



4004

**ANNUAL REPORT**

OF

Name: BAYLAND TELEPHONE INC

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Principal Office: 2711 E FRONTAGE RD  
ABRAMS, WI 54101

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For the Year Ended: DECEMBER 31, 2004

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TELECOMMUNICATIONS UTILITY  
TO  
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854  
Madison, WI 53707-7854  
<http://psc.wi.gov>

*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. 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>, and select the appropriate program for Incumbent Local Exchange Carriers (LECs). If additional confidential treatment is desired, contact Christopher Larson at (608) 267-9508 or [christopher.larson@psc.state.wi.us](mailto:christopher.larson@psc.state.wi.us) for instructions.
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-116. 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. Report all dollar amounts to the nearest thousand dollars. (Example: \$130,000 should be reported as \$130.)
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. These items vary from year to year and are based on the Commission's decision regarding confidential items in the annual report.

## GENERAL RULES FOR REPORTING

If additional provisional confidential treatment is desired, do not file the annual report electronically using the program's e-mail filing capabilities.

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.
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 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 (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.**

## **GENERAL RULES FOR REPORTING**

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

If making revisions to the report subsequent to an electronic filing (i.e., using the program's e-mail capabilities) 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**

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

**ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS**

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

**ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS**

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

**ABBREVIATIONS USED IN ANNUAL REPORTS**

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

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**IDENTIFICATION AND OWNERSHIP**

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**Exact Utility Name:** BAYLAND TELEPHONE INC  
**Utility Location:** 2711 E FRONTAGE RD  
ABRAMS, WI 54101

**Utility (or Parent/Holding Company) Web Site Address:**

**When was utility organized?:** 01/01/1907

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

**Telephone numbers for potential customers to contact company:**

Business Customers: (920) 826 - 5215 Ext:

Residential Customers: (920) 826 - 5215 Ext:

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**Primary Utility Contact (located at utility address)**

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**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT AND GENERAL MANAGER

**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Fax Number:** (920) 826 - 5911  
**Telephone Number:** (920) 826 - 5215  
**Email Address:** rlherm@bayland.net

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

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**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT AND GENERAL MANAGER

**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Fax Number:** (920) 826 - 5911 EXT  
**Telephone Number:** (920) 826 - 5215  
**Email Address:** rlherm@bayland.net

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

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**Name:** MR. DENNIS E. HILDEBRANDT  
**Title:** CERTIFIED PUBLIC ACCOUNTANT  
**Firm:** SIEPERT & CO. LLP  
**Office Address:** 1920 WEST HART ROAD  
BELOIT, WI 53511

**Fax Number:** (608) 364 - 8727  
**Telephone Number:** (608) 365 - 2266  
**Email Address:** dhildebrandt@siepert.com

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**IDENTIFICATION AND OWNERSHIP**

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

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**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT AND GENERAL MANAGER

**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Fax Number:** (920) 826 - 5911  
**Telephone Number:** (920) 826 - 5215  
**Email Address:** rlherm@bayland.net

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

---

**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT AND GENERAL MANAGER

**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Fax Number:** (920) 826 - 5911  
**Telephone Number:** (920) 826 - 5215  
**Email Address:** rlherm@bayland.net

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**Contact person for regulatory inquiries and complaints**

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**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT AND GENERAL MANAGER

**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Fax Number:** (920) 826 - 5911  
**Telephone Number:** (920) 826 - 5215  
**Email Address:** rlherm@bayland.net

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

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**Name:** CHRISTINE C. FRENCH  
**Address:** 3517 BARKWOOD LANE  
MANITOWOC, WI 54220

**Percent Interest Held:** 15  
**Beneficial Owner:** NONE

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**IDENTIFICATION AND OWNERSHIP**

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

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**Name:** DONALD & RUTH LE BRECK  
**Address:** 1122 BIEMERET STREET  
GREEN BAY, WI 54304-3314

**Percent Interest Held:** 10  
**Beneficial Owner:** NONE

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**Name:** HELEN L. HERMSEN  
**Address:** 13575 KERRY LANE  
EDEN PRAIRIE, MN 55346-3152

**Percent Interest Held:** 10  
**Beneficial Owner:** NONE

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**Name:** J. ROGER HERSMEN  
**Address:** 921C E. WINDFIELD PLACE  
APPLETON, WI 54911

**Percent Interest Held:** 2  
**Beneficial Owner:** NONE

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**Name:** JEAN J. HERMSEN  
**Address:** 2832B MADISON STREET  
WAUKESHA, WI 53188-4507

**Percent Interest Held:** 9  
**Beneficial Owner:** NONE

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**Name:** PATRICK & MARY ANDERSON  
**Address:** 3502 E. BOTTSFORD AVE.  
CUDAHY, WI 53110-1134

**Percent Interest Held:** 10  
**Beneficial Owner:** NONE

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**IDENTIFICATION AND OWNERSHIP**

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

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**Name:** PAUL G. HERMSEN  
**Address:** 6701 CHESTNET STREET  
OCONTO FALLS, WI 54303-4438

**Percent Interest Held:** 15  
**Beneficial Owner:** NONE

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**Name:** ROGER L. HERMSEN  
**Address:** 3025 BIG TIMBER CIRCLE  
GREEN BAY, WI 54313

**Percent Interest Held:** 15  
**Beneficial Owner:** NONE

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

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**Company Name:** BAYLAND COMMUNICATIONS, INC.  
**Form of Interest:** EQUITY  
**Extent Of Interest:** 100% OWNERSHIP

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**Company Name:** BAYNET, INC.  
**Form of Interest:** EQUITY  
**Extent Of Interest:** 100% OWNERSHIP

**OFFICERS AND DIRECTORS**

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

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<b>Name:</b> MR. J. ROGER HERMSEN	
<b>Title/Occupation:</b> VICE PRESIDENT	
<b>Business Address (1):</b> 2711 E. FRONTAGE ROAD	
<b>Business Address (2):</b>	
<b>Business Address (3):</b>	
<b>City State, Zip:</b> ABRAMS, WI 54101	<b>1</b>

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<b>Name:</b> MR. PAUL HERMSEN	
<b>Title/Occupation:</b> SECRETARY/TREASURER	
<b>Business Address (1):</b> 2711 E. FRONTAGE ROAD	
<b>Business Address (2):</b>	
<b>Business Address (3):</b>	
<b>City State, Zip:</b> ABRAMS, WI 54101	<b>2</b>

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<b>Name:</b> MR. ROGER L. HERMSEN	
<b>Title/Occupation:</b> PRESIDENT	
<b>Business Address (1):</b> 2711 E. FRONTAGE ROAD	
<b>Business Address (2):</b>	
<b>Business Address (3):</b>	
<b>City State, Zip:</b> ABRAMS, WI 54101	<b>3</b>

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**INCOME STATEMENT - TOTAL COMPANY**

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
<b>Operating Revenues</b>			
Operating Revenues (5000-5300)	1,821	2,568	1
<b>Total Operating Revenues</b>	<b>1,821</b>	<b>2,568</b>	
<b>Operating Expenses</b>			
Plant Specific Operations Expenses (6110-6410)	307	327	2
Other Plant Nonspecific Operations Expenses	588	540	3
Customer Operations Expense (6610-6620)	417	357	4
Corporate Operations Expense (6720-6790)	269	245	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	13	153	7
<b>Total Operating Expenses</b>	<b>1,594</b>	<b>1,622</b>	
<b>Net Operating Income</b>	<b>227</b>	<b>946</b>	
<b>Other Income</b>			
Nonoperating Income and Expense (7300)	887	736	8
Nonoperating Taxes (7400)	75	91	9
Interest and Related Items (7500)	146	159	10
Extraordinary Items (7600)	0	0	11
Nonregulated Net Income (7990)	59	(651)	12
<b>Total Nonoperating Income</b>	<b>725</b>	<b>(165)</b>	
<b>Net Income</b>	<b>952</b>	<b>781</b>	

**NOTES TO INCOME STATEMENT OR BALANCE SHEET**

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

- 
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

**SIGNIFICANT ACCOUNTING POLICIES:**

- A. TELEPHONE PLANT IS RECORDED AT ORIGINAL COST. DEPRECIATION IS COMPUTED ON A STRAIGHT-LINE BASIS BY APPLYING A RATE TO A GROUP OF ASSETS FOR BOOK PURPOSES. AN ACCELERATED METHOD TO COMPUTE DEPRECIATION IS USED FOR TAX PURPOSES. DEFERRED INCOME TAXES HAVE BEEN RECORDED FOR ALL TEMPORARY TIMING DIFFERENCES.
- B. THE COMPANY HAS ELECTED TO DEFER INCOME TAX SAVINGS EARNED BY AN INVESTMENT TAX CREDIT AND IS AMORTIZING THESE SAVINGS OVER THE SERVICE LIFE OF THE ASSETS ON WHICH THE ITC WAS GENERATED.
- C. THE COMPANY HAS A DEFINED CONTRIBUTION PENSION PLAN AND A 401(k) PLAN WHICH ARE ADMINISTERED BY A TRUSTEE AND COVERS ALL ELIGIBLE EMPLOYEES. PENSION PLAN EXPENSE FOR 2004 AMOUNTED TO \$77,445.
- D. IN GENERAL, REVENUES ARE RECOGNIZED WHEN EARNED REGARDLESS OF WHEN ACTUALLY RECEIVED.

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2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

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3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

**RETAINED EARNINGS RESTRICTIONS:**

UNDER THE MOST RESTRICTIVE PROVISIONS OF THE COMPANY'S RURAL UTILITIES SERVICE (RUS) LOAN AGREEMENT, APPROXIMATELY \$2,726,000 OF RETAINED EARNINGS IS AVAILABLE FOR DIVIDENDS.

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

Particulars (a)	Balance--EOY	Balance--FOY (000's) (c)	
<b>CURRENT ASSETS</b>			
<b>CASH AND EQUIVALENTS</b>			
Cash and Equivalents (1120)*	505	351	1
<b>TOTAL CASH AND EQUIVALENTS</b>	<b>505</b>	<b>351</b>	
<b>RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>			
Receivables (1170)*	1,194	1,110	2
Allowance for Doubtful Accounts (1171)*			3
<b>TOTAL RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>	<b>1,194</b>	<b>1,110</b>	
<b>SUPPLIES</b>			
Inventories (1220)*	21	17	4
<b>TOTAL SUPPLIES</b>	<b>21</b>	<b>17</b>	
<b>PREPAYMENTS</b>			
Prepayments (1280)*			5
<b>TOTAL PREPAYMENTS</b>	<b>0</b>	<b>0</b>	
<b>OTHER CURRENT ASSETS</b>			
Other Current Assets (1350)*			6
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CURRENT ASSETS</b>	<b>1,720</b>	<b>1,478</b>	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Nonregulated Investments (1406)*	48	48	7
RTB Class B Stock (1402)*	5	5	8
Other Noncurrent Assets (1410)*	2,625	2,740	9
<b>TOTAL INVESTMENTS</b>	<b>2,678</b>	<b>2,793</b>	
<b>DEFERRED CHARGES</b>			
Deferred Maint., Retirements and Other Deferred Charges (1438)*	23	27	10
<b>TOTAL DEFERRED CHARGES</b>	<b>23</b>	<b>27</b>	
<b>OTHER JURISDICTIONAL ASSETS-NET</b>			
Other Jurisdictional Assets-Net (1500)*			11
<b>TOTAL OTHER JURISDICTIONAL ASSETS-NET</b>	<b>0</b>	<b>0</b>	
<b>TOTAL NONCURRENT ASSETS</b>	<b>2,701</b>	<b>2,820</b>	
<b>PLANT</b>			
<b>TELECOMMUNICATIONS PLANT IN SERVICE</b>			
Telecommunications Plant in Service (2001)*	7,765	7,731	12
Less: Accumulated Depreciation (3100)*	4,839	4,612	13
Less: Accumulated Amortization-Tangible (3400)*			14
Less: Accumulated Amortization-Capitalized Leases (3410)			15
<b>NET TELECOMMUNICATIONS PLANT IN SERVICE</b>	<b>2,926</b>	<b>3,119</b>	
<b>PROPERTY HELD FOR FUTURE USE</b>			
Property Held for Future Telecommunications Use (2002)*			16
Less: Accumulated Depr.-Held for Future Telecom. Use (3200)*			17
<b>NET PROPERTY HELD FOR FUTURE USE</b>	<b>0</b>	<b>0</b>	

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

Particulars (a)	Balance--EOY	Balance--FOY (000's) (c)
<b>PLANT</b>		
<b>NONOPERATING PLANT</b>		
Nonoperating Plant (2006)*		18
Less: Accumulated Depreciation-Nonoperating (3300)*		19
<b>NET NONOPERATING PLANT</b>	<b>0</b>	<b>0</b>
<b>TPUC</b>		
Telecommunications Plant Under Construction (2003)*	432	42 20
<b>TOTAL TPUC</b>	<b>432</b>	<b>42</b>
<b>TELECOMMUNICATIONS PLANT ADJUSTMENT</b>		
Telecommunications Plant Adjustment (2005)*		21
<b>NET TELECOMMUNICATIONS PLANT ADJUSTMENT</b>	<b>0</b>	<b>0</b>
<b>GOODWILL</b>		
Goodwill (2007)*		22
<b>TOTAL GOODWILL</b>	<b>0</b>	<b>0</b>
<b>TOTAL PLANT</b>	<b>3,358</b>	<b>3,161</b>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>7,779</b>	<b>7,459</b>

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

Particulars (a)	Balance--EOY (000's) (b)	Balance--FOY (000's) (c)	
<b>CURRENT LIABILITIES</b>			
Notes Payable (4020)*		325	1
Other Current Accounts and Notes Payable (4000)*	119	274	2
Customers' Deposits (4040)*			3
Income Taxes-Accrued (4070)*	158		4
Other Taxes-Accrued (4080)*			5
Net Current Deferred Operating Income Taxes (4100)*	0		6
Net Current Deferred Nonoperating Income Taxes (4110)*			7
Current Maturities-Long-Term Debt (4050)*	211	202	8
Current Maturities-Capital Leases (4060)*			9
Other Current Liabilities (4130)*	22		10
<b>TOTAL CURRENT LIABILITIES</b>	<b>510</b>	<b>801</b>	
<b>LONG-TERM DEBT</b>			
Long-Term Debt and Funded Debt (4200)*	2,355	2,570	11
<b>TOTAL LONG-TERM DEBT</b>	<b>2,355</b>	<b>2,570</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Liabilities and Deferred Credits (4300)*	32	23	12
Unamortized Operating Investment Tax Credits-Net (4320)*	2	2	13
Unamortized Nonoperating Investment Tax Credits-Net (4330)*			14
Net Noncurrent Deferred Operating Income Taxes (4340)*	265	221	15
Net Deferred Tax Liability Adjustments (4341)*	0		16
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(442)	(314)	17
Deferred Tax Regulatory Adjustments-Net (4361)*	13	13	18
Other Jurisdictional Liabilities and Deferred Credits-Net (4370)*			19
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS</b>	<b>(130)</b>	<b>(55)</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (4510)*	230	230	20
Additional Paid-in Capital (4520)*			21
Treasury Stock (4530)*			22
Other Capital (4540)*	(4)	(3)	23
Retained Earnings (4550)*	4,818	3,916	24
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>5,044</b>	<b>4,143</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>7,779</b>	<b>7,459</b>	

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### IMPORTANT CHANGES DURING THE YEAR

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

NONE

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

NONE

**AFFILIATE ABBREVIATIONS**

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

<b>Name of Affiliate (a)</b>	<b>Abbreviations (b)</b>	
BAYLAND COMMUNICATIONS, INC.	BAYCOM	<b>1</b>
BAYNET, INC.	BAYNET	<b>2</b>

**AFFILIATED INTEREST TRANSACTIONS**

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

<b>Particulars (a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>
Docket	0387NC100	7147TI100		
Name of Affiliate	BAYCOM	BAYNET		<b>1</b>
Designate whether billed to or from:	TO	TO		<b>2</b>
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C		<b>3</b>
Total Dollar Activity (000's)	78	54		<b>4</b>
Percent of affiliate's business billed to all affiliated regulated utilities				<b>5</b>
If cost based, rate of return on equity or markup incorporated in billings				<b>6</b>
Footnotes				

**AFFILIATED ASSETS AND LIABILITIES**

This schedule should be used to report affiliated activity concerning balances at the end of the year. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "Other" for a particular account.

<b>Name of Affiliate (a)</b>	<b>Account Number (b)</b>	<b>Balance EOY (000's) (c)</b>	
BAYLAND COMMUNICATIONS, INC.	1170	749	<b>1</b>
BAYNET, INC.	1170	230	<b>2</b>
BAYLAND COMMUNICATIONS, INC.	1410	(627)	<b>3</b>
BAYNET, INC.	1410	197	<b>4</b>

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

<b>Plant Account (a)</b>	<b>Account (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Additions (000's) (d)</b>	
<b>GENERAL SUPPORT ASSETS</b>				
Land	2111	64		<b>1</b>
Motor Vehicles	2112	167	5	<b>2</b>
Aircraft	2113	0		<b>3</b>
Tools and Other Work Equipment	2114	33		<b>4</b>
Buildings	2121	667	25	<b>5</b>
Furniture	2122	67		<b>6</b>
Office Equipment	2123	35	4	<b>7</b>
General Purpose Computers	2124	133	8	<b>8</b>
<b>TOTAL GENERAL SUPPORT ASSETS</b>		<b>1,166</b>	<b>42</b>	
<b>CENTRAL OFFICE ASSETS</b>				
Non-Digital Switching	2211	0		<b>9</b>
Digital Electronic Switching	2212	1,239	148	<b>10</b>
Operator Systems	2220	0		<b>11</b>
Radio Systems	2231	0		<b>12</b>
Circuit Equipment	2232	1,491	45	<b>13</b>
<b>TOTAL CENTRAL OFFICE ASSETS</b>		<b>2,730</b>	<b>193</b>	
<b>INFORMATION ORIGATION/TERMINATION ASSETS</b>				
Station Apparatus	2311	0		<b>14</b>
Customer Premises Wiring	2321	0		<b>15</b>
Large Private Branch Exchanges	2341	0		<b>16</b>
Public Telephone Terminal Equipment	2351	0		<b>17</b>
Other Terminal Equipment	2362	0		<b>18</b>
<b>TOTAL INFORMATION ORIG/TERM ASSETS</b>		<b>0</b>	<b>0</b>	
<b>CABLE &amp; WIRE FACILITIES ASSETS</b>				
Poles	2411	0		<b>19</b>
Aerial Cable	2421	0	0	<b>20</b>
Underground Cable	2422	0	0	<b>21</b>
Buried Cable	2423	3,804	87	<b>22</b>
Submarine and Deep Sea Cable	2424	0	0	<b>23</b>
Intrabuilding Network Cable	2426	0	0	<b>24</b>
Aerial Wire	2431	0		<b>25</b>
Conduit Systems	2441	31		<b>26</b>
<b>TOTAL CABLE &amp; WIRE FACILITIES ASSETS</b>		<b>3,835</b>	<b>87</b>	
<b>AMORTIZABLE ASSETS</b>				
Capital Leases	2681	0		<b>27</b>
Leasehold Improvements	2682	0		<b>28</b>
Intangibles	2690	0		<b>29</b>
<b>TOTAL AMORTIZABLE ASSETS</b>		<b>0</b>	<b>0</b>	

**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			64	1
2112	4		168	2
2113			0	3
2114			33	4
2121	5		687	5
2122			67	6
2123	14		25	7
2124	8		133	8
	<b>31</b>	<b>0</b>	<b>1,177</b>	
2211			0	9
2212	56	0	1,331	10
2220			0	11
2231			0	12
2232	188	0	1,348	13
	<b>244</b>	<b>0</b>	<b>2,679</b>	
2311			0	14
2321			0	15
2341			0	16
2351			0	17
2362			0	18
	<b>0</b>	<b>0</b>	<b>0</b>	
2411			0	19
2421	0	0	0	20
2422	0	0	0	21
2423	13	0	3,878	22
2424	0	0	0	23
2426	0	0	0	24
2431			0	25
2441			31	26
	<b>13</b>	<b>0</b>	<b>3,909</b>	
2681			0	27
2682			0	28
2690			0	29
	<b>0</b>	<b>0</b>	<b>0</b>	

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

<b>Plant Account (a)</b>	<b>Account (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Additions (000's) (d)</b>	
<b>TOTAL TELECOM. PLANT IN SERVICE</b>	<b>2001</b>	<b>7,731</b>	<b>322</b>	
Less: Allocation to Nonregulated Activity - EOY	2001			<b>30</b>
<b>NET REG TOTAL TELECOM. PLANT IN SERVICE - EOY</b>	<b>2001</b>			

Explain all amounts shown in column (g).

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

<b>Account (e)</b>	<b>Retirements (000's) (f)</b>	<b>Transfers / Adjustments (000's) (g)</b>	<b>Balance EOY (000's) (h)</b>	
2001	288	0	7,765	
2001				30
<b>2001</b>			<b>7,765</b>	

**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.

<b>Plant Subaccount (a)</b>	<b>Subaccount (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Additions (000's) (d)</b>	
Digital Electronic Switching - Circuit	2212.1	1,239	148	<b>1</b>
Digital Electronic Switching - Packet	2212.2	0		<b>2</b>
Circuit Equipment - Electronic	2232.1	1,399	45	<b>3</b>
Circuit Equipment- Optical	2232.2	92		<b>4</b>
Aerial Cable - Nonmetallic	2421.1	0		<b>5</b>
Aerial Cable - Metallic	2421.2	0		<b>6</b>
Underground Cable - Nonmetallic	2422.1	0		<b>7</b>
Underground Cable - Metallic	2422.2	0		<b>8</b>
Buried Cable - Nonmetallic	2423.1	279		<b>9</b>
Buried Cable - Metallic	2423.2	3,525	87	<b>10</b>
Submarine and Deep Sea Cable - Nonmetallic	2424.1	0		<b>11</b>
Submarine and Deep Sea Cable - Metallic	2424.2	0		<b>12</b>
Intrabuilding Cable - Nonmetallic	2426.1	0		<b>13</b>
Intrabuilding Cable - Metallic	2426.2	0		<b>14</b>

Explain all amounts shown in column (g).

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

<b>Subaccount (e)</b>	<b>Retirements (000's) (f)</b>	<b>Transfers / Adjustments (000's) (g)</b>	<b>Balance EOY (000's) (h)</b>	
2212.1	56		1,331	1
2212.2			0	2
2232.1	188		1,256	3
2232.2			92	4
2421.1			0	5
2421.2			0	6
2422.1			0	7
2422.2			0	8
2423.1			279	9
2423.2	13		3,599	10
2424.1			0	11
2424.2			0	12
2426.1			0	13
2426.2			0	14

**ACCUMULATED DEPRECIATION CLASS A & B**

<b>Primary Plant Account (a)</b>	<b>Acct (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (000's) (e)</b>	<b>Additional Accrual (000's) (f)</b>	
<b>GENERAL SUPPORT ASSETS</b>						
Motor Vehicles	2112	141	20.0000	10		1
Aircraft	2113	0				2
Tools and Other Work Equipment	2114	29	10.0000	3		3
Buildings	2121	166	2.9500	20		4
Furniture	2122	11	10.0000	7		5
Office Equipment	2123	35	20.0000			6
General Purpose Computers	2124	104	25.0000	33		7
<b>TOTAL GENERAL SUPPORT ASSETS</b>		<b>486</b>		<b>73</b>	<b>0</b>	
<b>CENTRAL OFFICE ASSETS</b>						
Non-Digital Switching	2211	0				8
Digital Electronic Switching	2212	1,209	9.7000	116	0	9
Operator Systems	2220	0				10
Radio Systems	2231	0				11
Circuit Equipment	2232	1,299	11.6000	133	0	12
<b>TOTAL CENTRAL OFFICE ASSETS</b>		<b>2,508</b>		<b>249</b>	<b>0</b>	
<b>INFORMATION ORIGINATION/TERMINATION ASSETS</b>						
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
<b>TOTAL INFORMATION ORIG/TERM ASSETS</b>		<b>0</b>		<b>0</b>	<b>0</b>	
<b>CABLE &amp; WIRE FACILITIES ASSETS</b>						
Poles	2411	0				18
Aerial Cable	2421	0		0	0	19
Underground Cable	2422	0		0	0	20
Buried Cable	2423	1,616	5.0000	192	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	2	3.0000	1		25
<b>TOTAL CABLE &amp; WIRE FACILITIES ASSETS</b>		<b>1,618</b>		<b>193</b>	<b>0</b>	
<b>Total Accumulated Depreciation</b>	<b>3100</b>	<b>4,612</b>		<b>515</b>	<b>0</b>	
Less: Nonreg Accumulated Depreciation	3100					26
<b>Net Reg Total Accumulated Depreciation</b>	<b>3100</b>			<b>515</b>	<b>0</b>	
<b>Columns e, f and I</b>						

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

<b>Acct (g)</b>	<b>Retired (000's) (h)</b>	<b>Cost of Removal (000's) (i)</b>	<b>Salvage (000's) (j)</b>	<b>Other (000's) (k)</b>	<b>Balance EOY (000's) (l)</b>	
2112	4				147	1
2113	0				0	2
2114	0				32	3
2121	5				181	4
2122	0				18	5
2123	14				21	6
2124	8				129	7
	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>528</b>	
2211	0				0	8
2212	56	0	0	0	1,269	9
2220	0				0	10
2231	0				0	11
2232	188	0	0	0	1,244	12
	<b>244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,513</b>	
2311	0				0	13
2321	0				0	14
2341	0				0	15
2351	0				0	16
2362	0				0	17
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
2411	0				0	18
2421	0	0	0	0	0	19
2422	0	0	0	0	0	20
2423	13	0	0	0	1,795	21
2424	0	0	0	0	0	22
2426	0	0	0	0	0	23
2431	0				0	24
2441	0				3	25
	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,798</b>	
<b>3100</b>	<b>288</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,839</b>	
3100						26
<b>3100</b>					<b>4,839</b>	

**ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)**

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount 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.

<b>Plant Subaccount (a)</b>	<b>Subacct (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (000's) (e)</b>	<b>Additional Accrual (000's) (f)</b>	
Digital Electronic Switching - Circuit	2212.1	1,209	9.7	116		<b>1</b>
Digital Electronic Switching - Packet	2212.2	0				<b>2</b>
Circuit Equipment - Electronic	2232.1	1,216	11.6	124		<b>3</b>
Circuit Equipment- Optical	2232.2	83	11.6	9		<b>4</b>
Aerial Cable - Nonmetallic	2421.1	0				<b>5</b>
Aerial Cable - Metallic	2421.2	0				<b>6</b>
Underground Cable - Nonmetallic	2422.1	0				<b>7</b>
Underground Cable - Metallic	2422.2	0				<b>8</b>
Buried Cable - Nonmetallic	2423.1	117	5.0	14		<b>9</b>
Buried Cable - Metallic	2423.2	1,499	5.0	178		<b>10</b>
Submarine and Deep Sea Cable - Nonmetall	2424.1	0				<b>11</b>
Submarine and Deep Sea Cable - Metallic	2424.2	0				<b>12</b>
Intrabuilding Cable - Nonmetallic	2426.1	0				<b>13</b>
Intrabuilding Cable - Metallic	2426.2	0				<b>14</b>

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

<b>Subacct (g)</b>	<b>Retired (000's) (h)</b>	<b>Cost of Removal (000's) (i)</b>	<b>Salvage (000's) (j)</b>	<b>Other (000's) (k)</b>	<b>Balance EOY (000's) (l)</b>	
2212.1	56				1,269	1
2212.2	0				0	2
2232.1	188				1,152	3
2232.2	0				92	4
2421.1	0				0	5
2421.2	0				0	6
2422.1	0				0	7
2422.2	0				0	8
2423.1	0				131	9
2423.2	13				1,664	10
2424.1	0				0	11
2424.2	0				0	12
2426.1	0				0	13
2426.2	0				0	14

**NET DEFERRED OPERATING INCOME TAXES**

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)	
<b>PROPERTY RELATED</b>		
Other Current Assets (1350)		1
Other Noncurrent Assets (1410)		2
Net Current Deferred Operating Income Taxes (4100)		3
Net Noncurrent Deferred Operating Income Taxes (4340)	(282)	4
Net Deferred Tax Liability Adjustments (4341)		5
Deferred Tax Regulatory Adjustments-Net (4361)	(13)	6
<b>Net Property Related Deferred Operating Income Taxes</b>	<b>(295)</b>	
Less: Allocation to Nonregulated Activity		7
<b>Net Regulated Total Property Related Deferred Operating Income Taxes</b>	<b>(295)</b>	
<b>NONPROPERTY RELATED</b>		
Other Current Assets (1350)		8
Other Noncurrent Assets (1410)		9
Net Current Deferred Operating Income Taxes (4100)		10
Net Noncurrent Deferred Operating Income Taxes (4340)	17	11
Net Deferred Tax Liability Adjustments (4341)		12
Deferred Tax Regulatory Adjustments-Net (4361)		13
<b>Total Nonproperty Related Deferred Operating Income Taxes</b>	<b>17</b>	

**RETAINED EARNINGS (ACCT. 4550)**

<b>Particulars (a)</b>	<b>This Year (000's) (b)</b>	<b>Last Year (000's) (c)</b>	
Balance-First of Year	3,916	3,181	<b>1</b>
<b>Changes:</b>			
Balance Transferred from Income	952	781	<b>2</b>
<b>Dividends Declared:</b>			
Common	50	46	<b>3</b>
Preferred		0	<b>4</b>
<b>Total Dividends Declared</b>	<b>50</b>	<b>46</b>	
Miscellaneous Debits to Retained Earnings		0	<b>5</b>
Miscellaneous Credits to Retained Earnings		0	<b>6</b>
<b>Balance--End of Year</b>	<b><u>4,818</u></b>	<b><u>3,916</u></b>	

**REVENUES (CLASS B USE ACCOUNTS DESIGNATED BY \*)**

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
<b>LOCAL NETWORK SERVICES REVENUES</b>			
Basic Local Service Revenue (5000)*	748	746	1
Basic Area Revenue (5001)			2
Private Line Revenue (5040)			3
Other Basic Area Revenue (5060)			4
<b>TOTAL LOCAL NETWORK SERVICES REVENUES</b>	<b>748</b>	<b>746</b>	
<b>INTERSTATE NETWORK ACCESS SERVICES REV.</b>			
End User Revenue (5081)*	213	186	5
Switched Access Revenue (5082)*	377	384	6
Special Access Revenue (5083)*	77	83	7
<b>TOTAL INTERSTATE NETWORK ACCESS SERVICES REV.</b>	<b>667</b>	<b>653</b>	
<b>INTRASTATE NETWORK ACCESS SERVICES REV.</b>			
End User Revenue (5081)*			8
Switched Access Revenue (5082)*	308	338	9
Special Access Revenue (5083)*			10
<b>TOTAL INTRASTATE NETWORK ACCESS SERVICES REV.</b>	<b>308</b>	<b>338</b>	
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>			
Long Distance Message Revenue (5100)*			11
<b>TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>	<b>0</b>	<b>0</b>	
<b>MISCELLANEOUS &amp; NONREGULATED REVENUES</b>			
Miscellaneous Revenue (5200)*	103	66	12 A
Directory Revenue (5230)		51	13 A
Nonregulated Operating Revenue (5280)*		703	14 B
<b>TOTAL MISCELLANEOUS &amp; NONREGULATED REVENUES</b>	<b>103</b>	<b>820</b>	
<b>GROSS OPERATING REVENUES</b>	<b>1,826</b>	<b>2,557</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue (5300)*	5	(11)	15 C
<b>TOTAL UNCOLLECTIBLE REVENUES</b>	<b>5</b>	<b>(11)</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>1,821</b>	<b>2,568</b>	

**EXPENSES - CLASS A & B**

Particulars (a)	Total This Year (000's) (b)	Total Last Year (000's) (c)	
<b>PLANT SPECIFIC OPERATIONS EXPENSE</b>			
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>839</b>	<b>770</b>	<b>1</b>
<b>LESS: NONREGULATED</b>	<b>532</b>	<b>443</b>	<b>2</b>
<b>NET REGULATED PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>307</b>	<b>327</b>	
<b>PLANT NONSPECIFIC OPERATIONS EXPENSE</b>			
Other Property, Plant and Equip. Exp. (6510)		0	3
Network Operations Expense (6530)	172	156	4
Access Expense (6540)	34	5	5 D
Depreciat. Exp.--Tele. Plant in Service (6561)	522	504	6
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)			7
Amortization Expense--Tangible (6563)			8
Amortization Expense--Intangible (6564)			9
Amortization Expense--Other (6565)			10
<b>Depreciation and Amortization Expense (6560)</b>	<b>522</b>	<b>504</b>	<b>11</b>
<b>TOTAL PLANT NONSPECIFIC OPERATIONS EXPENSE</b>	<b>728</b>	<b>665</b>	<b>12</b>
<b>LESS: NONREGULATED</b>	<b>140</b>	<b>125</b>	<b>13</b>
<b>NET REGULATED PLANT NONSPECIFIC OPERATIONS EXPENSE</b>	<b>588</b>	<b>540</b>	
<b>CUSTOMER OPERATIONS EXPENSE</b>			
Marketing (6610)	72	64	14
Services (6620)	399	342	15
<b>TOTAL CUSTOMER OPERATIONS EXPENSE</b>	<b>471</b>	<b>406</b>	<b>16</b>
<b>LESS: NONREGULATED</b>	<b>54</b>	<b>49</b>	<b>17</b>
<b>NET REGULATED CUSTOMER OPERATIONS EXPENSE</b>	<b>417</b>	<b>357</b>	
<b>CORPORATE OPERATIONS EXPENSE</b>			
<b>TOTAL CORPORATE OPERATIONS EXPENSE</b>	<b>269</b>	<b>245</b>	<b>18</b>
<b>LESS: NONREGULATED</b>		<b>0</b>	<b>19</b>
<b>NET REGULATED CORPORATE OPERATIONS EXPENSE</b>	<b>269</b>	<b>245</b>	
<b>TOTAL EXPENSES</b>	<b>2,307</b>	<b>2,086</b>	
<b>LESS: NONREGULATED</b>	<b>726</b>	<b>617</b>	
<b>NET REGULATED EXPENSES</b>	<b>1,581</b>	<b>1,469</b>	

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

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

Description (a)	This Year (000's) (b)	
Gross Operating Revenues	1,826	1
Plus: Collection of amounts previously written off	3	2
Less: Uncollectibles written off during the year	8	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
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b>1,821</b>	

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

Description (a)	This Year (000's) (b)	
Total Basic Local Service Revenue (5000)	748	1
Plus: Total Intrastate Access Revenues (5081-5083)	308	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues		5
Plus (or Less) Other (please specify): NONE	0	6
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b>1,056</b>	

**OTHER INCOME ACCOUNTS**

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
TOTAL OTHER OPERATING INCOME AND EXPENSE (7100)	0	0	1
LESS: NONREGULATED		0	2
<b>NET REGULATED OTHER OPERATING INCOME AND EXPENSE (7100)</b>	<b>0</b>	<b>0</b>	
TOTAL OPERATING TAXES (7200)	51	187	3
LESS: NONREGULATED	38	34	4
<b>NET REGULATED OPERATING TAXES (7200)</b>	<b>13</b>	<b>153</b>	
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	887	736	5
LESS: NONREGULATED	0	0	6
<b>NET REGULATED NONOPERATING INCOME AND EXPENSE (7300)</b>	<b>887</b>	<b>736</b>	
TOTAL NONOPERATING TAXES (7400)	75	91	7
LESS: NONREGULATED		0	8
<b>NET REGULATED NONOPERATING TAXES (7400)</b>	<b>75</b>	<b>91</b>	
TOTAL INTEREST AND RELATED ITEMS (7500)	146	159	9
LESS: NONREGULATED		0	10
<b>NET REGULATED INTEREST AND RELATED ITEMS (7500)</b>	<b>146</b>	<b>159</b>	
TOTAL EXTRAORDINARY ITEMS (7600)		0	11
LESS: NONREGULATED		0	12
<b>NET REGULATED EXTRAORDINARY ITEMS (7600)</b>	<b>0</b>	<b>0</b>	
TOTAL NONREGULATED NET INCOME (7990)	59	(651)	13
<b>TOTAL OTHER INCOME ACCOUNTS</b>	<b>674</b>	<b>(352)</b>	
<b>TOTAL NONREGULATED</b>	<b>21</b>	<b>(685)</b>	
<b>TOTAL NET REGULATED OTHER INCOME ACCOUNTS</b>	<b>653</b>	<b>333</b>	

### NONREGULATED ACTIVITIES

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

<b>Nonregulated Activity</b>	
<b>(a)</b>	
PROVIDE INTERNET SERVICE	<b>1</b>
PUBLIC PAYPHONE SERVICE	<b>2</b>
SALES AND INSTALLATION OF NONREGULATED TELEPHONE EQUIPMENT	<b>3</b>

**TELEPHONE CALLS AND MINUTES OF USE PER MONTH**

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

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
<b>LOCAL</b>			
Extended Community Calling	15	70	<b>1</b>
Other Local-Undefined	381	4,929	<b>2 G,H</b>
<b>Total Local</b>	<b>396</b>	<b>4,999</b>	
<b>TOLL</b>			
Toll	60	715	<b>3</b>
<b>Total Toll</b>	<b>60</b>	<b>715</b>	
<b>Total Local &amp; Toll</b>	<b>456</b>	<b>5,714</b>	

**ACCESS USAGE**

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A & B -- Originating					1
Feature Group A & B -- Terminating					2
Feature Group C -- Originating					3
Feature Group C -- Terminating					4
Feature Group D -- Originating	2,085	961	997		5
Feature Group D -- Terminating	2,595	795	1,143		6

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	29	1
Route miles of plant - microwave	0	2

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

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	0	1	1 F
56/64 kbps (DS0)	0	1	2 F
1.54 Mbps (DS-1)	11	2	3
45 Mbps (DS-3)	0	0	4 F
SONET OC-1 (51.84 Mbps)			5
SONET OC-3 (155.52 Mbps)			6
SONET OC-12 (622.08 Mbps)			7
SONET OC-48 (2.488 Gbps)			8
SONET OC-192 (9.953 Gbps)			9
SONET OC-768 (39.812 Gbps)			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)	
<b>Business</b>			
1 Party	243	243	3
PBX Trunks/Centrex & Key System Trunks			4
Centrex Lines	23	23	5
FX-Out (Switched)	0	0	6
Pay Telephone	8	8	7
Other			8
<b>Total Business Lines</b>	<b>274</b>	<b>274</b>	<b>9</b>
<b>Residential (Incl. Emp. Concess.)</b>			<b>10</b>
1 Party	2,155	2,137	11
FX-Out (Switched)			12
Other			13
<b>Total Residential Lines</b>	<b>2,155</b>	<b>2,137</b>	<b>14</b>
<b>Total Bus &amp; Res Lines</b>	<b>2,429</b>	<b>2,411</b>	<b>15</b>
Company Total Lines Used	40	40	16
<b>Total Lines Used</b>	<b>2,469</b>	<b>2,451</b>	<b>17</b>
<b>Miscellaneous</b>			<b>18</b>
WATS Lines - OutWATS			19
WATS Lines - 800 Service			20
FX-In-intraLATA			21
Special Access-intraLATA (expressed in equiv. access lines)	50	50	22
Special Access-interLATA (expressed in equiv. access lines)	241	264	23
Feature Group C Trunks			24
Feature Group D Trunks	226	226	25
TSPS - Trunks	7	7	26
EAS and ECC - Trunks	404	404	27
Cellular Trunks (Pub. Sw. Net.)	637	637	28
			29
			30
<b>Customers</b>			<b>31</b>
Number of Lifeline customers at FOY (January 1, 2004) and EOY (December 31, 2004):	23	22	32
Number of Linkup customers connected during FOY (Calendar year 2003) and EOY (Calendar year 2004):	0	2	33
			34
			35
<b>Other</b>			<b>36</b>
Total Company Square Miles	88	88	37
Total Company Route Miles	545	556	38
Footnotes			39

**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	0010				1
<b>Business</b>					2
1 Party	243				3
PBX Trunks/Centrex & Key System Trunks					4
Centrex Lines	23				5
FX-Out (Switched)	0				6
Pay Telephone	8				7
Other					8
<b>Total Business Lines</b>	<b>274</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
<b>Residential (Incl. Emp. Concess.)</b>					<b>10</b>
1 Party	2,137				11
FX-Out (Switched)					12
Other					13
<b>Total Residential Lines</b>	<b>2,137</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
<b>Total Bus &amp; Res Lines</b>	<b>2,411</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
Company Total Lines Used	40				16
<b>Total Lines Used</b>	<b>2,451</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>
<b>Miscellaneous</b>					<b>18</b>
WATS Lines - OutWATS					19
WATS Lines - 800 Service					20
FX-In-intraLATA					21
Special Access-intraLATA (equiv. access lines)	50				22 23
Special Access-interLATA (equiv. access lines)	264				24 25
Feature Group C Trunks					26
Feature Group D Trunks	226				27
TSPS - Trunks	7				28
EAS and ECC - Trunks	404				29
Cellular Trunks (Pub. Sw. Net.)	637				30
<b>Other</b>					<b>31</b>
Exchange Square Miles	88				32
Exchange Route Miles	556				33
Footnotes					34

**MANUFACTURER ABBREVIATIONS**

Use these abbreviations when completing the central office data schedule.

<b>Manufacturer Name (a)</b>	<b>Abbreviation (b)</b>	
Advanced Fiber Communication	AFC	1
Alcatel	AL	2
ATTC	ATT	3
Digital Loop Carrier	DLC	4
GTE	GTE	5
ITT	ITT	6
Lucent	ATT/LUC	7
Northern Telecom	NTI	8
Siemens	SI	9
Stromberg-Carlson	SC	10

**EQUIPMENT ABBREVIATIONS**

Use these abbreviations when completing the central office data schedule.

<b>Equipment Type (a)</b>	<b>Abbreviation (b)</b>	
Electronic--Digital	D	1
Electronic--Video	V	2
IP-Packet	P	3

**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	ABRAMS				1
PSCW Exchange ID	0010				2
Central Office Name	ABRAMS				3
PSCW Central Office ID	1				4
Central Office CLLI Code	ABRMWIXADSO				5
Manufacturer of COE (Page 54)	NTI				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote, (D)igital Loop Carrier	H				8
Remote Host PSCW Exchange ID					9
Remote Host Central Office CLLI Code					10
COE Generic Software Release No.	5041				11
SS7?	Yes				12
9-1-1?	Yes				13
Access Lines - In Use	2,451				14
Trunks - In Use	901				15
ISDN Available?	No				16
ISDN Lines - In Use (BRI)	0				17
- In Use (PRI)	0				18
DSL Service Available?	Yes				19
- In Use (# lines)	237				20
End User VoIP Available?					21
Digital Service Available: DS-1 - In Use	46				22
DS-3 - In Use	4				23
OC-3 - In Use					24
Advanced Data Service Available:					25
Packet Switching?	No				26
Frame Relay?	No				27
ATM (Asynchronous Trans. Mode)?	No				28
Fiber Transmission Facilities:					29
No. of fiber strands entering C.O.	224				30
No. of fiber strands working (LIT) in C.O.	38				31
No. of fiber strands for interoffice use	52				32
Miles of fiber sheath in wire center	29				33
Access Tandem Serving this C.O.:					34
- C.O. Name	GREEN BAY				35
- PSCW C.O. CLLI Code					36
Does this C.O. do access tandem switching?	No				37
Footnotes					38

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

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**Schedule Footnotes**

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**Schedule Line Footnotes**

- A)** PAGE 40 - MISCELLANEOUS REVENUE - IN 2004 DIRECTORY REVENUE IS RECORDED IN A/C# 5200 MISCELLANEOUS REVENUE WHERE IN 2003 IT WAS RECORDED IN A/C# 5230 DIRECTORY REVENUE.
- B)** PAGE 40 - NOREGULATED OPERATING REVENUE - IN 2004 NOREGUALTED OPERATING REVENUE IS RECORDED IN A/C# 7990 NONREGULATED NET INCOME ON PAGE 44, OTHER INCOME ACCOUNTS SCHEDULE.
- C)** PAGE 40 - UNCOLLECTIBLE REVENUE - IN 2003 COMPANY RECEIVED SETTLEMENTS ON ACCOUNTS PREVIOUSLY WRITTEN-OFF FROM LONG DISTANCE CARRIERS FILING FOR BANKRUPTCY.
- D)** PAGE 41 - ACCESS EXPENSE - INCREASE DUE TO INCREASED RATES ON UW/TEACH PROGRAM ASSESSMENTS AND THE WISCONSIN UNIVERSAL SERVICE FUND.
- E)** PAGE 41 - NONREGUALTED PLANT SPECIFIC OPERATIONS EXPENSE - INCREASE DUE TO INCREASED COST OF GOODS SOLD ON DIGITAL PHONES AND INCREASED LABOR ASSOCIATED WITH INCREASED SALES VOLUME.
- F)** PAGE 49 - SPECIAL ACCESS CIRCUITS - TELEPHONE COMPANY DOES NOT HAVE ANY VOICE GRADE INTERLATA, 56/64 KBPS INTERLATA, 45 MBPS INTERLATA OR INTRALATA CIRCUITS IN SERVICE AT THE END OF 2004.
- G)** PAGE 47 - OTHER LOCAL-UNDEFINED - THIS CONSISTS OF INTRA-EXCHANGE AND EXTENDED AREA SERVICE CALLS.
- H)** PAGE 47 - PER COMPANY INFORMATION THE TOTAL LOCAL MINUTES OF USE DIVIDED BY THE TOTAL LOCAL TELEPHONE CALLS IS 12.62.

## GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- 1) Board of Directors  
BAYLAND TELEPHONE, INC.  
Abrams, Wisconsin

The balance sheets of Bayland Telephone, Inc. as of December 31, 2004 and 2003 and the related statements of income and retained earnings for the years then ended included in the accompanying prescribed forms have been compiled by us. We have also compiled the financial and non-financial data included on page 9 and on pages 13 through 56 of the prescribed forms

Our compilations were 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 or accompanying data referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Public Service Commission of Wisconsin and do not include the statements of cash flows and all of the disclosures required by generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SIEPERT & CO. LLP  
Certified Public Accountants

Beloit, Wisconsin

May 6, 2005

**Communities where Basic Local Service is offered to New Customers**

<b>County Name (a)</b>	<b>Municipality Name (b)</b>	<b>Municipality Type (c)</b>	
Oconto	ABRAMS	Town	1
Oconto	LITTLE SUAMICO	Town	2
Oconto	MORGAN	Town	3
Oconto	PENSAUKEE	Town	4
Oconto	STILES	Town	5