			17
Trunks - In Use	0	0			18
- Equipped	0	0			19
- Wired	0	0			20
ISDN Available?	Yes	Yes			21
ISDN Lines - In Use (BRI)	0	0			22
- In Use (PRI)	0	2			23
XDSL Available?	Yes	Yes			24
- In Use (# lines)	8	7			25
Switched 56 Service?	No	No			26
Switched 56 lines in use	0	0			27
Digital Transmission Facilities: DS-1 - In Use	0	30			28
DS-3 - In Use	0	0			29
Advanced Data Service Available:					
Packet Switching?	No	No			30
SMDS?	No	No			31
Frame Relay?	No	No			32
ATM (Asynchronous Trans. Mode)?	No	No			33
Video Information - Service Available?	No	No			34
- In Use (# lines) ¹	0	0			35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	144			36
No. of fiber strands working (LIT) in C.O.	0	22			37
No. of fiber strands for interoffice use	0	0			38
Miles of fiber sheath in wire center	6	46			39
Access Tandem Serving this C.O.:					
- C.O. Name	ELK LAKE	ELK LAKE			40
- PSCW C.O. ID	1740-01	1740-01			41
Does this C.O. do access tandem switching?	Yes	Yes			42
Footnotes					43

¹ Telco provided end-to-end facility.

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

First of year information has not been modified to conform to the new USOA. No 2002 information has been restated for non regulated accounts.

Schedule Footnotes

Balance Sheet - Assets (Class B Use Accounts Designated By *) Footnote. Page 10

Schedule Line Footnotes**A) Local calls are not tracked.**

Hager is a remote off from West Wisconsin, Elk Lake tandem, so has no information for EAS or local.

B) 64 Kbps (DS0) and 45 Mbps (DS3) - We have not received an order for this type of service. Hager has no intralata voice grade circuits.**C) Transfers were made in 2003 to properly classify equipment as follows: \$20,401 from buried cable metallic 2423.2 to buried cable non-metallic 2423.1.**

Depreciation was adjusted accordingly.

D) Hector Communications Corporation (HCC) holds 100% ownership of Alliance Telecommunications Corporation (Alliance) and Alliance in turn owns 100% of Hager Telecom as of July, 2003. HCC does the accounting for Hager Telecom. Hager is charged through intercompany accounting for those costs

Additional services provided by HCC to Hager include:

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

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

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

E) Revenue acct 5083.1 interstate special access is \$39,000 higher in 2003 than in 2002. There was an additional DS1 ckt installed and billed and 2003. Also additional SDSL revenue in 2003.**F) Non regulated operating revenue acct 5280 for 2002 was not reported on this line as it was not required for 2002. 2002 values have not been restated.****G) Uncollectible revenue for 2002 included \$12,949 due to the Global Crossing and Worldcom bankruptcy filings.****H) Central office switching exp acct 6210 decreased in 2003 as less time was spent working on central office switching.**

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- I) Regulated services acct 6620 decreased \$56,000 from 2002 to 2003. The biggest portion of the decrease is in Billing - toll & local, and in Acct and Finance - CABS. Hager Telecom began customer billing and carrier access billing in house in mid 2002. Expense was greatly decreased by not paying a service bureau to complete billing. Also, labor expense incurred because of system updates needed for the change were completed in 2002, resulting in fewer dollars paid for labor in 2003.
- J) Acct 6720 General and Administrative expense decreased for 2003. The expenses for acct 6720 are allocated based on access lines. The number of total access lines sharing the expense in 2003 was greater than in 2002, resulting in lower expense for Hager Telecom.