4008

ANNUAL REPORT

of

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TELECOMMUNICATIONS DIVISON

Name: SAGE TELECOM, INC.

Principal Office: 805 CENTRAL EXPRESSWAY SOUTH
ALLEN, TX 75013-8010

For the Year Ended: DECEMBER 31, 2002

Alternative Telecommunications Utility -- Other Telecommunications Provider

To

Public Service Commission of Wisconsin

Mailing Address:	P.O. Box 7854 Madison, WI 53707-7854
Courier Address:	610 N. Whitney Way Madison, WI 53705-2729
E-mail:	pscrecs@psc.state.wi.us
Telephone:	(608) 267-9504
Facsimile:	(608) 266-3957
Home Page:	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.

RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2002 report is due April 1, 2003.) If that date falls on a weekend or holiday, the annual report is due the following business day.

2. **Electronic filing via e-mail is required.** Go to the Public Service Commission of Wisconsin's Web Page at http://psc.wi.gov, click on Telecommunications, click on Annual Report Programs and Worksheets, and click on Annual Report for Other Telecommunication Providers.

3. Alternative Telecommunications Utility-Other Telecommunications Provider (ATU-Other) entities with no revenues for the report year are required to file an ATU-Other annual report.

4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to 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, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Limited 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). A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.

8. Please report all dollar amounts to the nearest whole dollar.

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 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 ATU-Other annual report program incorporates provisional confidentiality capability for the following items, based on the Commission's confidentiality determination dated March 14, 2002:

    a. Operating Revenues (Particulars, Wisconsin-Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company columns) (pp. 14-15) (Miscellaneous Revenues descriptions, other than Video Distance Learning and Directory appearing in the report form, contained in the Particulars column (column a) and respective dollar amounts reported for the Miscellaneous Revenues category in the columns labeled Wisconsin-Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company);

RULES FOR REPORTING

b. Central Office Data-End of Year (p. 19)
   i. Integrated Service Digital Network (ISDN) Lines-In Use (BRI);
   ii. ISDN Lines-In Use (PRI);
   iii. xDSL Lines-In Use;
   iv. Switched 56 lines in use;
   v. Digital Transmission Facilities: DS-1-In use;
   vi. Digital Transmission Facilities: DS-3-In use;
   vii. Video Information Service-In use (# lines); and
   viii. Fiber Transmission Facilities: No. of fiber strands working (LIT) in C.O.

13. It is not necessary to sign the signature page.

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

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status report file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrecs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.
Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

15. **Name Changes:**

If a name change 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 www.wdfi.org; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

While the electronic annual report filing may detail the name change (i.e., date of the change

RULES FOR REPORTING

and the affected entities with their respective four-digit Commission utility identification numbers), a name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

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

    If making revisions to the report subsequent to filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

17. Municipalities authorized by the Commission as competitive local exchange carriers (CLECs) should report only the CLEC-related amounts in the ATU-Other annual report.

SIGNATURE PAGE

I CHRISTOPHER M. WILLIAMS of
(Person responsible for accounts)

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

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

CHRISTOPHER M. WILLIAMS
(Person responsible for accounts)

03/24/2003
(Date)

VICE PRESIDENT, CHIEF FINANCIAL OFFICER
(Title)

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: SAGE TELECOM, INC.
Utility Location: 805 CENTRAL EXPRESSWAY SOUTH
ALLEN, TX 75013-8010

Utility Web Site Address: http://www.sagetelecom.net/
Date utility authorized to provide service in Wisconsin: 02/21/2002
State in which utility was organized: Texas
Organization type (e.g., corporation, partnership): Corporation
New Utility Name: **Effective Date:**
Telephone numbers for potential customers to contact company:
Business Customers: (888) 226 - 2121 Ext:
Residential Customers: (888) 972 - 7243 Ext:

Officer in charge of correspondence concerning this report

Name: GARY P. NUTTALL
Title: VICE PRESIDENT, CHIEF TECHNICAL OFFICER
Firm/Company: SAGE TELECOM, INC.
Office Address: 805 CENTRAL EXPRESSWAY SOUTH, SUITE 100
ALLEN, TX 75013-8010

Fax Number: (214) 495 - 4795
Telephone Number: (214) 495 - 4700
Email Address: gnuttall@sagetelecom.net

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

Name:
Title:
Firm/Company:
Office Address:

Fax Number:
Telephone Number:
Email Address:

Name and address of the office where the utility`s books are kept

Name: CHRISTOPHER M. WILLAIMS
Title: VICE PRESIDENT, CHIEF FINANCIAL OFFICER
Firm/Company: SAGE TELECOM, INC.
Office Address: 805 CENTRAL EXPRESSWAY SOUTH, SUITE 100
ALLEN, TX 75013-8010

Fax Number: (214) 495 - 4790
Telephone Number: (214) 495 - 4700
Email Address: cwilliams@sagetelecom.net

IDENTIFICATION AND OWNERSHIP

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

Name: [redacted]
Address: [redacted] CONFIDENTIAL

Number of Shares Held: [redacted]
Beneficial Owner: [redacted]

Name: [redacted]
Address: [redacted] CONFIDENTIAL

Number of Shares Held: [redacted]
Beneficial Owner: [redacted]

Name: [redacted]
Address: [redacted] CONFIDENTIAL

Number of Shares Held: [redacted]
Beneficial Owner: [redacted]

Name: [redacted]
Address: [redacted] CONFIDENTIAL

Number of Shares Held: [redacted]
Beneficial Owner: [redacted]

Name: [redacted]
Address: [redacted] CONFIDENTIAL

Number of Shares Held: [redacted]
Beneficial Owner: [redacted]

IDENTIFICATION AND OWNERSHIP

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

Name: [redacted]
Address:

CONFIDENTIAL

Number of Shares Held: [redacted]
Beneficial Owner: [redacted]

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

Company Name: [redacted]
Form of Interest:
Extent Of Interest:

CONFIDENTIAL

Company Name: [redacted]
Form of Interest:
Extent Of Interest:

CONFIDENTIAL

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues	CONF. [redacted]	CONF. [redacted]	1
OPERATING EXPENSES			
Access and Billing Expenses	CONF. [redacted]	CONF. [redacted]	2
Local Interconnection			3
Other Charges Imposed by Another Carrier	CONF. [redacted]	[redacted]	4
Communication System Operations			5
Sales and Marketing	CONF. [redacted]	CONF. [redacted]	6
Administrative and General			7
Depreciation and Amortization	CONF. [redacted]	CONF. [redacted]	8
Other			9
Total Operating Expenses	CONF. [redacted]	CONF. [redacted]	10
Net Operating Income			11
OTHER INCOME			
Nonoperating Income and Expense	CONF. [redacted]	CONF. [redacted]	12
Nonoperating Taxes			13
Interest and Related Items	CONF. [redacted]	CONF. [redacted]	14
Extraordinary Items			15
Nonregulated Net Income	CONF. [redacted]	CONF. [redacted]	16
Total Nonoperating Income			17
Net Income	CONF. [redacted]	CONF. [redacted]	18

Income Statement - Total Company Note:

Disclose additional material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable, including:

1. A summary of significant accounting policies, including, but not limited to, accounting policies related to pension cost, unbilled revenues, and income taxes.
2. The method of computing depreciation expense.

INCOME STATEMENT - WISCONSIN INTRASTATE OPERATIONS

Particulars (a)	Wisconsin Intrastate % This Year (b)	This Year (c)	Last Year (d)	
Operating Revenues	0%	0	0	1
OPERATING EXPENSES				
Access and Billing Expenses	0%	0	0	2
Local Interconnection	0%	0	0	3
Other Charges Imposed by Another Carrier	0%	0	0	4
Communication System Operations	0%	0	0	5
Sales and Marketing	0%	0	0	6
Administrative and General	0%	0	0	7
Depreciation and Amortization	0%	0	0	8
Other	0%	0	0	9
Total Operating Expenses	**0%**	**0**	**0**	**10**
Net Operating Income	**0%**	**0**	**0**	**11**
OTHER INCOME				
Nonoperating Income and Expense	0%	0	0	12
Nonoperating Taxes	0%	0	0	13
Interest and Related Items	0%	0	0	14
Extraordinary Items	0%	0	0	15
Nonregulated Net Income	0%	0	0	16
Total Nonoperating Income	**0%**	**0**	**0**	**17**
Net Income	**0%**	**0**	**0**	**18**

Income Statement - Wisconsin Intrastate Operations Note:
Please state the bases upon which the Wisconsin intrastate factors were developed and provide supporting calculations.

TOTAL COMPANY BALANCE SHEET - ASSETS

Particulars (a)		Balance--EOY (b)		Balance--FOY (c)	
CURRENT ASSETS					
Cash and Cash Equivalents		[redacted]		[redacted]	1
Net Telecommunications Accounts Receivable					2
Net Other Accounts Receivable					3
Net Notes Receivable					4
Interest and Dividends Receivable	CONF.		CONF.		5
Materials and Supplies					6
Prepayments					7
Other Current Assets					8
TOTAL CURRENT ASSETS					
NONCURRENT ASSETS					
Investments in Affiliated Companies		[redacted]		[redacted]	9
Investments in Nonaffiliated Companies	CONF.		CONF.		10
Other Noncurrent Assets					11
Deferred Charges					12
TOTAL NONCURRENT ASSETS					
PLANT					
Telecommunications Plant in Service		[redacted]		[redacted]	13
Less: Accumulated Depreciation and Amortization					14
Net Property Held for Future Telecommunications Use	CONF.		CONF.		15
Net Nonoperating Plant					16
Telecommunications Plant Under Construction					17
Net Telecommunications Plant Adjustment					18
TOTAL PLANT					
TOTAL ASSETS AND OTHER DEBITS	CONF.	[redacted]	CONF.	[redacted]	

TOTAL COMPANY BALANCE SHEET - LIABILITIES AND CAPITAL

Particulars (a)		Balance--EOY (b)		Balance--FOY (c)	
CURRENT LIABILITIES					
Accounts and Notes Payable to Affiliated Companies		[redacted]		[redacted]	1
Other Accounts and Notes Payable					2
Advance Billing and Payments					3
Customer Deposits					4
Current Maturities - Long-Term Obligations	CONF.		CONF.		5
Taxes Accrued					6
Other Current and Accrued Liabilities					7
TOTAL CURRENT LIABILITIES					
LONG-TERM DEBT					
Net Funded Debt		[redacted]		[redacted]	8
Obligations Under Capital Leases					9
Advances from Affiliated Companies	CONF.		CONF.		10
Other Long-Term Debt					11
TOTAL LONG-TERM DEBT					
OTHER LIABILITIES AND DEFERRED CREDITS					
Other Long-Term Liabilities		[redacted]		[redacted]	12
Unamortized Investment Tax Credits					13
Net Noncurrent Deferred Income Taxes	CONF.		CONF		14
Other Deferred Credits					15
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS					
STOCKHOLDERS' EQUITY					
Capital Stock and Paid-In Capital		[redacted]		[redacted]	16
Other Capital	CONF.		CONF.		17
Retained Earnings					18
TOTAL STOCKHOLDERS' EQUITY					
TOTAL LIABILITIES AND OTHER CREDITS	CONF.		CONF.		

TOTAL COMPANY BALANCE SHEET - NOTES

Other information concerning the total company balance sheet.

Per Kevin Klingbeil program changes numbers entered by rounding. It is believed that explains why these numbers do not match as identical numbers were entered.

RETAINED EARNINGS - TOTAL COMPANY

Particulars (a)		This Year (b)		Last Year (c)	
Balance - First of Year	CONF.	[redacted]	CONF.	[redacted]	1
Changes:					
Balance Transferred from Income		[redacted]		[redacted]	2
Dividends Declared	CONF.		CONF.		3
Miscellaneous Debits to Retained Earnings					4
Miscellaneous Credits to Retained Earnings					5
Balance - End of Year	CONF	[redacted]	CONF.	[redacted]	6

TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION & AMORTIZATION - WISCONSIN

Plant Function (a)	Plant in Service FOY (b)	Additions (c)	Retirements (d)	
GENERAL SUPPORT				
Enter Description Here	0	0	0	1
CENTRAL OFFICE				
Enter Description Here	0	0	0	2
INFORMATION ORIG./TERM.				
Enter Description Here	0	0	0	3
CABLE WIRE FACILITIES				
Enter Description Here	0	0	0	4
AMORTIZABLE				
Enter Description Here	0	0	0	5
TOTAL PLANT IN SERVICE	**0**	**0**	**0**	

TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION & AMORTIZATION - WISCONSIN (cont.)

Plant Function (e)	Transfers / Adjustments (f)	Plant in Service EOY (g)	Acc. Depr. & Amortization EOY (h)	Net Plant in Service EOY (i)	
GENERAL SUPPORT					
Enter Description Here	0	0	0	0	1
CENTRAL OFFICE					
Enter Description Here	0	0	0	0	2
INFORMATION ORIG./TERM.					
Enter Description Here	0	0	0	0	3
CABLE WIRE FACILITIES					
Enter Description Here	0	0	0	0	4
AMORTIZABLE					
Enter Description Here	0	0	0	0	5
TOTAL PLANT IN SERVICE	0	0	0	0	

OPERATING REVENUES

Particulars (a)	Wisconsin-Based Intrastate (b)	Wisconsin-Based Interstate (c)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail			1
Reciprocal Compensation & Interconnection			2
Private Line, Special Access & Unbundled Network Elements			3
Enter Other Description Here			4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge	[redacted]		5
Switched	[redacted]		6
Special	[redacted]		7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched		[redacted]	8
Special		[redacted]	9
Enter Other Description Here		[redacted]	10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Long Distance Revenue			11
LONG DISTANCE PRIVATE NETWORK REVENUES			
Enter Description Here			12
MISCELLANEOUS REVENUES			
Video Distance Learning	‡	‡	13
Directory	‡	‡	14
‡ Installation/Service & Maintenance/Change Charges/USF	‡	‡	15
GROSS OPERATING REVENUES	0	0	
UNCOLLECTIBLE REVENUES			
Bad Debts			16
TOTAL UNCOLLECTIBLE REVENUES	0	0	
TOTAL OPERATING REVENUES	0	0	

OPERATING REVENUES (cont.)

Particulars (d)	Wisconsin-Based Total (e)		Total Company (f)	
LOCAL NETWORK SERVICES REVENUES				
End User Retail		0	[redacted]	1
Reciprocal Compensation & Interconnection	CONF.	0		2
Private Line, Special Access & Unbundled Network Elements		0		3
Enter Other Description Here		0		4
NETWORK INTERSTATE ACCESS SERVICE REVENUES				
End User Line Charge		0		5
Switched	CONF.	0	[redacted]	6
Special		0		7
NETWORK INTRASTATE ACCESS SERVICE REVENUES				
Switched	CONF.	0	[redacted]	8
Special		0		9
Enter Other Description Here		0		10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES				
Long Distance Revenue	CONF.	0	[redacted]	11
LONG DISTANCE PRIVATE NETWORK REVENUES				
Enter Description Here		0		12
MISCELLANEOUS REVENUES				
Video Distance Learning		‡0	‡	13
Directory	CONF.	‡0	[redacted]	14
‡ Installation/Service & Maintenance/Change Charges/USF	CONF.	‡0	[redacted]	15
GROSS OPERATING REVENUES		0	[redacted]	
UNCOLLECTIBLE REVENUES				
Bad Debts	CONF.	0	[redacted]	16
TOTAL UNCOLLECTIBLE REVENUES	CONF.	0	[redacted]	
TOTAL OPERATING REVENUES	CONF.	0	[redacted]	

AVERAGE NUMBER OF SUBSCRIBERS

Average Number of Subscribers (a)	Wisconsin-Based Total (b)	Total Company (c)	
Residential	0	CONF. [redacted]	1
Business	0	CONF. [redacted]	2
Total	**0**	CONF. [redacted]	3

ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER

Particulars (a)	Wisconsin-Based Intrastate (b)	Wisconsin-Based Interstate (c)	
ACCESS AND BILLING EXPENSES			
Carrier Common Line (Intrastate IntraLATA)		[redacted]	1
Carrier Common Line (Intrastate InterLATA)		[redacted]	2
Carrier Common Line (Interstate)	[redacted]		3
Switched Access			4
Special Access			5
Billing and Collection Expenses			6
TOTAL ACCESS AND BILLING EXPENSES	0	0	
CHARGES IMPOSED BY ANOTHER CARRIER			
Expenses Related to Interconnection with Another Local Exchange Carrier`s Facilities		[redacted]	7
Expenses Related to the Wholesale Use of Another Carrier`s Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings			8
TOTAL CHARGES IMPOSED BY ANOTHER CARRIER	0	0	
TOTAL ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER	0	0	

ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER (cont.)

Particulars (d)	Wisconsin-Based Total (e)		Total Company (f)	
ACCESS AND BILLING EXPENSES				
Carrier Common Line (Intrastate IntraLATA)		0	[redacted]	1
Carrier Common Line (Intrastate InterLATA)		0	[redacted]	2
Carrier Common Line (Interstate)		0	[redacted]	3
Switched Access	CONF.	0	[redacted]	4
Special Access		0	[redacted]	5
Billing and Collection Expenses		0	[redacted]	6
TOTAL ACCESS AND BILLING EXPENSES		0	[redacted]	
CHARGES IMPOSED BY ANOTHER CARRIER				
Expenses Related to Interconnection with Another Local Exchange Carrier's Facilities		0	[redacted]	7
Expenses Related to the Wholesale Use of Another Carrier's Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings	CONF.	0	[redacted]	8
TOTAL CHARGES IMPOSED BY ANOTHER CARRIER	CONF.	0	[redacted]	
TOTAL ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER	CONF.	0	[redacted]	

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)

[1] Teleco provided end-to-end facility.

Date Printed:

ASSESSABLE REVENUES

Description (a)	This Year (b)	
Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes		
Gross Operating Revenues--Wisconsin (including outbound interstate revenues)	0	1
Less: Inbound Interstate Revenues (exclusive of uncollectible service revenues) Included in Line 1 (if any)	0	2
Less : Current Year Write-offs of Uncollectible Revenues	0	3
Plus: Current Year Collection of Operating Revenues Previously Written Off	0	4
Total Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes		
Wisconsin Gross Intrastate Operating Telecommunications Service Revenue	0	6

Notes

"Gross Operating Revenues--Wisconsin" are revenues before consideration of uncollectible revenues. These revenues include revenues from inbound interstate 800 and collect calls billed to customers in Wisconsin.

"Outbound Interstate revenues" are service operations revenues received from communications originating at points within Wisconsin and terminating at points outside the state.

"Inbound Interstate revenues" are service operations revenues received from communications originating at points outside the State of Wisconsin and terminating at points within the state.

(NOT TO BE EXCLUDED HERE ARE INBOUND INTERSTATE 800 AND COLLECT REVENUES BILLED TO CUSTOMERS IN WISCONSIN).

"Gross" means revenue before consideration of uncollectible amounts. Access expenses may not be netted against access revenues.

"Intrastate" means telecommunications service originating and terminating within the State of Wisconsin. Intrastate revenue does not include interstate access revenue.

"Operating" means provision of telecommunications services.

"Telecommunications service revenue" for the purpose of this assessment does not include cable television service, broadcast service, rents, directory revenue, carrier billing and collection revenue, nonregulated customer premises equipment revenue, or other miscellaneous revenue. It does include payphone revenue (which was deregulated in 1997).

OTHER INFORMATION

Additional or other information concerning this annual report.

Sage Telecom, Inc. is a privately held corporation and as such the stockholders' report is not available on a web site.

SCHEDULE AND REPORT NOTES

General Footnote

Schedule Footnotes

SCHEDULE AND REPORT NOTES

Rules for Reporting Footnote. Page 2

Listing of Edit Check Results

Utility: SAGE TELECOM INC (3005) - 2002

Filename: C:PSC_EXPOTHTELOTH_2002_3005.edt

Date Run: 03/24/2003 10:24:52

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1 Schedule: ID & Ownership - Contacts
Contact Type: Individual or firm, if other than utility employee, preparing this report
Email Address: If this contact has an email address, please enter it in the schedule.

Prepared by utility employee.

2 Schedule: Income Statement Wisconsin Intrastate Operations
Net Income for This Year should not be zero.

Sage Telecom, Inc. had no Wisconsin Intrastate Income as service was not yet offered during 2002.

3 Schedule: Income Statement Wisconsin Intrastate Operations
Net Income for Last Year should not be zero.

Sage Telecom, Inc. had no Wisconsin Intrastate Income as service was not yet offered during 2002.

4 Schedule: Balance Sheet
Total Assets and Other Debits, Balance - EOY should equal
Total Liabilities and Other Credits, Balance - EOY.

Per Kevin Klingbeil program changes numbers entered by rounding. It is believed that explains why these numbers do not match as identical numbers were entered.

5 Schedule: Balance Sheet
Total Assets and Other Debits, Balance - FOY should equal
Total Liabilities and Other Credits, Balance - FOY.

Per Kevin Klingbeil program changes numbers entered by rounding. It is believed that explains why these numbers do not match as identical numbers were entered.

6 Schedule: Telecommunications Plant in Service & Accumulated Depreciation & Amortization
Total Plant in Service for Net Plant in Service End of Year should not be zero.

Sage Telecom, Inc. is solely a UNE-P provider and accordingly does not have any physical network.

7 Schedule: Access Expenses, Billing Expenses & Charges Imposed by Another Carrier

SCHEDULE AND REPORT NOTES

Another Carrier
Total Access Expenses, Billing Expenses & Charges Imposed by Another Carrier for
Wisconsin-Based Total and Total Company can not be zero.

Sage Telecom, Inc. had no Wisconsin expenses as service was not yet offered during 2002.

8 Schedule: Central Office Data - End of Year
There must be at least one central office.

Sage Telecom, Inc. is solely a UNE-P provider and accordingly does not have any physical network.

9 Schedule: Access Expenses, Billing Expenses & Charges Imposed by Another Carrier
Total expenses - Wisconsin-Based Total should be greater than 0.

Sage Telecom, Inc. had no Wisconsin expenses as service was not yet offered during 2002.

10 Schedule: Income Statement - Wisconsin Intrastate Operations
Status: Not Started
The status of this schedule must be changed to Complete.

Is now Complete.

11 Schedule: Total Company Balance Sheet - Notes
Status: Not Started
The status of this schedule must be changed to Complete.

Is now complete.

12 Schedule: Retained Earnings - Total Company
Status: In Progress
The status of this schedule must be changed to Complete.

Receiving Database Transaction Warning which does not allow completion of schedule. Have spoken with Kevin Klingbeil regarding this warning. Application does not seem to be recognizing Sage Telecom, Inc.s Utility Number.

13 Schedule: Telecommunications Plant in Service & Accumulated Depreciation & Amortization - Wisconsin
Status: Not Started
The status of this schedule must be changed to Complete.

Sage Telecom, Inc. is a UNE-P provider and accordingly does not have any physical network.

14 Schedule: Central Office Data - End of Year

SCHEDULE AND REPORT NOTES

Status: Not Started
The status of this schedule must be changed to Complete.

Sage Telecom, Inc. is a UNE-P provider and accordingly does not have any physical network.

15 Schedule: Assessable Revenues
Status: Not Started
The status of this schedule must be changed to Complete.

Sage Telecom, Inc. has no Assessable Revenues.

Identification and Ownership Footnote. Page 5

Sage Telecom,Inc. is the entity doing business in Wisconsin. Sage Telecom,Inc. is the 1% General Partner of Sage Telecom of Texas,L.P. Sage Telecom of Nevada,LLC is the 99% Limited Partner of Sage Telecom of Texas,L.P.