



4008

# ANNUAL REPORT

of

Name: BAYLAND COMMUNICATIONS, INC.

Principal Office: 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

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:	<a href="http://psc.wi.gov">http://psc.wi.gov</a>

*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 unless additional provisional confidential treatment is desired.** 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 Program for Alternative Telecommunications Utility - Other Telecommunications Providers (OTH).
3. Alternative Telecommunications Utility-Other Telecommunications Provider (ATU-Other) entities with no revenues for the report year are required to file an OTH 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). 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. Please report all dollar amounts to the nearest thousand dollars.
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 OTH annual report program incorporates provisional confidentiality capability for the following item, based on the Commission's Information Regarding Confidential Filings decision dated February 24, 2003, as supplemented for the new Nonregulated Revenues category on the Operating Revenues schedule:
  - a. Operating Revenues (Particulars, Wisconsin-Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company columns) (pp. 14-15) (Miscellaneous Revenues and Nonregulated 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 and Nonregulated Revenues categories in the columns labeled Wisconsin-

## RULES FOR REPORTING

Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company);

- 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.

If additional provisional confidential treatment is desired, please contact the Commission concerning required manual filing procedures. In this situation, do not file the annual report electronically using the program's e-mail filing capabilities.

- 13. It is not necessary to manually or electronically "sign" the signature page. It is not necessary to file a hardcopy annual report printout with the Commission.
- 14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

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

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

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

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrcs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

- 15. **Name Changes:**

If a name change (e.g., the new name, the date of the change, and the affected entities with their respective four-digit Commission identification numbers) is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

## RULES FOR REPORTING

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://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.**

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

If making revisions to the report subsequent to an electronic 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.

Revisions to an annual report previously filed on a manual basis also require a new complete manual filing.

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

**SIGNATURE PAGE**

I MR. ROGER L. HERMSEN of  
(Person responsible for accounts)

BAYLAND COMMUNICATIONS, 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.

MR. ROGER L. HERMSEN 03/28/2003  
(Person responsible for accounts) (Date)

PRESIDENT  
(Title)

**TABLE OF CONTENTS**

<b>Schedule Name</b>	<b>Page</b>
Cover Page	1
Rules for Reporting	2
Signature Page	3
Table of Contents	4
Identification and Ownership	5
Income Statement - Total Company	6
Income Statement - Wisconsin Intrastate Operations	7
Total Company Balance Sheet - Assets	8
Total Company Balance Sheet - Liabilities and Capital	9
Total Company Balance Sheet - Notes	10
Retained Earnings - Total Company	11
Telecommunications Plant in Service & Accumulated Depreciation & Amortization - Wisconsin	12
Operating Revenues	14
Average Number of Subscribers	16
Access Expenses, Billing Expenses & Charges Imposed by Another Carrier	17
Central Office Data - End of Year	19
Assessable Revenues	20
Other Information	21
Schedule And Report Notes	22

---

**IDENTIFICATION AND OWNERSHIP**

---

**Exact Utility Name:** BAYLAND COMMUNICATIONS, INC.  
**Utility Location:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Utility Web Site Address:** www.bayland.net  
**Date utility authorized to provide service in Wisconsin:** 02/20/1997  
**State in which utility was organized:** Wisconsin  
**Organization type (e.g., corporation, partnership):** Corporation

**New Utility Name:** **Effective Date:**

**Telephone numbers for potential customers to contact company:**  
Business Customers: (920) 826 - 5915 Ext:  
Residential Customers: (920) 826 - 5215 Ext:

---

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

---

**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT  
**Firm/Company:** BAYLAND TELEPHONE, INC.  
**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

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

---

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

---

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

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

---

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

---

**Name:** MR. ROGER L. HERMSEN  
**Title:** PRESIDENT  
**Firm/Company:** BAYLAND TELEPHONE, INC.  
**Office Address:** 2711 E. FRONTAGE ROAD  
ABRAMS, WI 54101

**Fax Number:** (920) 826 - 5911  
**Telephone Number:** (920) 826 - 5215  
**Email Address:** rlherm@bayland.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:** BAYLAND TELEPHONE, INC.  
**Address:** 2711 E. FRONTAGE ROAD  
ABRAMS , WI 54101

**Number of Shares Held:** 500  
**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

**INCOME STATEMENT - TOTAL COMPANY**

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues	951,826	587,952	1
<b>OPERATING EXPENSES</b>			
Access and Billing Expenses	58,586	875	2
Local Interconnection	537,811	19,264	3
Other Charges Imposed by Another Carrier	0	0	4
Communication System Operations	377,293	611,735	5
Sales and Marketing	2,480	0	6
Administrative and General	137,298	124,479	7
Depreciation and Amortization	142,653	95,380	8
Other	12,153	(103,872)	9
<b>Total Operating Expenses</b>	<b>1,268,274</b>	<b>747,861</b>	<b>10</b>
<b>Net Operating Income</b>	<b>(316,448)</b>	<b>(159,909)</b>	<b>11</b>
<b>OTHER INCOME</b>			
Nonoperating Income and Expense	0	0	12
Nonoperating Taxes	3,695	0	13
Interest and Related Items	11,842	14,514	14
Extraordinary Items	0	0	15
Nonregulated Net Income	157,443	23,127	16
<b>Total Nonoperating Income</b>	<b>141,906</b>	<b>8,613</b>	<b>17</b>
<b>Net Income</b>	<b>(174,542)</b>	<b>(151,296)</b>	<b>18</b>

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.

## SIGNIFICANT ACCOUNTING POLICIES:

- A. TELECOMMUNICATIONS PLANT IS RECORDED AT ORIGINAL COST. DEPRECIATION IS COMPUTED ON A STRAIGHT-LINE BASIS BY APPLYING A RATE TO A GROUP OF ASSETS FOR BOOK PURPOSES. TAX DEPRECIATION IS COMPUTED ON AN ACCELERATED BASIS.
- B. DEFERRED INCOME TAXES HAVE BEEN RECORDED ON ALL TEMPORARY TIMING DIFFERENCES.
- C. IN GENERAL, REVENUES ARE RECOGNIZED WHEN EARNED REGARDLESS OF WHEN ACTUALLY RECEIVED.

**INCOME STATEMENT - WISCONSIN INTRASTATE OPERATIONS**

Particulars (a)	Wisconsin Intrastate % This Year (b)	This Year (c)	Last Year (d)	
Operating Revenues	80.00%	763,340	462,342	1
<b>OPERATING EXPENSES</b>				
Access and Billing Expenses	100.00%	58,586	875	2
Local Interconnection	100.00%	537,811	19,264	3
Other Charges Imposed by Another Carrier	0%	0	0	4
Communication System Operations	80.00%	302,589	481,068	5
Sales and Marketing	80.00%	1,989	0	6
Administrative and General	80.00%	110,113	97,890	7
Depreciation and Amortization	80.00%	114,408	75,007	8
Other	80.00%	9,747	(81,685)	9
<b>Total Operating Expenses</b>	<b>80.00%</b>	<b>1,135,243</b>	<b>592,419</b>	<b>10</b>
<b>Net Operating Income</b>	<b>81.00%</b>	<b>(371,903)</b>	<b>(130,077)</b>	<b>11</b>
<b>OTHER INCOME</b>				
Nonoperating Income and Expense	0%	0	0	12
Nonoperating Taxes	80.00%	2,963	0	13
Interest and Related Items	80.00%	9,497	11,414	14
Extraordinary Items	0%	0	0	15
Nonregulated Net Income	80.00%	12,626	18,187	16
<b>Total Nonoperating Income</b>	<b>80.00%</b>	<b>166</b>	<b>6,773</b>	<b>17</b>
<b>Net Income</b>	<b>82.00%</b>	<b>(371,737)</b>	<b>(123,304)</b>	<b>18</b>

Income Statement - Wisconsin Intrastate Operations Note:

Please state the bases upon which the Wisconsin intrastate factors were developed and provide supporting calculations.

THE PERCENTAGES USED TO ALLOCATE EXPENSES TO WISCONSIN INTRASTATE OPERATIONS WERE BASED UPON THE RATIO OF INTRASTATE OPERATING REVENUE TO THE TOTAL OPERATING REVENUE UNLESS SPECIFIED OTHERWISE.

**TOTAL COMPANY BALANCE SHEET - ASSETS**

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	163,824	14,260	1
Net Telecommunications Accounts Receivable	10,619	13,431	2
Net Other Accounts Receivable	131,681	170,582	3
Net Notes Receivable	0	0	4
Interest and Dividends Receivable	0	0	5
Materials and Supplies	0	0	6
Prepayments	0	0	7
Other Current Assets	0	0	8
<b>TOTAL CURRENT ASSETS</b>	<b>306,124</b>	<b>198,273</b>	
<b>NONCURRENT ASSETS</b>			
Investments in Affiliated Companies	0	0	9
Investments in Nonaffiliated Companies	0	0	10
Other Noncurrent Assets	15,162	8,469	11
Deferred Charges	0	0	12
<b>TOTAL NONCURRENT ASSETS</b>	<b>15,162</b>	<b>8,469</b>	
<b>PLANT</b>			
Telecommunications Plant in Service	826,667	624,609	13
Less: Accumulated Depreciation and Amortization	365,381	234,420	14
Net Property Held for Future Telecommunications Use	0	0	15
Net Nonoperating Plant	0	0	16
Telecommunications Plant Under Construction	0	0	17
Net Telecommunications Plant Adjustment	0	0	18
<b>TOTAL PLANT</b>	<b>461,286</b>	<b>390,189</b>	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>782,572</u></b>	<b><u>596,931</u></b>	

**TOTAL COMPANY BALANCE SHEET - LIABILITIES AND CAPITAL**

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT LIABILITIES</b>			
Accounts and Notes Payable to Affiliated Companies	745,893	431,343	1
Other Accounts and Notes Payable	301,368	86,145	2
Advance Billing and Payments	1,772	0	3
Customer Deposits	0	0	4
Current Maturities - Long-Term Obligations	0	0	5
Taxes Accrued	0	0	6
Other Current and Accrued Liabilities	0	0	7
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,049,033</b>	<b>517,488</b>	
<b>LONG-TERM DEBT</b>			
Net Funded Debt	0	0	8
Obligations Under Capital Leases	0	0	9
Advances from Affiliated Companies	124,860	282,762	10
Other Long-Term Debt	0	0	11
<b>TOTAL LONG-TERM DEBT</b>	<b>124,860</b>	<b>282,762</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Long-Term Liabilities	31,304	0	12
Unamortized Investment Tax Credits	0	0	13
Net Noncurrent Deferred Income Taxes	(59,269)	(49,038)	14
Other Deferred Credits	0	0	15
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS</b>	<b>(27,965)</b>	<b>(49,038)</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock and Paid-In Capital	240,013	240,013	16
Other Capital	0	0	17
Retained Earnings	(603,369)	(394,294)	18
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>(363,356)</b>	<b>(154,281)</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>782,572</b>	<b>596,931</b>	

---

## TOTAL COMPANY BALANCE SHEET - NOTES

**Other information concerning the total company balance sheet.**

---

NONE

**RETAINED EARNINGS - TOTAL COMPANY**

<b>Particulars (a)</b>	<b>This Year (b)</b>	<b>Last Year (c)</b>	
Balance - First of Year	(394,294)	(242,998)	1
<b>Changes:</b>			
Balance Transferred from Income	(174,542)	(151,296)	2
Dividends Declared	0	0	3
Miscellaneous Debits to Retained Earnings	34,533	0	4
Miscellaneous Credits to Retained Earnings	0	0	5
<b>Balance - End of Year</b>	<b><u>(603,369)</u></b>	<b><u>(394,294)</u></b>	<b>6</b>

**TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION &  
AMORTIZATION - WISCONSIN**

Plant Function (a)	Plant in Service FOY (b)	Additions (c)	Retirements (d)	
<b>GENERAL SUPPORT</b>				
Enter Description Here	0	0	0	1
<b>CENTRAL OFFICE</b>				
DIGITAL COE	420,099	33,782	0	2
CIRCIUT EQUIPMENT	62,841	168,276		3
<b>INFORMATION ORIG./TERM.</b>				
Enter Description Here	0	0	0	4
<b>CABLE WIRE FACILITIES</b>				
BURIED CABLE - FIBER	141,669	0	0	5
<b>AMORTIZABLE</b>				
Enter Description Here	0	0	0	6
<b>TOTAL PLANT IN SERVICE</b>	<b>624,609</b>	<b>202,058</b>	<b>0</b>	

**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)	
<b>GENERAL SUPPORT</b>					
Enter Description Here	0	0	0	0	1
<b>CENTRAL OFFICE</b>					
DIGITAL COE	0	453,881	239,385	214,496	2
CIRCIUT EQUIPMENT		231,117	68,147	162,970	3
<b>INFORMATION ORIG./TERM.</b>					
Enter Description Here	0	0	0	0	4
<b>CABLE WIRE FACILITIES</b>					
BURIED CABLE - FIBER	0	141,669	57,849	83,820	5
<b>AMORTIZABLE</b>					
Enter Description Here	0	0	0	0	6
<b>TOTAL PLANT IN SERVICE</b>	<b>0</b>	<b>826,667</b>	<b>365,381</b>	<b>461,286</b>	

**OPERATING REVENUES**

Particulars (a)	Wisconsin- Based Intrastate (b)	Wisconsin- Based Interstate (c)	
<b>LOCAL NETWORK SERVICES REVENUES</b>			
End User Retail	607,485		1
Reciprocal Compensation & Interconnection			2
Private Line, Special Access & Unbundled Network Elements			3
Enter Other Description Here			4
<b>NETWORK INTERSTATE ACCESS SERVICE REVENUES</b>			
End User Line Charge		107,364	5
Switched		57,287	6
Special			7
<b>NETWORK INTRASTATE ACCESS SERVICE REVENUES</b>			
Switched	155,238		8
Special			9
Enter Other Description Here			10
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES</b>			
Enter Description Here			11
<b>LONG DISTANCE PRIVATE NETWORK REVENUES</b>			
Enter Description Here			12
<b>MISCELLANEOUS REVENUES</b>			
Video Distance Learning			13
Directory			14
Billing & Collection Revenue	17,442	23,835	15
<b>GROSS OPERATING REVENUES</b>	<b>780,165</b>	<b>188,486</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue	16,825		16
<b>TOTAL UNCOLLECTIBLE REVENUES</b>	<b>16,825</b>	<b>0</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>763,340</b>	<b>188,486</b>	

**OPERATING REVENUES (cont.)**

Particulars (d)	Wisconsin- Based Total (e)	Total Company (f)	
<b>LOCAL NETWORK SERVICES REVENUES</b>			
End User Retail	607,485	607,485	1
Reciprocal Compensation & Interconnection	0		2
Private Line, Special Access & Unbundled Network Elements	0		3
Enter Other Description Here	0		4
<b>NETWORK INTERSTATE ACCESS SERVICE REVENUES</b>			
End User Line Charge	107,364	107,364	5
Switched	57,287	57,287	6
Special	0		7
<b>NETWORK INTRASTATE ACCESS SERVICE REVENUES</b>			
Switched	155,238	155,238	8
Special	0		9
Enter Other Description Here	0		10
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES</b>			
Enter Description Here	0		11
<b>LONG DISTANCE PRIVATE NETWORK REVENUES</b>			
Enter Description Here	0		12
<b>MISCELLANEOUS REVENUES</b>			
Video Distance Learning	0		13
Directory	0		14
Billing & Collection Revenue	41,277	41,277	15
<b>GROSS OPERATING REVENUES</b>	<b>968,651</b>	<b>968,651</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue	16,825	16,825	16
<b>TOTAL UNCOLLECTIBLE REVENUES</b>	<b>16,825</b>	<b>16,825</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>951,826</b>	<b>951,826</b>	

**AVERAGE NUMBER OF SUBSCRIBERS**

<b>Average Number of Subscribers (a)</b>	<b>Wisconsin-Based Total (b)</b>	<b>Total Companyl (c)</b>	
Residential	831	831	1
Business	555	555	2
<b>Total</b>	<b><u>1,386</u></b>	<b><u>1,386</u></b>	<b>3</b>

**NUMBER OF LIFELINE AND LINKUP CUSTOMERS**

<b>Number of Lifeline and Linkup Customers (a)</b>	<b>Wisconsin (Actual No.)(b)</b>	
Number of Lifeline Customers in Wisconsin at December 31, 2002		1
Number of Linkup Customers in Wisconsin Connected During 2002		2

**ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER**

Particulars (a)	Wisconsin- Based Intrastate (b)	Wisconsin- Based Interstate (c)	
<b>ACCESS AND BILLING EXPENSES</b>			
Carrier Common Line (Intrastate IntraLATA)			1
Carrier Common Line (Intrastate InterLATA)			2
Carrier Common Line (Interstate)			3
Switched Access			4
Special Access	31,163		5
Billing and Collection Expenses	27,423		6
<b>TOTAL ACCESS AND BILLING EXPENSES</b>	<b>58,586</b>	<b>0</b>	
<b>CHARGES IMPOSED BY ANOTHER CARRIER</b>			
Expenses Related to Interconnection with Another Local Exchange Carrier's Facilities	537,811		7
Expenses Related to the Wholesale Use of Another Carrier's Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings			8
<b>TOTAL CHARGES IMPOSED BY ANOTHER CARRIER</b>	<b>537,811</b>	<b>0</b>	
<b>TOTAL ACCESS EXPENSES, BILLING EXPENSES &amp; CHARGES IMPOSED BY ANOTHER CARRIER</b>	<b>596,397</b>	<b>0</b>	

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

Particulars (d)	Wisconsin- Based Total (e)	Total Compnay (f)	
<b>ACCESS AND BILLING EXPENSES</b>			
Carrier Common Line (Intrastate IntraLATA)	0		1
Carrier Common Line (Intrastate InterLATA)	0		2
Carrier Common Line (Interstate)	0		3
Switched Access	0		4
Special Access	31,163	31,163	5
Billing and Collection Expenses	27,423	27,423	6
<b>TOTAL ACCESS AND BILLING EXPENSES</b>	<b>58,586</b>	<b>58,586</b>	
<b>CHARGES IMPOSED BY ANOTHER CARRIER</b>			
Expenses Related to Interconnection with Another Local Exchange Carrier`s Facilities	537,811	537,811	7
Expenses Related to the Wholesale Use of Another Carrier`s Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings	0		8
<b>TOTAL CHARGES IMPOSED BY ANOTHER CARRIER</b>	<b>537,811</b>	<b>537,811</b>	
<b>TOTAL ACCESS EXPENSES, BILLING EXPENSES &amp; CHARGES IMPOSED BY ANOTHER CARRIER</b>	<b>596,397</b>	<b>596,397</b>	

**CENTRAL OFFICE DATA - END OF YEAR**

When an exchange has more than one central office, data must be reported for each central office.

<b>Description (a)</b>	<b>Central Off. (b)</b>	<b>Central Off. (c)</b>	<b>Central Off. (d)</b>	<b>Central Off. (e)</b>	
Rate Center Name	OCONTO	OCONTO FALLS			1
Central Office (Switch) CLLI Code	OCNTWI112MD	OCFLWI112MD			2
Switch Location	OCONTO	OCONTO FALLS			3
Manufacturer of COE	NORTEL	NORTEL			4
Year COE Installed	1999	1999			5
Type of Equipment	ACCESS	ACCESS			6
(S)tandalone, (H)ost, (R)emote, (A)dv. Fiber Comm.	R	R			7
Remote Host Rate Center Name	GREEN BAY	GREEN BAY			8
Remote Host Switch CLLI Code	GNBYWIEMDSO	GNBYWIEMDSO			9
COE Generic Software Release No.	17.0	17.0			10
SS7?	Yes	Yes			11
9-1-1?	Yes	Yes			12
Access Lines - In Use	396	868			13
- Equipped	2,000	2,000			14
- Wired	2,000	2,000			15
Trunks - In Use	8	8			16
- Equipped	14	14			17
- Wired	14	14			18
ISDN Available?	No	No			19
ISDN Lines - In Use (BRI)					20
- In Use (PRI)					21
xDSL Available?	Yes	Yes			22
- In Use (# lines)	45	50			23
Switched 56 Service?	No	No			24
Switched 56 lines in use					25
Digital Transmission Facilities: DS-1 - In Use	0				26
DS-3 - In Use	0				27
Advanced Data Service Available:					
Packet Switching?	No	No			28
SMDS?	No	No			29
Frame Relay?	No	No			30
ATM (Asynchronous Trans. Mode)?	No	No			31
Video Information - Service Available?	No	No			32
- In Use (# lines) <sup>1</sup>					33
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	0			34
No. of fiber strands working (LIT) in C.O.	0	0			35
No. of fiber strands for interoffice use	0	0			36
Miles of fiber sheath in wire center	0	0			37
Access Tandem Serving this C.O.:					
- Central Office Name	GREEN BAY	GREEN BAY			38
- Central Office CLLI Code	GNBYWI016T	GNBYWI016T			39
Does this C.O. do access tandem switching?	Yes	Yes			40

<sup>1</sup> Teleco provided end-to-end facility.

**ASSESSABLE REVENUES**

Description (a)	This Year (b)
<b>Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	
Gross Operating Revenues--Wisconsin (including outbound interstate revenues)	968,651 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	16,833 3
Plus: Current Year Collection of Operating Revenues Previously Written Off	8 4
Less : Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)	5
Plus: Nonregulated Net Write Off Amount (included on Lines 3 and 4)	6
<b>Total Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b>951,826 7</b>

**Assessable Revenues for Universal Service Fund Assessment Purposes**

Wisconsin Gross Intrastate Operating Telecommunications Service Revenue	<b>780,165 8</b>
---	------------------

**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 assessable 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 or nonregulated revenue. However, it does include video distance learning revenue and payphone revenue (the latter which was deregulated in 1997).

---

## OTHER INFORMATION

**Additional or other information concerning this annual report.**

---

NONE

---

## SCHEDULE AND REPORT NOTES

**General Footnote**

---

**Schedule Footnotes**

## SCHEDULE AND REPORT NOTES

### Identification and Ownership Footnote. Page 5

Board of Directors  
BAYLAND COMMUNICATIONS, INC.  
Abrams, Wisconsin

The Balance Sheets of Bayland Communications, Inc. as of December 31, 2002 and 2001 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 nonfinancial data included on pages 12 through 22 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 statement 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, 2003

## SCHEDULE AND REPORT NOTES

**Retained Earnings - Total Company Footnote. Page 11**

**Miscellaneous Debits to Retained Earnings - Prior period adjustment.**

---