



4004

**ANNUAL REPORT**

OF

Name: INDIANHEAD TELEPHONE CO.

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

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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.

**SIGNATURE PAGE**

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

INDIANHEAD TELEPHONE CO. , certify that I  
(Utility Name)

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

LINDA J. KRAMER 05/03/2005  
(Person responsible for accounts) (Date)

TREASURER  
(Title)

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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:** INDIANHEAD TELEPHONE CO.  
**Utility Location:** 211 MAIN ST S  
P.O. BOX 428  
HECTOR, MN 55342-0428  
P.O. BOX ZIP 55342-0428

**Utility (or Parent/Holding Company) Web Site Address:**  
www.indianheadtel.net

**When was utility organized?:** 12/31/1958

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

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

Business Customers: (715) 353 - 2434 Ext:

Residential Customers: (715) 353 - 2434 Ext:

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

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**Name:** MR STEPHEN ROBERTSON  
**Title:** GENERAL MANAGER  
**Firm:** INDIANHEAD TELEPHONE COMPANY  
**Office Address:** N3767 4TH STREET  
P.O. BOX 228  
WEYERHAEUSER, WI 54895-0228  
**Fax Number:** (715) 353 - 2868  
**Telephone Number:** (715) 353 - 2434  
**Email Address:** sgrob@indianheadtel.net

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

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**Name:** MRS. LINDA J. KRAMER  
**Title:** TREASURER  
**Office Address:** 211 MAIN STREET  
P.O. BOX 428  
HECTOR, MN 55342  
**Fax Number:** (320) 848 - 2323  
**Telephone Number:** (320) 848 - 6611 EXT 3231  
**Email Address:** lkramer@hcctel.net

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

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**Name:**  
**Title:**  
**Office Address:**  
**Fax Number:**  
**Telephone Number:**  
**Email Address:**

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**IDENTIFICATION AND OWNERSHIP**

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

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**Name:** MRS. LINDA J. KRAMER  
**Title:** TREASURER

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

**Fax Number:** (320) 848 - 2323  
**Telephone Number:** (320) 848 - 6611 EXT 3231  
**Email Address:** lkramer@hcctel.net

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

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**Name:** MR. MATT SPARKS  
**Title:** OPERATIONS MANAGER

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

**Fax Number:** (320) 848 - 2323  
**Telephone Number:** (320) 848 - 6611 EXT 3216  
**Email Address:** msparks@hcctel.net

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**Contact person for regulatory inquiries and complaints**

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**Name:** MR. MATT SPARKS  
**Title:** OPERATIONS MANAGER  
**Firm:** HECTOR COMMUNICATIONS CORPORATION

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

**Fax Number:** (320) 848 - 2323  
**Telephone Number:** (320) 848 - 6611 EXT 3216  
**Email Address:** msparks@hcctel.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:** HECTOR COMMUNICATIONS CORPORATION  
**Address:** 211 MAIN STREET  
PO BOX 428  
HECTOR, MN 55342-0428

**Percent Interest Held:** 100  
**Beneficial Owner:** NONE

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## IDENTIFICATION AND OWNERSHIP

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

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<b>Company Name:</b>	PINE ISLAND TELEPHONE COMPANY
<b>Form of Interest:</b>	OWNERSHIP
<b>Extent Of Interest:</b>	31.6%

### OFFICERS AND DIRECTORS

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

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<b>Name:</b> CURTIS A. SAMPSON <b>Title/Occupation:</b> CHAIRMAN OF THE BOARD <b>Business Address (1):</b> 211 S MAIN ST <b>Business Address (2):</b> PO BOX 428 <b>Business Address (3):</b> <b>City State, Zip:</b> HECTOR, MN 55342	<b>1</b>
<hr/>	
<b>Name:</b> LINDA J. KRAMER <b>Title/Occupation:</b> SECRETARY/TREASURER <b>Business Address (1):</b> 211 S MAIN ST <b>Business Address (2):</b> PO BOX 428 <b>Business Address (3):</b> <b>City State, Zip:</b> HECTOR, MN 55342	<b>2</b>
<hr/>	
<b>Name:</b> PAUL N. HANSON <b>Title/Occupation:</b> VICE PRESIDENT - FINANCE / DIRECTOR <b>Business Address (1):</b> 211 S MAIN ST <b>Business Address (2):</b> PO BOX 428 <b>Business Address (3):</b> <b>City State, Zip:</b> HECTOR, MN 55342	<b>3</b>
<hr/>	
<b>Name:</b> STEVEN H. SJOGREN <b>Title/Occupation:</b> PRESIDENT / DIRECTOR <b>Business Address (1):</b> 211 S MAIN ST <b>Business Address (2):</b> PO BOX 428 <b>Business Address (3):</b> <b>City State, Zip:</b> HECTOR, MN 55342	<b>4</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)	2,333	2,471	1
<b>Total Operating Revenues</b>	<b>2,333</b>	<b>2,471</b>	
<b>Operating Expenses</b>			
Plant Specific Operations Expenses (6110-6410)	377	394	2
Other Plant Nonspecific Operations Expenses	850	813	3
Customer Operations Expense (6610-6620)	121	114	4
Corporate Operations Expense (6720-6790)	299	244	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	198	301	7
<b>Total Operating Expenses</b>	<b>1,845</b>	<b>1,866</b>	
<b>Net Operating Income</b>	<b>488</b>	<b>605</b>	
<b>Other Income</b>			
Nonoperating Income and Expense (7300)	254	271	8
Nonoperating Taxes (7400)	52	38	9
Interest and Related Items (7500)	287	279	10
Extraordinary Items (7600)	0	0	11
Nonregulated Net Income (7990)	66	47	12
<b>Total Nonoperating Income</b>	<b>(19)</b>	<b>1</b>	
<b>Net Income</b>	<b>469</b>	<b>606</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.)

**2003 Income Statement, Balance Sheet, etc. restated to reflect changes of recording of non-regulated income and expense - Docket # 05-US-116.**

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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.

**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)*	4,595	3,685	1
<b>TOTAL CASH AND EQUIVALENTS</b>	<b>4,595</b>	<b>3,685</b>	
<b>RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>			
Receivables (1170)*	3,144	2,888	2
Allowance for Doubtful Accounts (1171)*	8	8	3
<b>TOTAL RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>	<b>3,136</b>	<b>2,880</b>	
<b>SUPPLIES</b>			
Inventories (1220)*	66	58	4
<b>TOTAL SUPPLIES</b>	<b>66</b>	<b>58</b>	
<b>PREPAYMENTS</b>			
Prepayments (1280)*	8	25	5
<b>TOTAL PREPAYMENTS</b>	<b>8</b>	<b>25</b>	
<b>OTHER CURRENT ASSETS</b>			
Other Current Assets (1350)*	0	0	6
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CURRENT ASSETS</b>	<b>7,805</b>	<b>6,648</b>	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Nonregulated Investments (1406)*	17	13	7
RTB Class B Stock (1402)*	0	0	8
Other Noncurrent Assets (1410)*	1,912	1,695	9
<b>TOTAL INVESTMENTS</b>	<b>1,929</b>	<b>1,708</b>	
<b>DEFERRED CHARGES</b>			
Deferred Maint., Retirements and Other Deferred Charges (1438)*	0	0	10
<b>TOTAL DEFERRED CHARGES</b>	<b>0</b>	<b>0</b>	
<b>OTHER JURISDICTIONAL ASSETS-NET</b>			
Other Jurisdictional Assets-Net (1500)*	0	0	11
<b>TOTAL OTHER JURISDICTIONAL ASSETS-NET</b>	<b>0</b>	<b>0</b>	
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,929</b>	<b>1,708</b>	
<b>PLANT</b>			
<b>TELECOMMUNICATIONS PLANT IN SERVICE</b>			
Telecommunications Plant in Service (2001)*	11,918	11,675	12
Less: Accumulated Depreciation (3100)*	8,662	8,032	13
Less: Accumulated Amortization-Tangible (3400)*	0	0	14
Less: Accumulated Amortization-Capitalized Leases (3410)			15
<b>NET TELECOMMUNICATIONS PLANT IN SERVICE</b>	<b>3,256</b>	<b>3,643</b>	
<b>PROPERTY HELD FOR FUTURE USE</b>			
Property Held for Future Telecommunications Use (2002)*	0	0	16
Less: Accumulated Depr.-Held for Future Telecom. Use (3200)*	0	0	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)*	0	0	<b>18</b>
Less: Accumulated Depreciation-Nonoperating (3300)*	0	0	<b>19</b>
<b>NET NONOPERATING PLANT</b>	<b>0</b>	<b>0</b>	
<b>TPUC</b>			
Telecommunications Plant Under Construction (2003)*	9	10	<b>20</b>
<b>TOTAL TPUC</b>	<b>9</b>	<b>10</b>	
<b>TELECOMMUNICATIONS PLANT ADJUSTMENT</b>			
Telecommunications Plant Adjustment (2005)*	0	0	<b>21</b>
<b>NET TELECOMMUNICATIONS PLANT ADJUSTMENT</b>	<b>0</b>	<b>0</b>	
<b>GOODWILL</b>			
Goodwill (2007)*	0	0	<b>22</b>
<b>TOTAL GOODWILL</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PLANT</b>	<b>3,265</b>	<b>3,653</b>	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>12,999</b>	<b>12,009</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)*	0	0	1
Other Current Accounts and Notes Payable (4000)*	183	214	2
Customers' Deposits (4040)*	0	0	3
Income Taxes-Accrued (4070)*	7	0	4
Other Taxes-Accrued (4080)*	3	12	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)*	483	399	8
Current Maturities-Capital Leases (4060)*	0	0	9
Other Current Liabilities (4130)*	39	65	10
<b>TOTAL CURRENT LIABILITIES</b>	<b>715</b>	<b>690</b>	
<b>LONG-TERM DEBT</b>			
Long-Term Debt and Funded Debt (4200)*	5,423	4,939	11
<b>TOTAL LONG-TERM DEBT</b>	<b>5,423</b>	<b>4,939</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Liabilities and Deferred Credits (4300)*	0	0	12
Unamortized Operating Investment Tax Credits-Net (4320)*	0	1	13
Unamortized Nonoperating Investment Tax Credits-Net (4330)*	0	0	14
Net Noncurrent Deferred Operating Income Taxes (4340)*	154	142	15
Net Deferred Tax Liability Adjustments (4341)*	0	0	16
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	17
Deferred Tax Regulatory Adjustments-Net (4361)*	0	0	18
Other Jurisdictional Liabilities and Deferred Credits-Net (4370)*	0	0	19
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS</b>	<b>154</b>	<b>143</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (4510)*	33	33	20
Additional Paid-in Capital (4520)*	0	0	21
Treasury Stock (4530)*	0	0	22
Other Capital (4540)*	0	0	23
Retained Earnings (4550)*	6,674	6,204	24
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>6,707</b>	<b>6,237</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>12,999</b>	<b>12,009</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.

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

Adjustments to Balance Sheet and Income Statements for prior year, due to revisions of Annual Report by PSC for 2004.

**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>	
Hector Communications Corporation	HCC	<b>1</b>
Other	OTH	<b>2</b>
Pine Island Telephone Company	PITC	<b>3</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.

Particulars (a)	(b)	(c)	(d)	(e)
Docket	4860ATF101			
Name of Affiliate	HCC			<b>1</b>
Designate whether billed to or from:	FROM			<b>2</b>
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C			<b>3</b>
Total Dollar Activity (000's)	220			<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	0.00			<b>6</b>
Footnotes	J			

**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>	
Pine Island Telephone Company	1410	1,753	<b>1</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	7		<b>1</b>
Motor Vehicles	2112	237	25	<b>2</b>
Aircraft	2113	0		<b>3</b>
Tools and Other Work Equipment	2114	219	3	<b>4</b>
Buildings	2121	647		<b>5</b>
Furniture	2122	17		<b>6</b>
Office Equipment	2123	10		<b>7</b>
General Purpose Computers	2124	16	1	<b>8</b>
<b>TOTAL GENERAL SUPPORT ASSETS</b>		<b>1,153</b>	<b>29</b>	
<b>CENTRAL OFFICE ASSETS</b>				
Non-Digital Switching	2211	0		<b>9</b>
Digital Electronic Switching	2212	1,200	61	<b>10 B</b>
Operator Systems	2220	0		<b>11</b>
Radio Systems	2231	0		<b>12</b>
Circuit Equipment	2232	2,515	35	<b>13</b>
<b>TOTAL CENTRAL OFFICE ASSETS</b>		<b>3,715</b>	<b>96</b>	
<b>INFORMATION ORIGATION/TERMINATION ASSETS</b>				
Station Apparatus	2311	3		<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>3</b>	<b>0</b>	
<b>CABLE &amp; WIRE FACILITIES ASSETS</b>				
Poles	2411	2		<b>19</b>
Aerial Cable	2421	2	0	<b>20</b>
Underground Cable	2422	0	0	<b>21</b>
Buried Cable	2423	6,800	186	<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	0		<b>26</b>
<b>TOTAL CABLE &amp; WIRE FACILITIES ASSETS</b>		<b>6,804</b>	<b>186</b>	
<b>AMORTIZABLE ASSETS</b>				
Capital Leases	2681	0		<b>27</b>
Leasehold Improvements	2682	0		<b>28</b>
Intangibles	2690	515		<b>29 B,C</b>
<b>TOTAL AMORTIZABLE ASSETS</b>		<b>515</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			7	1
2112	23		239	2
2113			0	3
2114			222	4
2121			647	5
2122			17	6
2123			10	7
2124			17	8
	<b>23</b>	<b>0</b>	<b>1,159</b>	
2211			0	9
2212	0	(50)	1,211	10 B
2220			0	11
2231			0	12
2232	0	0	2,550	13
	<b>0</b>	<b>(50)</b>	<b>3,761</b>	
2311			3	14
2321			0	15
2341			0	16
2351			0	17
2362			0	18
	<b>0</b>	<b>0</b>	<b>3</b>	
2411			2	19
2421	0	0	2	20
2422	0	0	0	21
2423	20	0	6,966	22
2424	0	0	0	23
2426	0	0	0	24
2431			0	25
2441			0	26
	<b>20</b>	<b>0</b>	<b>6,970</b>	
2681			0	27
2682			0	28
2690		(490)	25	29 B,C
	<b>0</b>	<b>(490)</b>	<b>25</b>	

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

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
<b>TOTAL TELECOM. PLANT IN SERVICE</b>	<b>2001</b>	<b>12,190</b>	<b>311</b>	
Less: Allocation to Nonregulated Activity - EOY	2001			<b>30</b>
<b>NET REG TOTAL TELECOM. PLANT IN SERVICE - EOY 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	43	(540)	11,918
2001			
<b>2001</b>			<b>11,918</b>

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**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	1,200	61	<b>1 B</b>
Digital Electronic Switching - Packet	2212.2	0		<b>2</b>
Circuit Equipment - Electronic	2232.1	2,214	35	<b>3 A</b>
Circuit Equipment- Optical	2232.2	301		<b>4 A</b>
Aerial Cable - Nonmetallic	2421.1	0		<b>5</b>
Aerial Cable - Metallic	2421.2	2		<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	1,718		<b>9 A</b>
Buried Cable - Metallic	2423.2	5,082	186	<b>10 A</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		(50)	1,211	1B
2212.2			0	2
2232.1		(1)	2,248	3A
2232.2		1	302	4A
2421.1			0	5
2421.2			2	6
2422.1			0	7
2422.2			0	8
2423.1		79	1,797	9A
2423.2	20	(79)	5,169	10A
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	200	25.0000	21		1
Aircraft	2113	0				2
Tools and Other Work Equipment	2114	130	10.0000	16		3
Buildings	2121	281	3.3300	22		4
Furniture	2122	17	10.0000			5
Office Equipment	2123	10	20.0000			6
General Purpose Computers	2124	16	25.0000			7
<b>TOTAL GENERAL SUPPORT ASSETS</b>		<b>654</b>		<b>59</b>	<b>0</b>	
<b>CENTRAL OFFICE ASSETS</b>						
Non-Digital Switching	2211	0				8
Digital Electronic Switching	2212	812	11.1100	131	0	9
Operator Systems	2220	0				10
Radio Systems	2231	0				11
Circuit Equipment	2232	2,422	14.2900	78	0	12
<b>TOTAL CENTRAL OFFICE ASSETS</b>		<b>3,234</b>		<b>209</b>	<b>0</b>	
<b>INFORMATION ORIGINATION/TERMINATION ASSETS</b>						
Station Apparatus	2311	3	14.2900			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>3</b>		<b>0</b>	<b>0</b>	
<b>CABLE &amp; WIRE FACILITIES ASSETS</b>						
Poles	2411	2	6.6700			18
Aerial Cable	2421	2	5.8800	0	0	19
Underground Cable	2422	0		0	0	20
Buried Cable	2423	4,137	5.8800	405	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
<b>TOTAL CABLE &amp; WIRE FACILITIES ASSETS</b>		<b>4,141</b>		<b>405</b>	<b>0</b>	
<b>Total Accumulated Depreciation</b>	<b>3100</b>	<b>8,032</b>		<b>673</b>	<b>0</b>	
Less: Nonreg Accumulated Depreciation	3100					26
<b>Net Reg Total Accumulated Depreciation</b>	<b>3100</b>			<b>673</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	23				198	1
2113	0				0	2
2114	0				146	3
2121	0				303	4
2122	0				17	5
2123	0				10	6
2124	0				16	7
	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>690</b>	
2211	0				0	8
2212	0	0	0	0	943	9
2220	0				0	10
2231	0				0	11
2232	0	0	0	0	2,500	12
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,443</b>	
2311	0				3	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>3</b>	
2411	0				2	18
2421	0	0	0	0	2	19
2422	0	0	0	0	0	20
2423	20	0	0	0	4,522	21
2424	0	0	0	0	0	22
2426	0	0	0	0	0	23
2431	0				0	24
2441	0				0	25
	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,526</b>	
<b>3100</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,662</b>	
3100						26
<b>3100</b>					<b>8,662</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	812	11.11	131	<b>1</b>
Digital Electronic Switching - Packet	2212.2	0			<b>2</b>
Circuit Equipment - Electronic	2232.1	2,182	14.29	35	<b>3</b>
Circuit Equipment- Optical	2232.2	240	14.29	43	<b>4</b>
Aerial Cable - Nonmetallic	2421.1	0			<b>5</b>
Aerial Cable - Metallic	2421.2	2	5.88	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	592	5.88	106	<b>9</b>
Buried Cable - Metallic	2423.2	3,545	5.88	299	<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	0				943	1
2212.2	0				0	2
2232.1	0				2,217	3
2232.2	0				283	4
2421.1	0				0	5
2421.2	0				2	6
2422.1	0				0	7
2422.2	0				0	8
2423.1	0				698	9
2423.2	20				3,824	10
2424.1	0				0	11
2424.2	0				0	12
2426.1	0				0	13
2426.2	0				0	14

**RETAINED EARNINGS (ACCT. 4550)**

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
Balance-First of Year	6,204	5,598	1 E
<b>Changes:</b>			
Balance Transferred from Income	469	606	2
<b>Dividends Declared:</b>			
Common		0	3
Preferred		0	4
<b>Total Dividends Declared</b>	<b>0</b>	<b>0</b>	
Miscellaneous Debits to Retained Earnings		0	5
Miscellaneous Credits to Retained Earnings	1	0	6
<b>Balance--End of Year</b>	<b><u>6,674</u></b>	<b><u>6,204</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)*	552	1,054	1 K
Basic Area Revenue (5001)			2
Private Line Revenue (5040)			3
Other Basic Area Revenue (5060)			4
<b>TOTAL LOCAL NETWORK SERVICES REVENUES</b>	<b>552</b>	<b>1,054</b>	
<b>INTERSTATE NETWORK ACCESS SERVICES REV.</b>			
End User Revenue (5081)*	200	195	5
Switched Access Revenue (5082)*	977	665	6 K
Special Access Revenue (5083)*	113	124	7
<b>TOTAL INTERSTATE NETWORK ACCESS SERVICES REV.</b>	<b>1,290</b>	<b>984</b>	
<b>INTRASTATE NETWORK ACCESS SERVICES REV.</b>			
End User Revenue (5081)*	0	0	8
Switched Access Revenue (5082)*	308	253	9 G
Special Access Revenue (5083)*	30	32	10
<b>TOTAL INTRASTATE NETWORK ACCESS SERVICES REV.</b>	<b>338</b>	<b>285</b>	
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>			
Long Distance Message Revenue (5100)*	2	4	11
<b>TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>	<b>2</b>	<b>4</b>	
<b>MISCELLANEOUS &amp; NONREGULATED REVENUES</b>			
Miscellaneous Revenue (5200)*	154	(75)	12 D
Directory Revenue (5230)		24	13 D
Nonregulated Operating Revenue (5280)*		205	14 D
<b>TOTAL MISCELLANEOUS &amp; NONREGULATED REVENUES</b>	<b>154</b>	<b>154</b>	
<b>GROSS OPERATING REVENUES</b>	<b>2,336</b>	<b>2,481</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue (5300)*	3	10	15
<b>TOTAL UNCOLLECTIBLE REVENUES</b>	<b>3</b>	<b>10</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>2,333</b>	<b>2,471</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>	377	394	1
<b>LESS: NONREGULATED</b>	0	0	2
<b>NET REGULATED PLANT SPECIFIC OPERATIONS EXPENSE</b>	377	394	
<b>PLANT NONSPECIFIC OPERATIONS EXPENSE</b>			
Other Property, Plant and Equip. Exp. (6510)	0	0	3
Network Operations Expense (6530)	110	103	4
Access Expense (6540)	42	29	5 H
Depreciat. Exp.--Tele. Plant in Service (6561)	698	681	6
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0	7
Amortization Expense--Tangible (6563)	0	0	8
Amortization Expense--Intangible (6564)	0	0	9
Amortization Expense--Other (6565)	0	0	10
<b>Depreciation and Amortization Expense (6560)</b>	698	681	11
<b>TOTAL PLANT NONSPECIFIC OPERATIONS EXPENSE</b>	850	813	12
<b>LESS: NONREGULATED</b>	0	0	13
<b>NET REGULATED PLANT NONSPECIFIC OPERATIONS EXPENSE</b>	1,700	1,626	
<b>CUSTOMER OPERATIONS EXPENSE</b>			
Marketing (6610)	12	6	14
Services (6620)	109	108	15
<b>TOTAL CUSTOMER OPERATIONS EXPENSE</b>	121	114	16
<b>LESS: NONREGULATED</b>	0	0	17
<b>NET REGULATED CUSTOMER OPERATIONS EXPENSE</b>	242	228	
<b>CORPORATE OPERATIONS EXPENSE</b>			
<b>TOTAL CORPORATE OPERATIONS EXPENSE</b>	299	244	18 I
<b>LESS: NONREGULATED</b>	0	0	19
<b>NET REGULATED CORPORATE OPERATIONS EXPENSE</b>	299	244	
<b>TOTAL EXPENSES</b>	1,647	1,565	
<b>LESS: NONREGULATED</b>	0	0	
<b>NET REGULATED EXPENSES</b>	2,618	2,492	

### 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	2,336	1
Plus: Collection of amounts previously written off	4	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)	0	7
Plus (or Less) Other (please specify): None	0	8
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b>2,332</b>	

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

Description (a)	This Year (000's) (b)	
Total Basic Local Service Revenue (5000)	552	1 K
Plus: Total Intrastate Access Revenues (5081-5083)	338	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	6	5
Plus (or Less) Other (please specify): None	0	6
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b>898</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	0	2
<b>NET REGULATED OTHER OPERATING INCOME AND EXPENSE (7100)</b>	<b>0</b>	<b>0</b>	
TOTAL OPERATING TAXES (7200)	198	301	3
LESS: NONREGULATED	0	0	4
<b>NET REGULATED OPERATING TAXES (7200)</b>	<b>198</b>	<b>301</b>	
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	254	271	5
LESS: NONREGULATED	0	0	6
<b>NET REGULATED NONOPERATING INCOME AND EXPENSE (7300)</b>	<b>254</b>	<b>271</b>	
TOTAL NONOPERATING TAXES (7400)	52	38	7
LESS: NONREGULATED	0	0	8
<b>NET REGULATED NONOPERATING TAXES (7400)</b>	<b>52</b>	<b>38</b>	
TOTAL INTEREST AND RELATED ITEMS (7500)	287	279	9
LESS: NONREGULATED	0	0	10
<b>NET REGULATED INTEREST AND RELATED ITEMS (7500)</b>	<b>287</b>	<b>279</b>	
TOTAL EXTRAORDINARY ITEMS (7600)	0	0	11
LESS: NONREGULATED	0	0	12
<b>NET REGULATED EXTRAORDINARY ITEMS (7600)</b>	<b>0</b>	<b>0</b>	
TOTAL NONREGULATED NET INCOME (7990)	66	47	13
<b>TOTAL OTHER INCOME ACCOUNTS</b>	<b>(217)</b>	<b>(300)</b>	
<b>TOTAL NONREGULATED</b>	<b>66</b>	<b>47</b>	
<b>TOTAL NET REGULATED OTHER INCOME ACCOUNTS</b>	<b>(283)</b>	<b>(347)</b>	

### NONREGULATED ACTIVITIES

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

<b>Nonregulated Activity</b>	
<b>(a)</b>	
Installations, lease, sale & repair of CPE, CPW, station apparatus	<b>1</b>
Internet & video lease.	<b>2</b>
Public telephone term.	<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	46	339	<b>1</b>
Other Local-Undefined	311	1,486	<b>2</b>
<b>Total Local</b>	<b>357</b>	<b>1,825</b>	
<b>TOLL</b>			
Toll	122	468	<b>3</b>
<b>Total Toll</b>	<b>122</b>	<b>468</b>	
<b>Total Local &amp; Toll</b>	<b>479</b>	<b>2,293</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	0	0	0	0	1
Feature Group A & B -- Terminating	3	0	0	0	2
Feature Group C -- Originating	0	0	0	0	3
Feature Group C -- Terminating	0	0	0	0	4
Feature Group D -- Originating	3,487	880	1,252	0	5
Feature Group D -- Terminating	3,906	767	828	0	6

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	133	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	4	1	1
56/64 kbps (DS0)	3	1	2
1.54 Mbps (DS-1)	12	0	3 F
45 Mbps (DS-3)	0	0	4 F
SONET OC-1 (51.84 Mbps)	0	0	5 F
SONET OC-3 (155.52 Mbps)	0	0	6 F
SONET OC-12 (622.08 Mbps)	0	0	7 F
SONET OC-48 (2.488 Gbps)	0	0	8 F
SONET OC-192 (9.953 Gbps)	0	0	9 F
SONET OC-768 (39.812 Gbps)	0	0	10 F

**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	237	241	3
PBX Trunks/Centrex & Key System Trunks	0	0	4
Centrex Lines	0	0	5
FX-Out (Switched)	0	0	6
Pay Telephone	13	19	7
Other	72	72	8
<b>Total Business Lines</b>	<b>322</b>	<b>332</b>	<b>9</b>
<b>Residential (Incl. Emp. Concess.)</b>			<b>10</b>
1 Party	2,031	2,015	11
FX-Out (Switched)	0	0	12
Other	0	0	13
<b>Total Residential Lines</b>	<b>2,031</b>	<b>2,015</b>	<b>14</b>
<b>Total Bus &amp; Res Lines</b>	<b>2,353</b>	<b>2,347</b>	<b>15</b>
Company Total Lines Used	30	29	16
<b>Total Lines Used</b>	<b>2,383</b>	<b>2,376</b>	<b>17</b>
<b>Miscellaneous</b>			<b>18</b>
WATS Lines - OutWATS	0	0	19
WATS Lines - 800 Service	0	0	20
FX-In-intraLATA	3	3	21
Special Access-intraLATA (expressed in equiv. access lines)	5	2	22
Special Access-interLATA (expressed in equiv. access lines)	249	295	24
Feature Group C Trunks	0	0	26
Feature Group D Trunks	480	480	27
TSPS - Trunks	20	20	28
EAS and ECC - Trunks	118	118	29
Cellular Trunks (Pub. Sw. Net.)	0	0	30
<b>Customers</b>			<b>31</b>
Number of Lifeline customers at FOY (January 1, 2004) and EOY (December 31, 2004):	55	57	32
Number of Linkup customers connected during FOY (Calendar year 2003) and EOY (Calendar year 2004):	8	7	33
<b>Other</b>			<b>34</b>
Total Company Square Miles	399	399	35
Total Company Route Miles	679	691	36
Footnotes			37
			38
			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	1820	4460	5820		1
<b>Business</b>					2
1 Party	64	96	81		3
PBX Trunks/Centrex & Key System Trunks	0	0	0		4
Centrex Lines	0	0	0		5
FX-Out (Switched)		0	0		6
Pay Telephone	7	5	7		7
Other	24	24	24		8
<b>Total Business Lines</b>	<b>95</b>	<b>125</b>	<b>112</b>	<b>0</b>	9
<b>Residential (Incl. Emp. Concess.)</b>					10
1 Party	566	823	626		11
FX-Out (Switched)	0	0	0		12
Other	0	0	0		13
<b>Total Residential Lines</b>	<b>566</b>	<b>823</b>	<b>626</b>	<b>0</b>	14
<b>Total Bus &amp; Res Lines</b>	<b>661</b>	<b>948</b>	<b>738</b>	<b>0</b>	15
Company Total Lines Used	3	9	17		16
<b>Total Lines Used</b>	<b>664</b>	<b>957</b>	<b>755</b>	<b>0</b>	17
<b>Miscellaneous</b>					18
WATS Lines - OutWATS	0	0	0		19
WATS Lines - 800 Service	0	0	0		20
FX-In-intraLATA	0	3	0		21
Special Access-intraLATA (equiv. access lines)	1	1	0		22 23
Special Access-interLATA (equiv. access lines)	4	192	99		24 25
Feature Group C Trunks	0	0	0		26
Feature Group D Trunks	96	144	240		27
TSPS - Trunks	0	0	20		28
EAS and ECC - Trunks	11	11	96		29
Cellular Trunks (Pub. Sw. Net.)	0	0	0		30
<b>Other</b>					31
Exchange Square Miles	170	133	96		32
Exchange Route Miles	226	259	206		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.

<b>Description (a)</b>	<b>Central Off. (b)</b>	<b>Central Off. (c)</b>	<b>Central Off. (d)</b>	<b>Central Off. (e)</b>	
Exchange Name	EXELAND	RADISSON	WEYERHAEUSER		<b>1</b>
PSCW Exchange ID	1820	4460	5820		<b>2</b>
Central Office Name	EXELAND	RADISSON	WEYERHAEUSER		<b>3</b>
PSCW Central Office ID	1	1	1		<b>4</b>
Central Office CLLI Code	EXLDWIXA943	RDSNWIXA945	WYHRWIXA353		<b>5</b>
Manufacturer of COE (Page 54)	NTI	NTI	NTI		<b>6</b>
Type of Equipment (Page 54)	D	D	D		<b>7</b>
(S)tandalone, (H)ost, (R)emote, (D)igital Loop Carrier	R	R	H		<b>8</b>
Remote Host PSCW Exchange ID	5820	5820			<b>9</b>
Remote Host Central Office CLLI Code	WYHRWIXA353	WYHRWIXA353			<b>10</b>
COE Generic Software Release No.	504.1	504.1	504.1		<b>11</b>
SS7?	Yes	Yes	Yes		<b>12</b>
9-1-1?	Yes	Yes	Yes		<b>13</b>
Access Lines - In Use	664	957	755		<b>14</b>
Trunks - In Use	96	144	408		<b>15</b>
ISDN Available?	Yes	Yes	Yes		<b>16</b>
ISDN Lines - In Use (BRI)	5	5	5		<b>17</b>
- In Use (PRI)	0	0	0		<b>18</b>
DSL Service Available?	Yes	Yes	Yes		<b>19</b>
- In Use (# lines)	41	67	62		<b>20</b>
End User VoIP Available?	No		No		<b>21</b>
Digital Service Available: DS-1 - In Use	8	23	74		<b>22</b>
DS-3 - In Use	1	2	1		<b>23</b>
OC-3 - In Use	0	0	0		<b>24</b>
Advanced Data Service Available:					<b>25</b>
Packet Switching?	No	No	No		<b>26</b>
Frame Relay?	No	No	No		<b>27</b>
ATM (Asynchronous Trans. Mode)?	No	No	No		<b>28</b>
Fiber Transmission Facilities:					<b>29</b>
No. of fiber strands entering C.O.	68	44	108		<b>30</b>
No. of fiber strands working (LIT) in C.O.	10	14	28		<b>31</b>
No. of fiber strands for interoffice use	6	10	16		<b>32</b>
Miles of fiber sheath in wire center	42	52	39		<b>33</b>
Access Tandem Serving this C.O.:					<b>34</b>
- C.O. Name	ELK LAKE	ELK LAKE	ELK LAKE		<b>35</b>
- PSCW C.O. CLLI Code	EKLRWIXC6IT	EKLRWIXC61T	EKLRWIXC6IT		<b>36</b>
Does this C.O. do access tandem switching?	No	No	No		<b>37</b>
Footnotes					<b>38</b>

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

Adoption of Docket 05-US-116 - Revised Uniform System of Accounts for 2004 Wisconsin Commission Report. Also, the 2003 revenue and expense has been restated for the first of the year for non-regulated activity, to conform with changes as approved in Docket 05-US-116.

Utility No. 4860-Indianhead Telephone Company. Revision to 2004 Annual Report-filing on November 9, 2005 to reflect change of federal high-cost loop monies from local revenues to interstate access revenue. Indianhead had \$376,000 of high-cost loop funds in 2004. This change due to supplemental order to Docket 5-US-116 dated June 26, 2005.

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**Schedule Footnotes**

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**Schedule Line Footnotes**

- A) Transfers were made in 2004 to properly classify equipment, as follows: \$1 from subscriber carrier to lightwave equipment. \$79 from buried cable, metallic to buried cable, nonmetallic.
- B) \$50 to transfer software from CO acct 2212 to acct 2690, Intangibles. Also, -\$540 to acct 2690 to correct error in reporting amortization amount in 2003. Amortization to be netted against investment.
- C) The amortization rate for software is 50%.
- D) Regarding 2003 Miscellaneous Revenue acct 5200, directory Revenue acct 5230, and Nonregulated Revenue 5280 - Indianhead is attempting to restate 2003 revenue the same as 2004 revenue. As acct 5230 is not accessible it is being left as \$24 for 2003 while it is zero for 2004. Acct 5280 is not accessible, so is left at \$205 for 2003 but should be zero. Acct 5280 is zero for 2004. The net amount of 2003 account 5200 \$130, subtracting account 5280 - \$205 is restated as miscellaneous revenue 5200 - \$(75).
- E) Miscellaneous credit to retained earnings to adjust to actual due to rounding.
- F) 45 MBPS (DS-3) - We have 1 circuit under special tariff for Video Distance Learning. This is under contract so is not counted as a special circuit.
- 1.54 Mbps intrastate and all SONET circuit levels - we have no current orders for these circuit types.
- G) Mid 2004, Indianhead made a table change in the billing of terminating switched access minutes. Terminating minutes are now billed by actual jurisdiction as marked in the files provided. Only records with unknown jurisdiction use the PIU table.
- H) Access expense increased from \$29 in 2003 to \$42 in 2004. This is directly attributable to increased billings from USAC based on FCC Form 499.
- I) Direct corporate expenses from parent company increased due to additional audit and consulting expenses. There were fewer subsidiaries in 2004 to share the expenses. Therefore, Indianhead Telephone Companies share increased.

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

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

Charges for services provided by HCC to its subsidiaries are calculated based on a management service agreement. This agreement has been approved by the Rural Utilities Service and submitted to the Wisconsin Public Service Commission (Notice 4860-ATF-101). Under the agreement, charges from HCC to the subsidiaries are at cost. HCC does not earn any profit for providing these services.

Services provided by HCC to ITC include:

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

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

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

- K)** Utility No. 4860 - Indianhead Telephone Company, revision to 2004 annual report filing on November 9, 2005 to reflect change of federal high-cost loop monies from local revenues to interstate access revenue. Indianhead had \$376,000 of high-cost loop funds in 2004. This change due to Supplemental Order to Docket 5-US-116 dated June 22, 2005.

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

County Name (a)	Municipality Name (b)	Municipality Type (c)	
Rusk	ATLANTA	Town	1
Sawyer	BASS LAKE	Town	2
Rusk	BIG BEND	Town	3
Sawyer	COUDERAY	Town	4
Sawyer	COUDERAY	Village	5
Sawyer	EDGEWATER	Town	6
Sawyer	EXELAND	Village	7
Sawyer	HAYWARD	Town	8
Rusk	HUBBARD	Town	9
Sawyer	HUNTER	Town	10
Sawyer	MEADOWBROOK	Town	11
Sawyer	METEOR	Town	12
Rusk	MURRY	Town	13
Sawyer	OJIBWA	Town	14
Sawyer	RADISSON	Town	15
Sawyer	RADISSON	Village	16
Rusk	RUSK	Town	17
Rusk	STRICKLAND	Town	18
Rusk	STUBBS	Town	19
Sawyer	WEIRGOR	Town	20
Rusk	WEYERHAEUSER	Village	21
Rusk	WILKINSON	Town	22
Rusk	WILSON	Town	23