



4004

ANNUAL REPORT

OF

Name: VERIZON NORTH INC - ILLINOIS OPERATIONS

Principal Office: 100 COMMUNICATIONS DR.
SUN PRAIRIE, WI 53590-0049

For the Year Ended: DECEMBER 31, 2006

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 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.
6. Wherever information is requested in a "note," please show that information in the space provided. 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. 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.

If additional provisional confidential treatment is desired, do not file the annual report electronically using the program's e-mail filing capabilities.
12. It is not necessary to manually or electronically "sign" the signature page. DO NOT file a hardcopy of the annual report with the Commission.
13. **Edit Check. Confidential Listing. Exported Annual Report. and Export Status Files:**

GENERAL RULES FOR REPORTING

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.

14. 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.

15. 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 13. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

SIGNATURE PAGE

I Kevin J. O'Quinn of
(Officer Verifying Annual Report Information)

VERIZON NORTH INC - ILLINOIS OPERATIONS, certify that I
(Utility Name)

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.

Kevin J. O'Quinn 05/01/2007
(Officer Verifying Annual Report Information) (Date)

Assistant Controller
(Title)

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GLOSSARY OF TERMS

| | |
|---|---|
| Access Line | Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel. |
| Central Office | A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks. |
| Centrex | A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote). |
| Channel | An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave. |
| Customer | A person who uses a telephone as a subscriber. |
| Equal Access | The ability of the subscriber to use any long distance service by dialing the same number of digits. |
| Exchange | A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units. |
| Extended Area Service (EAS) | The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff. |
| Extended Community Calling (ECC) | The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element. |
| Feature Group A | Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number. |
| Feature Group B | Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available. |
| Feature Group C | Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system. |
| Feature Group D | Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified |

GLOSSARY OF TERMS

interexchange carrier.

| | |
|---|---|
| FX-IN | A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area. |
| Host Switching System | A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks. |
| Local Access Transport Area (LATA) | A geographic area within which an operating company may offer its telecommunications services. |
| Pair | Two wires of a single circuit. |
| Private Branch Exchange (PBX) | A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office. |
| Remote Switching Unit (RSU) | An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system. |
| Route Miles | Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of: <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space. |
| Stand Alone Switch | A central office switch which has no remote switching units (RSUs) subtending it. |
| Trunk | A communications path connecting two switching systems in the establishment of an end-to-end connection. |
| Wide Area Telephone Service (WATS) | Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge. |
| Wire Center | The location of one or more local switching systems. A point at which customers' loops converge. |

IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION

Exact Utility Name: VERIZON NORTH INC - ILLINOIS OPERATIONS
Utility Location: 100 COMMUNICATIONS DR.
SUN PRAIRIE, WI 53590-0049

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

www.verizon.com

When was utility organized?: 06/18/1992

Report any change in name and the effective date:

Telephone numbers for potential customers to contact company:

Business Customers: (800) 483 - 5000 Ext:

Residential Customers: (800) 483 - 4000 Ext:

Primary Address - Primary Utility Contact (located at utility address)

Name: MICHAEL J. WIRL
Title: DIRECTOR REGULATORY AND GOVT AFFAIRS

Office Address: 100 COMMUNICATIONS DR.
P.O. BOX 49
SUN PRAIRIE, WI 53590-0049

Fax Number: (608) 837 - 1128
Telephone Number: (608) 837 - 1732
Email Address: mike.wirl@verizon.com

Annual Report Address - Contact person for information contained in this annual report

Same as Primary Address

Name: KEVIN J. O'QUINN
Title: ASSISTANT CONTROLLER

Office Address: 125 HIGH ST - OLIVER TWR; 07 FLOOR
BOSTON, MA 02110

Fax Number: (617) 737 - 2875
Telephone Number: (617) 743 - 1186
Email Address: kevin.j.oquinn@verizon.com

IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION

Regulatory Contact - Contact person for regulatory inquiries and complaints

Same as Primary Address

Name:

Title:

Firm:

Office Address:

Fax Number: () - EXT

Telephone Number: () - EXT

Email Address:

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).

Name: GTE CORPORATION
Address: 140 WEST STREET
NEW YORK, NY 10007

Percent Interest Held: 100
Beneficial Owner: NONE

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

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

OFFICERS AND DIRECTORS

If the company is an LLC partnership, please provide names of partners.

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

| | |
|--|----------|
| Name: A. Randall Vogelzang Title/Occupation: Vice Pres. - Gen.Counsel & Director Business Address (1): Verizon Business Address (2): 600 Hidden Ridge Business Address (3): City State, Zip: Irving, TX 75038 | 1 |
| <hr/> | |
| Name: Catherine T. Webster Title/Occupation: Senior Vice President - Finance Business Address (1): Verizon Business Address (2): One Verizon Way Business Address (3): 04 Floor City State, Zip: Basking Ridge, NJ 07920 | 2 |
| <hr/> | |
| Name: Edwin F. Hall Title/Occupation: Controller Business Address (1): Verizon Business Address (2): One Verizon Way Business Address (3): 02 Floor City State, Zip: Basking Ridge, NJ 07920 | 3 |
| <hr/> | |
| Name: Gale Y. Given Title/Occupation: President & Director Business Address (1): Verizon Business Address (2): One North Capitol Ave. Business Address (3): City State, Zip: Indianapolis, IN 46204 | 4 |
| <hr/> | |
| Name: Gary L. Conner Title/Occupation: Vice President - Taxes Business Address (1): Verizon Shared Services Center Business Address (2): 750 Canyon Drive Business Address (3): City State, Zip: Coppell, TX 75019 | 5 |
| <hr/> | |
| Name: Lawrence T. Babbio, Jr. Title/Occupation: Chair. of the Bd., Ch. Exec. Off. & Dir. Business Address (1): Verizon Business Address (2): 140 West Street Business Address (3): 29th Floor City State, Zip: New York, NY 10007 | 6 |

OFFICERS AND DIRECTORS

If the company is an LLC partnership, please provide names of partners.

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

| | |
|--|-----------|
| Name: Marianne Drost Title/Occupation: Secretary Business Address (1): Verizon Business Address (2): One Verizon Way Business Address (3): 04 Floor City State, Zip: Basking Ridge, NJ 07920 | 7 |
| <hr/> | |
| Name: Michael H. Millegan Title/Occupation: Vice Pres. - Great Lakes Oper. & Dir. Business Address (1): Verizon Business Address (2): 8001 W. Jefferson Business Address (3): City State, Zip: Fort Wayne, IN 46804 | 8 |
| <hr/> | |
| Name: Michael Todd Colquitt Title/Occupation: Vice President Business Address (1): Verizon Business Address (2): 1300 Columbus -Sandusky Rd. N. Business Address (3): City State, Zip: Marion, OH 43302 | 9 |
| <hr/> | |
| Name: Neil D. Olson Title/Occupation: Vice Pres. & Treasurer Business Address (1): Verizon Business Address (2): One Verizon Way Business Address (3): 03 Floor City State, Zip: Basking Ridge, NJ 07920 | 10 |
| <hr/> | |
| Name: Richard P. Jankun Title/Occupation: Vice President - Taxes Business Address (1): Verizon Business Address (2): One Verizon Way Business Address (3): 03 Floor City State, Zip: Basking Ridge, NJ 07920 | 11 |
| <hr/> | |
| Name: Richard R. Masching Title/Occupation: Vice President - Taxes Business Address (1): Verizon Shared Services Center Business Address (2): 750 Canyon Drive Business Address (3): City State, Zip: Coppell, TX 75019 | 12 |

OFFICERS AND DIRECTORS

If the company is an LLC partnership, please provide names of partners.

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

Name: Robert J. Barish

Title/Occupation: Chief Financial Officer

Business Address (1): Verizon

Business Address (2): One Verizon Way

Business Address (3): 03 Floor

City State, Zip: Basking Ridge, NJ 07920

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Name: Steve M. Banta

Title/Occupation: Vice President

Business Address (1): Verizon

Business Address (2): 600 Hidden Ridge

Business Address (3):

City State, Zip: Irving, TX 75038

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INCOME STATEMENT - TOTAL COMPANY

Report all dollar amounts to the nearest thousand dollars. For operating expenses, Wisconsin Bell (utility 6720) and Verizon North-WI (utility 2180) should report total company expense dollars; other LECs should report net regulated expense dollars.

| Particulars (a) | This Year (000's) (b) | Last Year (000's) (c) | |
|---|--------------------------|--------------------------|------|
| Operating Revenues | | | |
| Operating Revenues (5000-5300) | 78,739 | 81,723 | 1 D |
| Total Operating Revenues | 78,739 | 81,723 | |
| Operating Expenses | | | |
| Plant Specific Operations Expenses (6110-6410) | 0 | 0 | 2 D |
| Other Plant Nonspecific Operations Expenses (6510-6540) | 0 | 0 | 3 D |
| Depreciation and Amortization Expense (6560) | 0 | 0 | 4 D |
| Customer Operations Expense (6610-6620) | 0 | 0 | 5 D |
| Corporate Operations Expense (6720-6790) | 0 | 0 | 6 D |
| Other Operating Income and Expense (7100) | 3 | 74 | 7 D |
| Operating Taxes (7200) | 0 | 0 | 8 D |
| Total Operating Expenses | (3) | (74) | |
| Net Operating Income | 78,742 | 81,797 | |
| Other Income | | | |
| Nonoperating Income and Expense (7300) | 0 | 0 | 9 D |
| Nonoperating Taxes (7400) | 0 | 0 | 10 D |
| Interest and Related Items (7500) | 0 | 0 | 11 D |
| Extraordinary Items (7600) | 0 | 0 | 12 D |
| Nonregulated Net Income (7990) | 0 | 0 | 13 D |
| Total Nonoperating Income | 0 | 0 | |
| Net Income | 78,742 | 81,797 | |

REVENUES (CLASS B USE ACCOUNTS DESIGNATED BY *)

| Particulars (a) | This Year (000's) (b) | Last Year (000's) (c) | |
|--|--------------------------|--------------------------|------|
| LOCAL NETWORK SERVICES REVENUES | | | |
| Basic Local Service Revenue (5000)* | | | 1 |
| Basic Area Revenue (5001) | 27,940 | 30,803 | 2 A |
| Private Line Revenue (5040) | 15 | 15 | 3 A |
| Other Basic Area Revenue (5060) | 7,464 | 7,948 | 4 A |
| TOTAL LOCAL NETWORK SERVICES REVENUES | 35,419 | 38,766 | |
| INTERSTATE NETWORK ACCESS SERVICES REV. | | | |
| End User Revenue (5081)* | 10,639 | 11,640 | 5 A |
| Switched Access Revenue (5082)* | 6,140 | 6,858 | 6 A |
| Special Access Revenue (5083)* | 11,470 | 9,851 | 7 A |
| Receipts of Federal USF* | 0 | 0 | 8 A |
| TOTAL INTERSTATE NETWORK ACCESS SERVICES REV. | 28,249 | 28,349 | |
| INTRASTATE NETWORK ACCESS SERVICES REV. | | | |
| End User Revenue (5081)* | 13 | 27 | 9 A |
| Switched Access Revenue (5082)* | 2,250 | 2,331 | 10 A |
| Special Access Revenue (5083)* | 3,826 | 3,734 | 11 A |
| TOTAL INTRASTATE NETWORK ACCESS SERVICES REV. | 6,089 | 6,092 | |
| LONG DISTANCE NETWORK SERVICES MESSAGE REV. | | | |
| Long Distance Message Revenue (5100)* | 1,942 | 1,978 | 12 A |
| TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV. | 1,942 | 1,978 | |
| MISCELLANEOUS & NONREGULATED REVENUES | | | |
| Miscellaneous Revenue (5200)* | 3,257 | 3,624 | 13 A |
| Reciprocal Compensation Revenues (5200) | 0 | 0 | 14 B |
| Unbundled Network Element Revenues (5200) | 792 | 464 | 15 A |
| Directory Revenue (5230) | 405 | 385 | 16 A |
| Nonregulated Operating Revenue (5280)* | 3,336 | 2,956 | 17 A |
| TOTAL MISCELLANEOUS & NONREGULATED REVENUES | 7,790 | 7,429 | |
| GROSS OPERATING REVENUES | 79,489 | 82,614 | |
| UNCOLLECTIBLE REVENUES | | | |
| Uncollectible Revenue (5300)* | 750 | 891 | 18 A |
| TOTAL UNCOLLECTIBLE REVENUES | 750 | 891 | |
| TOTAL OPERATING REVENUES | 78,739 | 81,723 | |

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 | 79,489 | 1 |
| Plus: Collection of amounts previously written off | 338 | 2 |
| Less: Uncollectibles written off during the year | 1,558 | 3 |
| Plus: Total Other Operating Income and (Expense) (7100) | 3 | 4 |
| Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1) | 3,336 | 5 |
| Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3) | 31 | 6 |
| Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1) | 74,881 | 7 c |
| Plus (or Less) Other (please specify): None | 0 | 8 |
| Assessable Revenues for Remainder and Telephone Relay Assessment Purposes | 86 | |

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

| Description (a) | This Year (000's) (b) | |
|---|--------------------------|-----|
| Total Basic Local Service Revenue (5000) | 35,419 | 1 |
| Plus: Total Intrastate Access Revenues (5081-5083) | 6,089 | 2 |
| Plus: Total Long Distance Network Services Revenue | 1,942 | 3 |
| Less: Out-of-State Operating Revenues (included in the above lines) | 43,400 | 4 c |
| Plus: Intrastate Payphone Revenues | 0 | 5 |
| Plus (or Less) Other (please specify): None | 0 | 6 |
| Assessable Revenues for Universal Service Fund Assessment Purposes | 50 | |

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 Groups A - D -- Originating | 0 | 0 | 0 | 0 | 1 E |
| Feature Groups A - D -- Terminating | 0 | 0 | 0 | 0 | 2 E |
| Reciprocal Compensation | 0 | 0 | 0 | 0 | 3 B |

TYPE OF SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

| Circuit Type (a) | InterLATA & IntraLATA Channel Terminations (b) | |
|----------------------------|--|------|
| Voice grade | No | 1 F |
| 56/64 kbps (DS0) | No | 2 F |
| 1.54 Mbps (DS-1) | No | 3 F |
| 45 Mbps (DS-3) | No | 4 F |
| SONET OC-1 (51.84 Mbps) | No | 5 F |
| SONET OC-3 (155.52 Mbps) | No | 6 F |
| SONET OC-12 (622.08 Mbps) | No | 7 F |
| SONET OC-48 (2.488 Gbps) | No | 8 F |
| SONET OC-192 (9.953 Gbps) | No | 9 F |
| SONET OC-768 (39.812 Gbps) | No | 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) | |
|---|------------|------------|-----------|
| Business | | | |
| 1 Party | 5 | 5 | 3 |
| PBX Trunks/Centrex & Key System Trunks | 0 | 0 | 4 |
| Centrex Lines | 0 | 0 | 5 |
| Other | 0 | 0 | 6 |
| Total Business Lines | 5 | 5 | 7 |
| Residential (Incl. Emp. Concess.) | | | 8 |
| Total Residential Lines | 124 | 119 | 9 |
| Total Bus & Res Lines | 129 | 124 | 10 |
| Company Total Lines Used | 8 | 8 | 11 |
| Total Lines Used | 137 | 132 | 12 |
| Miscellaneous | | | 13 |
| Special Access-intraLATA (expressed in equivalent access lines) | 0 | 0 | 14 |
| Special Access-interLATA (expressed in equivalent access lines) | 0 | 0 | 15 |
| Feature Group C and D Trunks | 0 | 0 | 16 |
| EAS and ECC - Trunks | 0 | 0 | 17 |
| Cellular Trunks (Public Switched Network) | 0 | 0 | 18 |
| Other* | 0 | 0 | 19 |
| Customers | | | 20 |
| Number of Lifeline customers at FOY (January 1, 2006) and EOY (December 31, 2006): | 0 | 0 | 21 |
| Number of Linkup customers connected during FOY (Calendar year 2005) and EOY (Calendar year 2006): | 0 | 0 | 22 |
| Other | | | 23 |
| Total Company Square Miles | 2 | 2 | 24 |
| Total Company Route Miles | 27 | 26 | 25 |
| | | G | 26 |
| | | | 27 |
| | | | 28 |
| | | | 29 |
| | | | 30 |

*Other includes WATS Lines (OutWATS and 800 Service), FX-In-intraLATA, and TSPS Trunks

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.

| PSCW Exchange ID (a) | Total Business Lines (b) | Total Residential Lines (c) | Total Business & Residential Lines (d) | Company Total Lines Used (e) | Total Lines Used (f) | Exchange Square Miles (g) | Exchange Route Miles (h) | |
|----------------------------|-----------------------------------|--------------------------------------|--|--|-------------------------------|------------------------------------|-----------------------------------|------------|
| 1285 | 1 | 36 | 37 | 3 | 40 | 1 | 12 | 1 H |
| 1496 | 4 | 83 | 87 | 5 | 92 | 1 | 14 | 2 H |
| | 5 | 119 | 124 | 8 | 132 | 2 | 26 | |

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

| Manufacturer Name (a) | Abbreviation (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.

| Equipment Type (a) | Abbreviation (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 | NORTH APPLE RIVER | NORTH WARREN | | | 1 |
| PSCW Exchange ID | 1285 | 1496 | | | 2 |
| Central Office Name | NORTH APPLE RIVER | NORTH WARREN | | | 3 |
| PSCW Central Office ID | 1 | 1 | | | 4 |
| Central Office CLLI Code | APRVILXARSO | WRRNILXARSO | | | 5 |
| Manufacturer of COE (Page 54) | NTI | NTI | | | 6 |
| Type of Equipment (Page 54) | D | D | | | 7 |
| (S)tandalone, (H)ost, (R)emote, (D)igital Loop Carrier | R | R | | | 8 |
| Remote Host PSCW Exchange ID | 0000 | 0000 | | | 9 |
| Remote Host Central Office CLLI Code | | | | | 10 |
| COE Generic Software Release No. | NA017 | NA017 | | | 11 |
| SS7? | Yes | Yes | | | 12 |
| Access Lines - In Use | 41 | 67 | | | 13 |
| Trunks - In Use | 0 | 0 | | | 14 |
| ISDN Available? | No | No | | | 15 |
| DSL Service Available? | No | No | | | 16 |
| - In Use (# lines) | 0 | 0 | | | 17 |
| End User VoIP Available? | No | No | | | 18 |
| Digital Service Available: DS-1 - In Use | 7 | 22 | | | 19 |
| DS-3 - In Use | 4 | 5 | | | 20 |
| OC-3 - In Use | 0 | 8 | | | 21 |
| Advanced Data Service Available: | | | | | 22 |
| Packet Switching? | No | No | | | 23 |
| Frame Relay? | Yes | Yes | | | 24 |
| ATM (Asynchronous Trans. Mode)? | Yes | Yes | | | 25 |
| Fiber Transmission Facilities: | | | | | 26 |
| Miles of fiber sheath in wire center | 0 | 0 | | | 27 |
| Access Tandem Serving this C.O.: | | | | | 28 |
| - C.O. Name | FREEPORT | FREEPORT | | | 29 |
| - PSCW C.O. CLLI Code | FRPTILXA50T | FRPTILXA50T | | | 30 |
| Does this C.O. do access tandem switching? | No | No | | | 31 |
| Footnotes | | | | | 32 |
| | | | | | 33 |

Communities where Basic Local Service is offered to New Customers

| County Name (a) | Municipality Name (b) | Municipality Type (c) | |
|----------------------------|----------------------------------|----------------------------------|---|
| Lafayette | APPLE RIVER | City | 1 |
| Lafayette | WARREN | City | 2 |

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Table of Contents Footnote. Page 4

The schedules on pages 8 through 20, and 24 are not required by the Commission staff.

Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes Footnote. Page 23

The purpose of the following computations is to derive Assessable Revenues or USF, Remainder and Telephone Relay Assessment for Contel, Illinois - Wisconsin from Total Contel-Illinois financial data.

Computations of Contel, Il. - Wisconsin Assessable Revenues:

| | | |
|--|--|-------------|
| ----- | | |
| Gross Operating Revenues (p.22) | | \$79,489 |
| Plus: Collection of Amounts Previously Written Off | | 338 |
| Less: Uncollectibles Written Off During the Year | | (1,558) |
| Plus: Total Other Operating Income and (Expense) (7100) (p. 7) | | 3 |
| Less: Nonregulated Operating Revenue (p.22) | | (3,336) |
| Plus: Nonregulated Uncollectible Revenue | | 31 |
| | | |
| Total Contel - Illinois Assessable Revenue (a) | | \$74,967 |
| | | |
| Multiplied by Contel, Il. - Wisconsin Access Lines Ratio | | 0.001150374 |
| | | |
| Contel, Il. - Wisconsin Assessable Revenue (b) | | \$86 |
| | | |
| Out-of-State Operating Revenues (a-b) | | \$74,881 |

Computations of Contel, Il. - Wisconsin Assessable Revenues:

| | | |
|---|--|-------------|
| ----- | | |
| Total Basic Local Service Revenue (5000) (p.22) | | \$35,419 |
| Plus: Total Intrastate Access Revenues (5084) (p.22) | | 6,089 |
| Plus: Total Long Distance Network Services Revenue (p.22) | | 1,942 |
| | | |
| Total Contel - Illinois Assessable Revenue (a) | | \$43,450 |
| Multiplied by Contel, Il. - Wisconsin Access Lines Ratio | | 0.001150374 |
| | | |
| Contel, Il. - Wisconsin Assessable Revenue (b) | | \$50 |
| | | |
| Out-of-State Operating Revenues (a-b) | | \$43,400 |

Computations of Contel, Il. - Wisconsin Access Lines Ratio:

| | | |
|--|--|-------------|
| ----- | | |
| Contel, Il. - Wisconsin Access Lines Used (p. 27) | | 132 |
| Less: Company Used Lines (p. 27) | | 8 |
| Customer Used Lines | | 124 |
| | | |
| Divided by Total Contel - Illinois Access Lines excluding Company Used Lines | | 107,791 |
| | | |
| Contel, Il. - Wisconsin Access Lines Ratio | | 0.001150374 |

Schedule Line Footnotes

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

Schedule Line Footnotes

- A)** The data in this Revenue - Class A & B schedule on page 22 has been input solely to populate the two assessable revenue schedules on page 23 of the annual report. This data reflects the total Contel - Illinois study area.
- B)** Reciprocal compensation revenues and reciprocal compensation billed minutes are not identifiable in our accounting system.
- C)** The amount reported for Out-of-State Operating Revenues represents the difference between the Total Contel - Illinois Assessable Revenue and the Contel Illinois - Wisconsin Assessable Revenue. Refer to the General Schedule Level Footnote (page 23) for the Calculation of Assessable Revenues for USF, Remainder and Telephone Relay Assessment Purposes.
- D)** The only data provided for Page 7, Income Statement - Total Company, is Line 7, Other Operating Income and Expense. This information has been input solely to populate the calculation of Assessable Revenue on Page 23 of the annual report. This data reflects the Total Contel - Illinois study area. All other lines were zero filled.
- E)** The Access Usage data (page 25) is zero for these two exchanges.
- F)** All exchanges reported null values for Voice grade interLATA channel terminations on page 26. All exchanges reported null values for 56 kbps, 64 kbps, 1.54 Mbps and 45Mbps etc. circuit types for both intraLATA and interLATA channel terminations. This is due to the fact that the exchanges do not have these types of circuits in use.
- G)** Lifeline and LinkUp data (page 27) is not maintained at an exchange level, it is only maintained at a state level. Therefore, we cannot identify lifeline and linkup data for the two exchanges that are reported.
- H)** The amount of 1 reported on page 28 for Exchange Square Miles for each exchange was input as a default amount. The two exchanges service a limited number of customers across the state line. The square miles associated with these customers cannot be determined.