



4004

**ANNUAL REPORT**

OF

Name: HILLSBORO TELEPHONE COMPANY INC

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Principal Office: 121 MILL STREET  
HILLSBORO, WI 54634-0427

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For the Year Ended: DECEMBER 31, 2006

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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.
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

### 13. ~~File Entry, 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.

#### **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.



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## 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>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>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.
<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

## GLOSSARY OF TERMS

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>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>Pair</b>	Two wires of a single circuit.
<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>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.
<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.

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**IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION**

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**Exact Utility Name:** HILLSBORO TELEPHONE COMPANY INC c  
**Utility Location:** 121 MILL STREET  
HILLSBORO, WI 54634-0427

**Utility (or Parent/Holding Company) Web Site Address:**  
www.hillsborotel.com

**When was utility organized?:** 06/30/1956

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

**Telephone numbers for potential customers to contact company:**  
Business Customers: (608) 489 - 3230    Ext:  
Residential Customers: (608) 489 - 3230    Ext:

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

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**Name:** MR. CHARLES HAMMER  
**Title:** VICE PRESIDENT - MANAGER

**Office Address:** 121 MILL STREET  
P.O. BOX 427  
HILLSBORO, WI 54634

**Fax Number:** (608) 489 - 1111 EXT  
**Telephone Number:** (608) 489 - 4413  
**Email Address:** cehammer@hillsborotel.com

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

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**Same as Primary Address**

**Name:**  
**Title:**  
**Firm:**  
**Office Address:**

**Fax Number:** ( ) - EXT  
**Telephone Number:** ( ) - EXT  
**Email Address:**

## IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION

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**Regulatory Contact - Contact person for regulatory inquiries and complaints**

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**Same as Primary Address**

**Name:**

**Title:**

**Firm:**

**Office Address:**

,

**Fax Number:** ( ) - EXT

**Telephone Number:** ( ) - EXT

**Email Address:**

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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:** ALESHA BENISH  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

**Percent Interest Held:** 8  
**Beneficial Owner:** NONE

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**Name:** CARLA SHAKER  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

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

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**Name:** CHARLES HAMMER  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

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

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**Name:** CINDERELLA AUSTIN  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

**Percent Interest Held:** 8  
**Beneficial Owner:** NONE

## IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION

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

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**Name:** DONALD HAMMER  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

**Percent Interest Held:** 8  
**Beneficial Owner:** NONE

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**Name:** EUGENE ROCKWEILER  
**Address:** 850 HILLSBOROUGH AVENUE  
HILLSBORO, WI 54634

**Percent Interest Held:** 5  
**Beneficial Owner:** NONE

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**Name:** LILLIAN HAMMER  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

**Percent Interest Held:** 18  
**Beneficial Owner:** NONE

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**Name:** THOMAS HAMMER  
**Address:** 121 MILL STREET  
HILLSBORO, WI 54634

**Percent Interest Held:** 8  
**Beneficial Owner:** NONE

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**Name:** UNIVERSAL TELEPHONE CO.  
**Address:** 2615 EAST AVENUE SOUTH  
LA CROSSE, WI 54602

**Percent Interest Held:** 24  
**Beneficial Owner:** NONE

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

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

### OFFICERS AND DIRECTORS

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

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

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<b>Name:</b> CARLA SHAKER <b>Title/Occupation:</b> SECRETARY AND TREASURER <b>Business Address (1):</b> 121 MILL STREET <b>Business Address (2):</b> <b>Business Address (3):</b> <b>City State, Zip:</b> HILLSBORO, WI 54634	<b>1</b>
<hr/>	
<b>Name:</b> CHARLES HAMMER <b>Title/Occupation:</b> VICE PRESIDENT AND GENERAL MANAGER <b>Business Address (1):</b> 121 MILL STREET <b>Business Address (2):</b> <b>Business Address (3):</b> <b>City State, Zip:</b> HILLSBORO, WI 54634	<b>2</b>
<hr/>	
<b>Name:</b> DONALD HAMMER <b>Title/Occupation:</b> DIRECTOR <b>Business Address (1):</b> 121 MILL STREET <b>Business Address (2):</b> <b>Business Address (3):</b> <b>City State, Zip:</b> HILLSBORO, WI 54634	<b>3</b>
<hr/>	
<b>Name:</b> LILLIAN HAMMER <b>Title/Occupation:</b> PRESIDENT <b>Business Address (1):</b> 121 MILL STREET <b>Business Address (2):</b> <b>Business Address (3):</b> <b>City State, Zip:</b> HILLSBORO, WI 54634	<b>4</b>
<hr/>	
<b>Name:</b> THOMAS HAMMER <b>Title/Occupation:</b> DIRECTOR <b>Business Address (1):</b> 121 MILL STREET <b>Business Address (2):</b> <b>Business Address (3):</b> <b>City State, Zip:</b> HILLSBORO, WI 54634	<b>5</b>

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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)	
<b>Operating Revenues</b>			
Operating Revenues (5000-5300)	1,638	1,594	1
<b>Total Operating Revenues</b>	<b>1,638</b>	<b>1,594</b>	
<b>Operating Expenses</b>			
Plant Specific Operations Expenses (6110-6410)	245	213	2
Other Plant Nonspecific Operations Expenses (6510-6540)	166	152	3
Depreciation and Amortization Expense (6560)	553	470	4
Customer Operations Expense (6610-6620)	207	178	5
Corporate Operations Expense (6720-6790)	240	245	6
Other Operating Income and Expense (7100)	0	0	7
Operating Taxes (7200)	83	189	8
<b>Total Operating Expenses</b>	<b>1,494</b>	<b>1,447</b>	
<b>Net Operating Income</b>	<b>144</b>	<b>147</b>	
<b>Other Income</b>			
Nonoperating Income and Expense (7300)	494	364	9
Nonoperating Taxes (7400)	191	95	10
Interest and Related Items (7500)	106	116	11
Extraordinary Items (7600)	0	0	12
Nonregulated Net Income (7990)	43	15	13
<b>Total Nonoperating Income</b>	<b>240</b>	<b>168</b>	
<b>Net Income</b>	<b>384</b>	<b>315</b>	

## ANNUAL REPORT NOTES AND CHANGES

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

NONE

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

NONE

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

**SIGNIFICANT ACCOUNTING POLICIES:**

A. TELEPHONE PLANT IS RECORDED AT ORIGINAL COST. DEPRECIATION IS COMPUTED ON A STRAIGHT-LINE BASIS APPLYING A RATE TO A GROUP OF ASSETS FOR BOOK PURPOSES. AN ACCELERATED METHOD TO COMPUTE DEPRECIATION IS USED FOR TAX PURPOSES. DEFERRED INCOME TAXES HAVE BEEN RECORDED FOR ALL TEMPORARY TIMING DIFFERENCES.

B. THE COMPANY HAS ELECTED TO DEFER INCOME TAX SAVINGS EARNED BY INVESTMENT TAX CREDITS AND IS AMORTIZING THESE SAVINGS OVER THE SERVICE LIFE OF THE ASSETS ON WHICH THE ITC WAS GENERATED.

C. THE COMPANY HAS A DEFINED CONTRIBUTION PENSION PLAN WHICH IS ADMINISTERED BY A TRUSTEE AND COVERS ALL ELIGIBLE EMPLOYEES. PENSION PLAN EXPENSE FOR 2006 AMOUNTED TO \$ 51,331.

D. IN GENERAL, REVENUES ARE RECOGNIZED WHEN EARNED REGARDLESS OF WHEN ACTUALLY RECEIVED.

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4. 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.

NONE

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

**RETAINED EARNINGS RESTRICTIONS:**

UNDER THE MOST RESTRICTIVE PROVISIONS OF THE COMPANY'S RURAL UTILITIES SERVICE (RUS) LOAN AGREEMENT, APPROXIMATELY \$2,962.000 OF RETAINED EARNINGS IS AVAILABLE FOR DIVIDENDS.

### BALANCE SHEET - ASSETS

Particulars (a)	Balance--EOY	Balance--FOY (000's) (c)	
<b>CURRENT ASSETS</b>			
Inventories (1220)	42	38	1
Other Current Assets (1120-1350, except 1220)	1,942	1,431	2
<b>TOTAL CURRENT ASSETS</b>	<b>1,984</b>	<b>1,469</b>	
<b>NONCURRENT ASSETS</b>			
Nonregulated Investments (1406)	23	17	3
RTB Class B Stock (1410)	0	5	4
Other Noncurrent Assets (1410)	1,291	1,265	5
Deferred Maint., Retirements and Other Deferred Charges (1438)	0		6
Other Jurisdictional Assets-Net (1500)	0		7
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,314</b>	<b>1,287</b>	
<b>PLANT</b>			
Telecommunications Plant in Service (2001)	9,668	9,591	8
Less: Accumulated Depreciation (3100)	5,760	5,257	9
Less: Accumulated Amortization-Tangible (3400)	0		10
Less: Accumulated Amortization-Capitalized Leases (3410)			11
<b>Net Telecommunications Plant in Service</b>	<b>3,908</b>	<b>4,334</b>	
Property Held for Future Telecommunications Use (2002)	4	4	12
Less: Accumulated Depr.-Held for Future Telecom. Use (3200)	0		13
Nonoperating Plant (2006)	0		14
Less: Accumulated Depreciation-Nonoperating (3300)	0		15
Telecommunications Plant Under Construction (2003)	0	29	16
Telecommunications Plant Adjustment (2005)	0		17
Goodwill (2007)	0		18
<b>TOTAL PLANT</b>	<b>3,912</b>	<b>4,367</b>	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>7,210</b>	<b>7,123</b>	

### BALANCE SHEET - LIABILITIES

Former accounts 4020, 4050, and 4060 should be reported, as required by the Commission's order in docket 05-US-113.

Particulars (a)	Balance--EOY (000's) (b)	Balance--FOY (000's) (c)	
<b>CURRENT LIABILITIES</b>			
Notes Payable (former account 4020)	0		1
Current Maturities-Long-Term Debt (former account 4050)	208	198	2
Current Maturities-Capital Leases (former account 4060)	0		3
Other Current Liabilities (4000-4130, except 4020, 4050 and 4060)	122	239	4
<b>TOTAL CURRENT LIABILITIES</b>	<b>330</b>	<b>437</b>	
<b>LONG-TERM DEBT</b>			
Long-Term Debt and Funded Debt (4200)	1,654	1,861	5
<b>TOTAL LONG-TERM DEBT</b>	<b>1,654</b>	<b>1,861</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Liabilities and Deferred Credits (4300-4370)	(140)	(167)	6
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS</b>	<b>(140)</b>	<b>(167)</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (4510)	109	109	7
Additional Paid-in Capital (4520)	0		8
Treasury Stock (4530)	5	5	9
Other Capital (4540)	0		10
Retained Earnings (4550)	5,262	4,888	11
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>5,366</b>	<b>4,992</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b><u>7,210</u></b>	<b><u>7,123</u></b>	

### 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>	
COMPUTER SYSTEMS, LLC	CS	<b>1</b>
VERNEAU NETWORKS, INC.	VNI	<b>2</b>

### AFFILIATED INTEREST TRANSACTIONS

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

Docket	Affiliate	Billed To or From	Cost Based (C)	Activity (000's)	% Billed to Regulated Utilities	
			Market Price (M)	(Earn Reg)		
			OR	Activity exceeds reporting threshold		
			Prevailing Price (P)	(Price Reg)		
			Tariff (T)			
			Other (O)			
2560AT00010C	CS	From	M	---CONF---	less than 75%	1
	VNI	To	C	---CONF---		2

### 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.

Name of Affiliate (a)	Account Number (b)	Balance EOY (000's) (c)	
VERNEAU NETWORKS, INC.	1170	143	<b>1</b>
COMPUTER SYSTEMS, LLC	1410	232	<b>2</b>
VERNEAU NETWORKS, INC.	1410	400	<b>3</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	168	0	<b>1</b>
Motor Vehicles	2112	477	0	<b>2</b>
Aircraft	2113	0	0	<b>3</b>
Tools and Other Work Equipment	2114	130	0	<b>4</b>
Buildings	2121	1,158	1	<b>5</b>
Furniture	2122	27	4	<b>6</b>
Office Equipment	2123	37	5	<b>7</b>
General Purpose Computers	2124	115	17	<b>8</b>
<b>TOTAL GENERAL SUPPORT ASSETS</b>		<b>2,112</b>	<b>27</b>	
<b>CENTRAL OFFICE ASSETS</b>				
Non-Digital Switching	2211	0		<b>9</b>
Digital Electronic Switching	2212	1,157	5	<b>10 A</b>
Operator Systems	2220	0		<b>11</b>
Radio Systems	2231	0		<b>12</b>
Circuit Equipment	2232	2,097	70	<b>13 A</b>
<b>TOTAL CENTRAL OFFICE ASSETS</b>		<b>3,254</b>	<b>75</b>	
<b>INFORMATION ORIGATION/TERMINATION ASSETS</b>				
Station Apparatus	2311	0		<b>14</b>
Customer Premises Wiring	2321	0		<b>15</b>
Large Private Branch Exchanges	2341	0		<b>16</b>
Public Telephone Terminal Equipment	2351	0		<b>17</b>
Other Terminal Equipment	2362	0		<b>18</b>
<b>TOTAL INFORMATION ORIG/TERM ASSETS</b>		<b>0</b>	<b>0</b>	
<b>CABLE &amp; WIRE FACILITIES ASSETS</b>				
Poles	2411	0		<b>19</b>
Aerial Cable	2421	0	0	<b>20</b>
Underground Cable	2422	164	0	<b>21</b>
Buried Cable	2423	4,018	26	<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	43		<b>26</b>
<b>TOTAL CABLE &amp; WIRE FACILITIES ASSETS</b>		<b>4,225</b>	<b>26</b>	
<b>AMORTIZABLE ASSETS</b>				
Capital Leases	2681	0		<b>27</b>
Leasehold Improvements	2682	0		<b>28</b>
Intangibles	2690	0		<b>29</b>
<b>TOTAL AMORTIZABLE ASSETS</b>		<b>0</b>	<b>0</b>	

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

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2111			168	1
2112	18		459	2
2113			0	3
2114			130	4
2121			1,159	5
2122			31	6
2123			42	7
2124			132	8
	18	0	2,121	
2211			0	9
2212	12	(1)	1,149	10 A
2220			0	11
2231			0	12
2232	0	1	2,168	13 A
	12	0	3,317	
2311			0	14
2321			0	15
2341			0	16
2351			0	17
2362			0	18
	0	0	0	
2411			0	19
2421	0	0	0	20
2422	0	0	164	21
2423	21	0	4,023	22
2424	0	0	0	23
2426	0	0	0	24
2431			0	25
2441			43	26
	21	0	4,230	
2681			0	27
2682			0	28
2690			0	29
	0	0	0	

**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>9,591</b>	<b>128</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>	
<b>2001</b>	<b>51</b>	<b>0</b>	<b>9,668</b>	
2001			0	<b>30</b>
<b>2001</b>			<b>9,668</b>	

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

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

<b>Plant Subaccount (a)</b>	<b>Subaccount (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Additions (000's) (d)</b>	
Digital Electronic Switching - Circuit	2212.1	1,157	5	<b>1 A</b>
Digital Electronic Switching - Packet	2212.2	0	0	<b>2</b>
Circuit Equipment - Electronic	2232.1	1,742	65	<b>3 A</b>
Circuit Equipment- Optical	2232.2	355	5	<b>4</b>
Aerial Cable - Nonmetallic	2421.1	0	0	<b>5</b>
Aerial Cable - Metallic	2421.2	0	0	<b>6</b>
Underground Cable - Nonmetallic	2422.1	139	0	<b>7</b>
Underground Cable - Metallic	2422.2	25	0	<b>8</b>
Buried Cable - Nonmetallic	2423.1	1,308	0	<b>9</b>
Buried Cable - Metallic	2423.2	2,710	26	<b>10</b>
Submarine and Deep Sea Cable - Nonmetallic	2424.1	0	0	<b>11</b>
Submarine and Deep Sea Cable - Metallic	2424.2	0	0	<b>12</b>
Intrabuilding Cable - Nonmetallic	2426.1	0	0	<b>13</b>
Intrabuilding Cable - Metallic	2426.2	0	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	12	(1)	1,149	1A
2212.2	0		0	2
2232.1	0	1	1,808	3A
2232.2	0		360	4
2421.1	0		0	5
2421.2	0		0	6
2422.1	0		139	7
2422.2	0		25	8
2423.1	0		1,308	9
2423.2	21		2,715	10
2424.1	0		0	11
2424.2	0		0	12
2426.1	0		0	13
2426.2	0		0	14

### ACCUMULATED DEPRECIATION

Primary Plant Account (a)	Acct (b)	Balance FOY (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)	
<b>GENERAL SUPPORT ASSETS</b>						
Motor Vehicles	2112	395	20.0	24	0	1
Aircraft	2113	0	.0	0	0	2
Tools and Other Work Equipment	2114	106	10.0	13	0	3
Buildings	2121	211	3.33	39	0	4
Furniture	2122	8	10.0	3	0	5
Office Equipment	2123	28	13.88	6	0	6
General Purpose Computers	2124	106	25.0	17	0	7
<b>TOTAL GENERAL SUPPORT ASSETS</b>		<b>854</b>		<b>102</b>	<b>0</b>	
<b>CENTRAL OFFICE ASSETS</b>						
Non-Digital Switching	2211	0	.0	0	0	8
Digital Electronic Switching	2212	1,156		4	0	9
Operator Systems	2220	0	.0	0	0	10
Radio Systems	2231	0	.0	0	0	11
Circuit Equipment	2232	899		225	0	12
<b>TOTAL CENTRAL OFFICE ASSETS</b>		<b>2,055</b>		<b>229</b>	<b>0</b>	
<b>INFORMATION ORIGINATION/TERMINATION ASSETS</b>						
Station Apparatus	2311	0	.0	0	0	13
Customer Premises Wiring	2321	0	.0	0	0	14
Large Private Branch Exchanges	2341	0	.0	0	0	15
Public Telephone Terminal Equipment	2351	0	.0	0	0	16
Other Terminal Equipment	2362	0	.0	0	0	17
<b>TOTAL INFORMATION ORIG/TERM ASSETS</b>		<b>0</b>		<b>0</b>	<b>0</b>	
<b>CABLE &amp; WIRE FACILITIES ASSETS</b>						
Poles	2411	0	.0	0	0	18
Aerial Cable	2421	0		0	0	19
Underground Cable	2422	40		8	0	20
Buried Cable	2423	2,273		213	0	21 B
Submarine and Deep Sea Cable	2424	0		0	0	22
Intrabuilding Network Cable	2426	0		0	0	23
Aerial Wire	2431	0	.0	0	0	24
Conduit Systems	2441	35	3.3	1	0	25
<b>TOTAL CABLE &amp; WIRE FACILITIES ASSETS</b>		<b>2,348</b>		<b>222</b>	<b>0</b>	
<b>Total Accumulated Depreciation</b>	<b>3100</b>	<b>5,257</b>		<b>553</b>	<b>0</b>	
Less: Nonreg Accumulated Depreciation	3100			0	0	26
<b>Net Reg Total Accumulated Depreciation</b>	<b>3100</b>			<b>553</b>	<b>0</b>	

Columns e, f and I

**ACCUMULATED DEPRECIATION (cont.)**

Acct (g)	Retired (000's) (h)	Net Salvage (000's) (i)	Other (000's) (j)	Balance EOY (000's) (k)	
2112	18	3	0	404	1
2113	0	0	0	0	2
2114	0	0	0	119	3
2121	0	0	0	250	4
2122	0	0	0	11	5
2123	0	0	0	34	6
2124	0	0	0	123	7
	<b>18</b>	<b>3</b>	<b>0</b>	<b>941</b>	
2211	0	0	0	0	8
2212	12	0	0	1,148	9
2220	0	0	0	0	10
2231	0	0	0	0	11
2232	0	0	0	1,124	12
	<b>12</b>	<b>0</b>	<b>0</b>	<b>2,272</b>	
2311	0	0	0	0	13
2321	0	0	0	0	14
2341	0	0	0	0	15
2351	0	0	0	0	16
2362	0	0	0	0	17
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
2411	0	0	0	0	18
2421	0	0	0	0	19
2422	0	0	0	48	20
2423	21	(2)	0	2,463	21 B
2424	0	0	0	0	22
2426	0	0	0	0	23
2431	0	0	0	0	24
2441	0	0	0	36	25
	<b>21</b>	<b>(2)</b>	<b>0</b>	<b>2,547</b>	
<b>3100</b>	<b>51</b>	<b>1</b>	<b>0</b>	<b>5,760</b>	
3100				0	26
<b>3100</b>				<b>5,760</b>	

**ACCUMULATED DEPRECIATION (SUB-CLASS ACCOUNTS)**

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount or subsidiary record. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

<b>Plant Subaccount (a)</b>	<b>Subacct (b)</b>	<b>Balance FOY (000's) (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (000's) (e)</b>	<b>Additional Accrual (000's) (f)</b>	
Digital Electronic Switching - Circuit	2212.1	1,156	9.7	4	0	<b>1</b>
Digital Electronic Switching - Packet	2212.2	0	.0	0	0	<b>2</b>
Circuit Equipment - Electronic	2232.1	647	11.6	191	0	<b>3</b>
Circuit Equipment- Optical	2232.2	252	9.5	34	0	<b>4</b>
Aerial Cable - Nonmetallic	2421.1	0	.0	0	0	<b>5</b>
Aerial Cable - Metallic	2421.2	0	.0	0	0	<b>6</b>
Underground Cable - Nonmetallic	2422.1	25	6.3	7	0	<b>7</b>
Underground Cable - Metallic	2422.2	15	5.3	1	0	<b>8</b>
Buried Cable - Nonmetallic	2423.1	407	5.3	69	0	<b>9</b>
Buried Cable - Metallic	2423.2	1,866	5.3	144	0	<b>10 B</b>
Submarine and Deep Sea Cable - Nonmetall	2424.1	0	.0	0	0	<b>11</b>
Submarine and Deep Sea Cable - Metallic	2424.2	0	.0	0	0	<b>12</b>
Intrabuilding Cable - Nonmetallic	2426.1	0	.0	0	0	<b>13</b>
Intrabuilding Cable - Metallic	2426.2	0	.0	0	0	<b>14</b>

**ACCUMULATED DEPRECIATION (SUB-CLASS ACCOUNTS) (cont.)**

<b>Subacct (g)</b>	<b>Retired (000's) (h)</b>	<b>Net Salvage (000's) (i)</b>	<b>Other (000's) (j)</b>	<b>Balance EOY (000's) (k)</b>	
2212.1	12	0	0	1,148	1
2212.2	0	0	0	0	2
2232.1	0	0	0	838	3
2232.2	0	0	0	286	4
2421.1	0	0	0	0	5
2421.2	0	0	0	0	6
2422.1	0	0	0	32	7
2422.2	0	0	0	16	8
2423.1	0	0	0	476	9
2423.2	21	(2)	0	1,987	10 B
2424.1	0	0	0	0	11
2424.2	0	0	0	0	12
2426.1	0	0	0	0	13
2426.2	0	0	0	0	14

## NET DEFERRED OPERATING INCOME TAXES

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

Particulars (a)	Balance EOY (000's) (b)	
<b>PROPERTY RELATED</b>		
Other Current Assets (1350)		1
Other Noncurrent Assets (1410)		2
Net Current Deferred Operating Income Taxes (4100)		3
Net Noncurrent Deferred Operating Income Taxes (4340)	(19)	4
Net Deferred Tax Liability Adjustments (4341)		5
Deferred Tax Regulatory Adjustments-Net (4361)	(13)	6
<b>Net Property Related Deferred Operating Income Taxes</b>	<b>(32)</b>	
Less: Allocation to Nonregulated Activity		7
<b>Net Regulated Total Property Related Deferred Operating Income Taxes</b>	<b>(32)</b>	
<b>NONPROPERTY RELATED</b>		
Other Current Assets (1350)		8
Other Noncurrent Assets (1410)		9
Net Current Deferred Operating Income Taxes (4100)		10
Net Noncurrent Deferred Operating Income Taxes (4340)	7	11
Net Deferred Tax Liability Adjustments (4341)		12
Deferred Tax Regulatory Adjustments-Net (4361)	2	13
<b>Total Nonproperty Related Deferred Operating Income Taxes</b>	<b>9</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)*	629	584	1
Basic Area Revenue (5001)			2
Private Line Revenue (5040)			3
Other Basic Area Revenue (5060)			4
<b>TOTAL LOCAL NETWORK SERVICES REVENUES</b>	<b>629</b>	<b>584</b>	
<b>INTERSTATE NETWORK ACCESS SERVICES REV.</b>			
End User Revenue (5081)*	139	141	5
Switched Access Revenue (5082)*	474	448	6
Special Access Revenue (5083)*	0	0	7
Receipts of Federal USF*	0	0	8
<b>TOTAL INTERSTATE NETWORK ACCESS SERVICES REV.</b>	<b>613</b>	<b>589</b>	
<b>INTRASTATE NETWORK ACCESS SERVICES REV.</b>			
End User Revenue (5081)*	0	0	9
Switched Access Revenue (5082)*	230	248	10
Special Access Revenue (5083)*	79	79	11
<b>TOTAL INTRASTATE NETWORK ACCESS SERVICES REV.</b>	<b>309</b>	<b>327</b>	
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>			
Long Distance Message Revenue (5100)*	0	0	12
<b>TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>	<b>0</b>	<b>0</b>	
<b>MISCELLANEOUS &amp; NONREGULATED REVENUES</b>			
Miscellaneous Revenue (5200)*	87	95	13
Reciprocal Compensation Revenues (5200)			14
Unbundled Network Element Revenues (5200)			15
Directory Revenue (5230)			16
Nonregulated Operating Revenue (5280)*			17
<b>TOTAL MISCELLANEOUS &amp; NONREGULATED REVENUES</b>	<b>87</b>	<b>95</b>	
<b>GROSS OPERATING REVENUES</b>	<b>1,638</b>	<b>1,595</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue (5300)*	0	1	18
<b>TOTAL UNCOLLECTIBLE REVENUES</b>	<b>0</b>	<b>1</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>1,638</b>	<b>1,594</b>	

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

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

Description (a)	This Year (000's) (b)	
Gross Operating Revenues	1,638	1
Plus: Collection of amounts previously written off		2
Less: Uncollectibles written off during the year		3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify):		8
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>		
	<b>1,638</b>	

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

Description (a)	This Year (000's) (b)	
Total Basic Local Service Revenue (5000)	629	1
Plus: Total Intrastate Access Revenues (5081-5083)	309	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues		5
Plus (or Less) Other (please specify):		6
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>		
	<b>938</b>	

## NONREGULATED ACTIVITIES

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

<b>Nonregulated Activity</b>	
<b>(a)</b>	
PAYPHONE SERVICES	<b>1</b>
SALES & LEASING OF TELECOMMUNICATIONS EQUIPMENT	<b>2</b>

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### 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	1,804	643	1,235	0	<b>1</b>
Feature Groups A - D -- Terminating	1,759	505	1,092	0	<b>2</b>
Reciprocal Compensation	0	0	990	0	<b>3</b>

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

Circuit Type (a)	InterLATA & IntraLATA Channel Terminations (b)	
Voice grade	Yes	<b>1</b>
56/64 kbps (DS0)	Yes	<b>2</b>
1.54 Mbps (DS-1)	Yes	<b>3</b>
45 Mbps (DS-3)	No	<b>4</b>
SONET OC-1 (51.84 Mbps)	No	<b>5</b>
SONET OC-3 (155.52 Mbps)	No	<b>6</b>
SONET OC-12 (622.08 Mbps)	No	<b>7</b>
SONET OC-48 (2.488 Gbps)	No	<b>8</b>
SONET OC-192 (9.953 Gbps)	No	<b>9</b>
SONET OC-768 (39.812 Gbps)	No	<b>10</b>

**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	266	262	<b>3</b>
PBX Trunks/Centrex & Key System Trunks	121	116	<b>4</b>
Centrex Lines	0	0	<b>5</b>
Other	112	110	<b>6</b>
<b>Total Business Lines</b>	<b>499</b>	<b>488</b>	<b>7</b>
<b>Residential (Incl. Emp. Concess.)</b>			<b>8</b>
<b>Total Residential Lines</b>	1,254	1,222	<b>9</b>
<b>Total Bus &amp; Res Lines</b>	<b>1,753</b>	<b>1,710</b>	<b>10</b>
Company Total Lines Used	17	17	<b>11</b>
<b>Total Lines Used</b>	<b>1,770</b>	<b>1,727</b>	<b>12</b>
<b>Miscellaneous</b>			<b>13</b>
Special Access-intraLATA (expressed in equivalent access lines)	2	1	<b>14</b>
Special Access-interLATA (expressed in equivalent access lines)	318	268	<b>15</b>
Feature Group C and D Trunks	96	96	<b>16</b>
EAS and ECC - Trunks	142	142	<b>17</b>
Cellular Trunks (Public Switched Network)	24	24	<b>18</b>
Other*	7	7	<b>19</b>
<b>Customers</b>			<b>20</b>
Number of Lifeline customers at FOY (January 1, 2006) and EOY (December 31, 2006):	145	156	<b>21</b>
Number of Linkup customers connected during FOY (Calendar year 2005) and EOY (Calendar year 2006):	24	28	<b>22</b>
<b>Other</b>			<b>23</b>
Total Company Square Miles	114	114	<b>24</b>
Total Company Route Miles	272	272	<b>25</b>
			<b>26</b>
			<b>27</b>
			<b>28</b>
			<b>29</b>
			<b>30</b>

\*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)
2370	488	1,222	<b>1,710</b>	17	<b>1,727</b>	114	272
	<b>488</b>	<b>1,222</b>	<b>1,710</b>	<b>17</b>	<b>1,727</b>	<b>114</b>	<b>272</b>

### 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	HILLSBORO				1
PSCW Exchange ID	2370				2
Central Office Name	HILLSBORO				3
PSCW Central Office ID	1				4
Central Office CLLI Code	HLBOWIXA489				5
Manufacturer of COE (Page 54)	NTI				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote, (D)igital Loop Carrier	S				8
Remote Host PSCW Exchange ID					9
Remote Host Central Office CLLI Code					10
COE Generic Software Release No.	505				11
SS7?	Yes				12
					13
Access Lines - In Use	1,727				14
Trunks - In Use	271				15
ISDN Available?	Yes				16
DSL Service Available?	Yes				17
- In Use (# lines)	316				18
End User VoIP Available?	No				19
Digital Service Available: DS-1 - In Use	14				20
DS-3 - In Use	1				21
OC-3 - In Use	0				22
Advanced Data Service Available:					23
Packet Switching?	No				24
Frame Relay?	No				25
ATM (Asynchronous Trans. Mode)?	No				26
Fiber Transmission Facilities:					27
Miles of fiber sheath in wire center	78				28
Access Tandem Serving this C.O.:					29
- C.O. Name	MADISON				30
- PSCW C.O. CLLI Code	HLBOWIXA489				31
Does this C.O. do access tandem switching?	No				32
Footnotes					33

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

<b>County Name (a)</b>	<b>Municipality Name (b)</b>	<b>Municipality Type (c)</b>	
Vernon	FOREST	Town	1
Vernon	GREENWOOD	Town	2
Richland	HENRIETTA	Town	3
Vernon	HILLSBORO	City	4
Vernon	HILLSBORO	Town	5
Vernon	STARK	Town	6
Vernon	UNION	Town	7
Richland	WESTFORD	Town	8
Vernon	WHITESTOWN	Town	9
Juneau	WONEWOC	Town	10
Sauk	WOODLAND	Town	11

## GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

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### General Footnote

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### Schedule Footnotes

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### Schedule Line Footnotes

- A)** Pages 14-17 - Reclassification between digital switch and circuit equipment.
- B)** Pages 18-20 - Other changes in accumulated depreciation - salvage value net of removal costs.

## GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

**C) Board of Directors**  
HILLSBORO TELEPHONE CO., INC.  
Hillsboro, Wisconsin

The balance sheets of Hillsboro Telephone Company, Inc. as of December 31, 2006 and 2005 and the related statements of income and retained earnings for the years then ended included in the accompanying prescribed forms have been compiled by us. We have also compiled the financial and non-financial data included on page 8 and pages 11 through 32 of the prescribed forms.

Our compilations were limited to presenting in the form prescribed by the Public Service Commission of Wisconsin information that is the representation of management. We have not audited or reviewed the financial statements or accompanying data referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

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

SIEPERT & CO. LLP  
Certified Public Accountants

Beloit, Wisconsin

March 28, 2007