



4004

ANNUAL REPORT

OF

Name: MOUNT HOREB TELEPHONE COMPANY

Principal Office: 200 E MAIN ST
P.O. BOX 65
MOUNT HOREB, WI 53572-0065

For the Year Ended: DECEMBER 31, 1998

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

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. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. 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.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when 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.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that 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.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

TABLE OF CONTENTS

Schedule Name	Page
Cover Page	1
General Rules for Reporting	2
Signature Page	3
Table of Contents	4
Annual Telecommunications Report Glossary of Terms	5
Abbreviations Used in Annual Reports	6
Identification and Ownership	7
Income Statement - Total Company	8
Notes to Income Statement or Balance Sheet	9
Balance Sheet - Assets (Class B Use Accounts Designated By *)	10
Balance Sheet - Liabilities (Class B Use Accounts Designated By *)	11
Statement of Cash Flows	12
Important Changes During the Year	13
Affiliate Abbreviations	14
Affiliated Interest Transactions	15
Affiliated Assets and Liabilities	16
Accounts Receivable Net Write Offs - Telecommunications	17
Notes Receivable (Acct. 1200) and Allowances (Acct. 1201)	18
Investments in Nonaffiliated Companies (Acct. 1402)	19
Nonregulated Investments (Acct. 1406)	20
Deferred Maintenance and Retirements (Acct. 1438)	21
Telecommunications Plant in Service Class A & B	22
Telecommunications Plant in Service Class A & B (Sub-Class Accounts)	24
Accumulated Depreciation Class A & B	26
Accumulated Depreciation Class A & B (Sub-Class Accounts)	28
Net Deferred Operating Income Taxes (Acct. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)	30
Notes Payable (Acct. 4020)	32
Long-Term Debt	33
Capital Stock Accounts at End of Year	35
Retained Earnings (Acct. 4550)	37
Distribution of Taxes	38
Revenues - Class A & B (Class B Use Accounts Designated By *)	40
Expense Matrix - Class A & B	41
Calculation of Assessable Revenues for Remainder, DOJ, and Tele. Relay Assessment Purposes	43
Calculation of Assessable Revenues for Universal Service Fund Assessment Purposes	43
Other Income Accounts (Class B Use Accounts Designated By *)	44
Nonregulated Net Income (Acct. 7990)	45
Distribution of Salaries and Wages	46
Employee Data	46
Telephone Calls and Minutes of Use Per Month	47
Access Usage	48
Outside Plant Statistics at End of Year	49
Special Access Circuits in Use at End of Year	49
Service Data	50

TABLE OF CONTENTS

Schedule Name	Page
Service Data - End of Year	52
Equipment Abbreviations	54
Manufacturer Abbreviations	54
Central Office Data - End of Year	55
General, Schedule Level and Schedule Line Footnotes	56

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of: <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	A central office switch which has no remote switching units (RSUs) subtending it.
Trunk	A communications path connecting two switching systems in the establishment of an end-to-end connection.
Wide Area Telephone Service (WATS)	Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.
Wire Center	The location of one or more local switching systems. A point at which customers' loops converge.

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: MOUNT HOREB TELEPHONE COMPANY
Utility Location: 200 E MAIN ST
P.O. BOX 65
MOUNT HOREB, WI 53572-0065

Utility Web Site Address:

When was utility organized?: 12/15/1919

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR JOHN A . KLARER
Title: GENERAL MANAGER

Office Address: 200 E MAIN ST
P.O. BOX 65
MT HOREB , WI 53572

Fax Number: (608) 437 - 8898
Telephone Number: (608) 437 - 5551
Email Address: JAK@MHTC.NET

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

Name:
Title:

Office Address:

Fax Number:
Telephone Number:
Email Address:

Person responsible for financial information contained in report

Name: MR PAUL A . SUTTER
Title: ACCOUNTANT

Office Address: 200 E MAIN ST
P.O. BOX 65
MT HOREB , WI 53572

Fax Number: (608) 437 - 8898
Telephone Number: (608) 437 - 5551
Email Address: PAS@MHTC.NET

Person responsible for statistical information contained in report

Name: MR PAUL A . SUTTER
Title: ACCOUNTANT

Office Address: 200 E MAIN ST
P.O. BOX 65
MT HOREB , WI 53572

Fax Number: (608) 437 - 8898
Telephone Number: (608) 437 - 5551
Email Address: PAS@MHTC.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: NONE
Address: NONE
PO BOX 0000
NONE, WI 00000
Number of Shares Held:
Beneficial Owner: NONE

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

Company Name: MH COMMUNICATIONS INC
Form of Interest: 100 % OWNED SUBSIDIARY
Extent Of Interest: 100 % INTEREST

Company Name: MH TELECOM INC
Form of Interest: 100 % OWNED SUBSIDIARY
Extent Of Interest: 100 % INTEREST

Company Name: PCS WISCONSIN LLC
Form of Interest: MINORITY SHAREHOLDER
Extent Of Interest: 25% INTEREST

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	3,950,449	3,600,035	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	387,839	274,578	2
Plant Nonspecific Operations Expense	1,081,191	979,813	3
Customer Operations Expense (6610-6620)	468,506	408,640	4
Corporate Operations Expense (6710-6790)	414,815	465,987	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	599,700	526,650	7
Total Operating Expenses	2,952,051	2,655,668	8
Net Operating Income	998,398	944,367	9
Other Income			
Nonoperating Income and Expense (7300)	160,432	72,838	10
Nonoperating Taxes (7400)	8,325	12,235	11
Interest and Related Items (7500)	412,282	383,677	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	84,585	(56,395)	14
Total Nonoperating Income	(175,590)	(379,469)	15
Net Income	822,808	564,898	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

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

The accounting policies of the Company conform to generally accepted accounting principles. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the FCC as modified by the PSCW.

Telephone plant and other property are capitalized at original cost including: the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee taxes, and employee benefits and interest incurred during the construction period.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates, based on the estimated service lives of the various classes of depreciable property. Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation, together with removal cost less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from property and equipment and investments. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled. Investment tax credits, which were deferred prior to the Tax Reform Act of 1986, are being amortized over the life of the plant which produced the ITC.

Revenues are recognized when earned regardless of the period in which they are billed. Network access service revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues are based, in part, on cost separation procedures, except for traffic sensitive rates which are based on company tariffed rates, administered by the National Exchange Carrier Association which is regulated by the FCC. The intrastate portion of access revenues are billed on individual company tariff access charge structure based on expense and plant investment of the Company as approved by the PSCW. The tariffs developed from these formulas are used to charge the connecting carrier and recognize revenues in the period the traffic is switched or transported based on the minutes of use.

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

Debt and marketable equity securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Debt and marketable equity securities classified as available for sale are carried at fair value with unrealized holding gains and losses recorded as a separate component of stockholders' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held to maturity and are carried at amortized cost. The Company uses the FIFO method of computing realized gains and losses. Nonmarketable equity investments, over which the Company has significant influence or a 20% ownership, are reflected on the equity method. Other nonmarketable equity investments are stated at cost.

-
2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None

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

The mortgage to the United States of America, underlying the RUS and RTB notes, contains certain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investment in affiliated companies except as might be specifically authorized in writing in advance by the RUS and RTB noteholders.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	1,680,347	1,830,560	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	1,680,347	1,830,560	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	194,540	175,439	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	194,540	175,439	
Other Accounts Receivable (1190)*	296,079	415,881	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	296,079	415,881	
Notes Receivable (1200)*	75,000	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	75,000	0	
Interest and Dividends Receivable (1210)*	11,545	8,123	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	577,164	599,443	
SUPPLIES			
Inventories (1220)*	58,143	88,332	13
TOTAL SUPPLIES	58,143	88,332	
PREPAYMENTS			
Total Prepayments (1280)*	75,951	88,020	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	75,951	88,020	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	4,867	7,331	20
TOTAL OTHER CURRENT ASSETS	4,867	7,331	
TOTAL CURRENT ASSETS	2,396,472	2,613,686	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	375,600	371,600	21
Investments in Nonaffiliated Companies (1402)*	990,271	915,546	22
Nonregulated Investments (1406)*	457,963	424,306	23
Unamortized Debt Issuance Expense (1407)*	3,301	3,474	24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	27,699	44,611	26
TOTAL INVESTMENTS	1,854,834	1,759,537	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	0	0	29
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	1,854,834	1,759,537	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	14,903,845	13,834,273	30
Less: Accumulated Depreciation (3100)*	6,291,226	5,517,517	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	33
Less: Accumulated Amortization--Intangible (3500)*	0	0	34
NET TELECOMMUNICATIONS PLANT IN SERVICE	8,612,619	8,316,756	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	36
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	37
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	194,015	293,633	39
TOTAL TPUC	194,015	293,633	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	40
Less: Accumulated Amortization--Other (3600)*	0	0	41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	8,806,634	8,610,389	
TOTAL ASSETS AND OTHER DEBITS*	13,057,940	12,983,612	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	229,950	486,658	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	1,886	1,641	3
Customer Deposits (4040)*	0	0	4
Current Maturities--Long-Term Debt (4050)*	246,364	164,665	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	121,279	2,603	7
Other Taxes--Accrued (4080)*	(19,300)	(431)	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	63,123	59,955	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES*	643,302	715,091	
LONG-TERM DEBT			
Funded Debt (4210)*	6,948,449	7,244,382	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	6,948,449	7,244,382	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	65,025	50,008	20
Unamortized Operating ITC--Net (4320)*	57,000	114,000	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	264,994	299,826	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	525	(28,886)	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	0	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	387,544	434,948	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	1,200,000	1,200,000	28
Additional Paid-in Capital (4520)*	22,499	22,499	29
Treasury Stock (4530)*	94,613	0	30
Other Capital (4540)*	32,814	7,579	31
Retained Earnings (4550)*	3,917,945	3,359,113	32
TOTAL STOCKHOLDERS' EQUITY*	5,078,645	4,589,191	
TOTAL LIABILITIES AND OTHER CREDITS*	13,057,940	12,983,612	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	822,808	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,018,792	2
Interest during construction	(12,582)	3
Changes in assets and liabilities:		
Current assets (net)	67,001	4
Other noncurrent assets	16,738	5
Other current liabilities	(153,488)	6
Other liabilities and deferred credits	(47,404)	7
Other (specify):		
TOTAL ADJUSTMENTS	889,057	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	1,711,865	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(1,202,455)	8
Investments in affiliated companies	(4,000)	9
Nonoperating Investments	(108,382)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(1,314,837)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(213,887)	12
Net changes in stockholder equity other than retained earnings	(69,378)	13
Change in short term borrowing (net)	0	14
Dividends paid	(263,976)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(547,241)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(150,213)	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

-
1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.
-
2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.
-
3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.
-
4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.
-
5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.
Residential service rate increased from \$13.65 to \$15.50. Increase in annual revenues estimate, \$79,400. Based on access lines as of 7-1-98.
Intrastate access charge rate decrease. Decrease in annual revenue estimate, \$39,500. Based on Jan through Apr 1998 minutes of use.
-
6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.
-
7. Changes in articles of incorporation or amendments to charter.
-
8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

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.

Name of Affiliate (a)	Abbreviations (b)	
MH Communications, Inc	MHCOM	1
MH Telecom, Inc	MHTELECOM	2
Other	OTH	3
PCS Wisconsin, LLC	PCSWI	4

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 and categorize billings according to the account categories shown below.

Particulars (a)	(b)	(c)	(d)	(e)		
Docket	Various	3940-AT-000101				
Name of Affiliate	MHCOM	MHTELECOM				1
Designate whether billed to or from:	TO	TO				2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C				3
Revenues	16,161					4
Expenses:						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense	6,949					7
Corporate Operations Expense	4,716	196				8
Total Operating Expenses	11,665	196	0	0		9
Other:						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other						14
Total	27,826	196	0	0		15
Percent of affiliate's business billed to all affiliated regulated utilities						16
If cost based, rate of return on equity or markup incorporated in billings						17
Footnotes	M					

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. 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. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
MH Telecom, Inc	1190	3,208	1
MH Communications, Inc	1210	3,380	2
MH Communications, Inc	1401	1,000	3
MH Telecom, Inc	1401	1,000	4
PCS Wisconsin, LLC	1401	373,600	5
MH Communications, Inc	4010	27,181	6

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off		1
Uncollectibles written off during the year		2
Net write offs during the year	<u><u>0</u></u>	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
From Affiliates:					
MHCOM	04/23/1998	04/22/1999	7.0000	75,000	1 K
Total Affiliated				<u>75,000</u>	<u>0</u>
Total				<u>75,000</u>	<u>0</u>

INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	101,100	1
Other:		
ASSET BACKED SECURITIES	206,057	2
MUNICIPAL BOND	150,000	3
CRYSTAL COMMUNICATIONS	6,000	4
RSA 8 PARTNERSHIP	66,303	5
MUTUAL FUNDS	460,811	6
Total Investments in Nonaffiliated Companies	990,271	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)	
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):		
Customer premises equipment	50,899	1
Direct broadcast satellite	24,164	2
Internet	382,900	3
Public telephone equipment	0	4

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
<hr/>	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	114,174	92,791	1
Motor Vehicles	2112	198,332	50,413	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	146,022		6
Buildings	2121	761,988	14,743	7
Furniture	2122	68,003	554	8
Office Equipment	2123	56,181	8,555	9
General Purpose Computers	2124	141,448	24,072	10
TOTAL--GENERAL SUPPORT ASSETS:		1,486,148	191,128	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	2,069,070	206,988	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	1,242,768	18,619	16 A
TOTAL--CENTRAL OFFICE ASSETS:		3,311,838	225,607	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	2,718		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		2,718	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	6,352		22
Aerial Cable	2421	85,824	0	23
Underground Cable	2422	1,191,691	82,229	24
Buried Cable	2423	5,940,786	825,850	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	4,446	0	28
Aerial Wire	2431	2,973		29
Conduit Systems	2441	1,801,497	9,223	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		9,033,569	917,302	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			206,965	1
2112	25,249		223,496	2
2113			0	3
2114			0	4
2115			0	5
2116	40,693		105,329	6
2121	1,292		775,439	7
2122	38,391		30,166	8
2123	26,547	0	38,189	9
2124	29,816		135,704	10
	161,988	0	1,515,288	
2211			0	11
2212	0	5,314	2,281,372	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	(5,314)	1,256,073	16 A
	0	0	3,537,445	
2311			2,718	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	2,718	
2411	557		5,795	22
2421	41,294	0	44,530	23
2422	0	0	1,273,920	24
2423	60,531	0	6,706,105	25
2424	0	0	0	26
2425			0	27
2426	0	0	4,446	28
2431	95		2,878	29
2441			1,810,720	30
	102,477	0	9,848,394	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	13,834,273	1,334,037
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	264,465	0	14,903,845	
2001			0	34
			14,903,845	

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

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. 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.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	29,952	8,555	1
Company Communications Equipment	2123.2	26,229		2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	2,069,070	206,988	4 A
Digital Switching - Remote	2212.3	0		5
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	0		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	149,417	4,324	10 A
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	1,093,351	14,295	12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	85,824		14
Underground Cable - Nonmetallic	2422.1	253,993		15
Underground Cable - Metallic	2422.2	937,698	82,229	16
Buried Cable - Nonmetallic	2423.1	1,397,646	71,207	17
Buried Cable - Metallic	2423.2	4,543,140	754,643	18
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	4,446		22

Explain all amounts shown in column (g).

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

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1	10,621		27,886	1
2123.2	15,926		10,303	2
2212.1			0	3
2212.2		5,314	2,281,372	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1		(5,314)	148,427	10 A
2232.2			0	11
2232.3			1,107,646	12
2421.1			0	13
2421.2	41,294		44,530	14
2422.1			253,993	15
2422.2			1,019,927	16
2423.1			1,468,853	17
2423.2	60,531		5,237,252	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			4,446	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	140,214	20.0	9,163	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	146,022	10.0		5L
Buildings	2121	327,866	3.4	26,199	6
Furniture	2122	50,813	8.3	4,295	7
Office Equipment	2123	48,604	20.0	2,895	8
General Purpose Computers	2124	96,940	22.5	29,072	9
Total-- GENERAL SUPPORT ASSETS		810,459		71,624	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	1,773,817	8.5	190,311	11
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	271,922	9.3576	116,685	15
Total-- CENTRAL OFFICE ASSETS		2,045,739		306,996	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	2,718	9.5		16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
Total-- INFORMATION ORIG/TERM ASSETS		2,718		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	1,583	11.67	741	21
Aerial Cable	2421	47,535	6.0	5,150	22
Underground Cable	2422	326,376	8.4849	100,948	23
Buried Cable	2423	1,898,976	8.0466	481,151	24
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	1,847	6.5	289	27
Aerial Wire	2431	2,973	16.0		28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	25,249		5,500		129,628	1
2113					0	2
2114					0	3
2115					0	4
2116	40,693		1,032		106,361	5 L
2121	1,292				352,773	6
2122	38,391				16,717	7
2123	26,547		1,238		26,190	8
2124	29,816		2,041		98,237	9
	161,988	0	9,811	0	729,906	
2211					0	10
2212	0				1,964,128	11
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				388,607	15
	0	0	0	0	2,352,735	
2311					2,718	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	2,718	
2411	557				1,767	21
2421	41,294	649			10,742	22
2422	0				427,324	23
2423	60,531	1,023	412		2,318,985	24
2424	0				0	25
2425					0	26
2426	0				2,136	27
2431	95				2,878	28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	379,311	3.48	62,724	29
Total-- CABLE WIRE FACILITIES ASSETS		2,658,601		651,003	0
Total Accumulated Depreciation	3100	5,517,517		1,029,623	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			0	0 30
Net Regulated Total Accum Depreciation - 3100 Columns e, f and I				1,029,623	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					442,035	29
	102,477	1,672	412	0	3,205,867	
3100	264,465	1,672	10,223	0	6,291,226	
3100					0	30
3100					6,291,226	

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. 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.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
Office Support Equipment	2123.1	29,952	15.0		1
Company Communications Equipment	2123.2	18,652	20.0	2,895	2
Software	2212.1	0			3
Digital Switching - Central Office	2212.2	1,773,817	8.5	190,311	4
Digital Switching - Remote	2212.3	0			5
Step by Step Switching	2215.1	0			6
Crossbar Switching	2215.2	0			7
Satellite and Earth Station Facilities	2231.1	0			8
Other Radio Facilities	2231.2	0			9
Digital Circuit Equipment	2232.1	76,857	12.0	17,542	10
Analog Circuit Equipment	2232.2	0			11
Light Wave Circuit Equipment	2232.3	195,065	9.0	99,143	12
Aerial Cable - Nonmetallic	2421.1	0			13
Aerial Cable - Metallic	2421.2	47,535	6.0	5,150	14
Underground Cable - Nonmetallic	2422.1	51,076	6.5	16,508	15
Underground Cable - Metallic	2422.2	275,300	9.0	84,440	16
Buried Cable - Nonmetallic	2423.1	231,567	6.5	90,836	17
Buried Cable - Metallic	2423.2	1,667,409	8.5	390,315	18
Submarine Cable - Nonmetallic	2424.1	0			19
Submarine Cable - Metallic	2424.2	0			20
Intrabuilding Cable - Nonmetallic	2426.1	0			21
Intrabuilding Cable - Metallic	2426.2	1,847	6.5	289	22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1	10,621				19,331	1
2123.2	15,926		1,238		6,859	2
2212.1					0	3
2212.2					1,964,128	4
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					94,399	10
2232.2					0	11
2232.3					294,208	12
2421.1					0	13
2421.2	41,294	649			10,742	14
2422.1					67,584	15
2422.2					359,740	16
2423.1					322,403	17
2423.2	60,531	1,023	412		1,996,582	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					2,136	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	1,769	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(334,684)	5
Net Deferred Tax Liability Adjustments (4341)	0	6
Deferred Tax Regulatory Liability (4361)	0	7
Net Property Related Deferred Operating Income Taxes	(332,915)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(332,915)	
NONPROPERTY RELATED		
Other Current Assets (1350)	12,280	9
Other Noncurrent Assets (1410)	9,322	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	34,858	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	56,460	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250	(1,769)			0	2
				0	3
7250				0	4
7250	15,025			(319,659)	5
				0	6
				0	7
	13,256	0	0	(319,659)	8
				0	
	13,256	0	0	(319,659)	
7250	13,757			26,037	9
7250	(9,322)			0	10
				0	11
7250				0	12
7250	19,807			54,665	13
				0	14
				0	15
	24,242	0	0	80,702	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)
---------------------	-------------------------------	-------------------------	----------------------------------	--------------------------------

LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
RURAL TELEPHONE BANK	07/21/1989	07/21/2017	6.1500	1
RURAL TELEPHONE BANK	04/01/1996	04/01/2015	6.5400	2
RURAL UTILITIES SERVICE	04/01/1996	04/01/2015	6.6680	3
RUS/RTB	04/16/1982-07/21/1989	04/16/2017-04/18/2023	5.0000	4
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
6.1500			622,223	19,223	641,446	1
6.5400			693,922	25,366	719,288	2
6.6680			1,489,979	54,710	1,544,689	3
5.0000			4,142,325	147,065	4,289,390	4
	0	0	6,948,449	246,364	7,194,813	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
	240,000	10.00	1
TOTAL COMMON STOCK	240,000		
TOTAL	<u>240,000</u>		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares (e)	Amount (f)	Shares (g)	Amount (h)	
COMMON STOCK:					
	120,000	1,200,000	2,175	94,613	1
	120,000	1,200,000	2,175	94,613	
TOTAL	<u>120,000</u>	<u>1,200,000</u>	<u>2,175</u>	<u>94,613</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	3,359,113	3,034,167	1
Changes:			
Balance Transferred from Income	822,808	564,898	2
Dividends Declared:			
Common	263,976	239,952	3
Preferred			4
Total Dividends Declared	263,976	239,952	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings			6
Balance--End of Year	<u>3,917,945</u>	<u>3,359,113</u>	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	229,745	99,692	265,068	1
Nonoperating Taxes (Accts. 7410 - 7450)		1,941	6,384	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		10,030	39,312	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
Deferred Taxes		(17,596)	18,507	10
Amortization of ITC			57,000	11
TOTAL	<u><u>229,745</u></u>	<u><u>94,067</u></u>	<u><u>386,271</u></u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
4,913	281				599,699	1
					8,325	2
					0	3
					49,342	4
					0	5
					0	6
				47,259	47,259	7
				806	806	8
				1,262	1,262	9
					911	10
					57,000	11
<u>4,913</u>	<u>281</u>	<u>0</u>	<u>0</u>	<u>49,327</u>	<u>764,604</u>	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	1,692,526	1,295,818	1 E
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	1,692,526	1,295,818	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	205,132	190,968	11
Switched Access Revenue (5082)*	873,202	939,740	12
Special Access Revenue (5083)*	86,374	58,932	13 F
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,164,708	1,189,640	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	630,116	629,435	15
Special Access Revenue (5084.3)*	181,524	200,029	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	811,640	829,464	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*			17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	0	0	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	140,695	134,366	30
Rent Revenue (5240)*	36	36	31
Corporate Operations Revenue (5250)*			32
Miscellaneous:			
Miscellaneous Revenue (5260)*	6,941	7,787	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	6,941	7,787	
Interstate Billing and Collection Revenue*	40,397	42,563	39
Intrastate Billing and Collection Revenue*	93,129	105,349	40
Total Carrier Billing and Collection Revenue (5270)*	133,526	147,912	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	281,198	290,101	
GROSS OPERATING REVENUES	3,950,072	3,605,023	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	(377)	4,988	42 G
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	(377)	4,988	
TOTAL OPERATING REVENUES	<u>3,950,449</u>	<u>3,600,035</u>	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	2,279	2,426	2,566	1
Less: Nonregulated	0	0		2
Net Regulated	2,279	2,426	2,566	3
Total General Support Expense (6120)	62,842	62,393	7,093	4
Less: Nonregulated	0	0		5
Net Regulated	62,842	62,393	7,093	6
Total Central Office Switching Expense (6210)	78,092	179,747	36,911	7
Less: Nonregulated	0	0		8 B
Net Regulated	78,092	179,747	36,911	9
Total Operator Systems Expense (6220)	0	0		10
Less: Nonregulated	0	0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	22,882	25,432	2,508	13
Less: Nonregulated	0	0		14
Net Regulated	22,882	25,432	2,508	15
Total Information Orig. / Term. Expense (6310)	920	0		16
Less: Nonregulated	0	0		17
Net Regulated	920	0	0	18
Total Cable and Wire Fac. Expense (6410)	107,563	117,841	71,513	19
Less: Nonregulated	0	0		20
Net Regulated	107,563	117,841	71,513	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	274,578	387,839	120,591	
Less: Nonregulated	0	0	0	
Net Regulated	274,578	387,839	120,591	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	0	0	110	22
Less: Nonregulated	0	0		23
Net Regulated	0	0	110	24
Total Network Operations Expense (6530)	37,863	39,274	18,866	25
Less: Nonregulated	0	0		26
Net Regulated	37,863	39,274	18,866	27
Access Expense (6540)	0	23,125		28
Less: Nonregulated	0	0		29 c
Net Regulated	0	23,125	0	30
Total Depreciation and Amortization Expense (6560)	941,950	1,018,792		31
Less: Nonregulated	0	0		32
Net Regulated	941,950	1,018,792		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	979,813	1,081,191	18,976	
Less: Nonregulated	0	0	0	
Net Regulated	979,813	1,081,191	18,976	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	786		24,142	(25,068)	1
	786	0	24,142	(25,068)	2
6120	2,153		51,651	1,496	3
	2,153	0	51,651	1,496	4
6210	11,210		126,888	4,738	5
	11,210	0	126,888	4,738	6
6220					7
	0	0	0	0	8 B
6230	750		21,830	344	9
	750	0	21,830	344	10
6310					11
	0	0	0	0	12
6410	21,643	4,768	9,082	10,835	13
	21,643	4,768	9,082	10,835	14
	36,542	4,768	233,593	(7,655)	15
	0	0	0	0	16
	36,542	4,768	233,593	(7,655)	17
6510	33	0	0	(143)	18
	33		0	(143)	19
6530	5,704		15,997	(1,293)	20
	5,704	0	15,997	(1,293)	21
6540			23,125		22
	0	0	23,125	0	23 C
6560			1,018,792		24
	5,737	0	1,057,914	(1,436)	25
	0	0	0	0	26
	5,737	0	1,057,914	(1,436)	27

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	10,557	4,629	2,638	34
Less: Nonregulated	0	0		35 D
Net Regulated	10,557	4,629	2,638	36
<hr/>				
Total Services (6620)	398,083	463,877	133,251	37
Less: Nonregulated	0	0		38
Net Regulated	398,083	463,877	133,251	39
<hr/>				
TOTAL CUSTOMER OPERATIONS EXPENSE	408,640	468,506	135,889	
Less: Nonregulated	0	0	0	
Net Regulated	408,640	468,506	135,889	
<hr/>				
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	120,586	108,710	55,669	40
Less: Nonregulated	0	0		41
Net Regulated	120,586	108,710	55,669	42
<hr/>				
Total General and Administrative (6720)	345,401	306,105	97,069	43
Less: Nonregulated	0	0		44
Net Regulated	345,401	306,105	97,069	45
<hr/>				
Provision for Uncollectible Notes Receiv. (6790)	0	0		46
Less: Nonregulated	0	0		47
Net Regulated	0	0		48
<hr/>				
TOTAL CORPORATE OPERATIONS EXPENSE	465,987	414,815	152,738	
Less: Nonregulated	0	0	0	
Net Regulated	465,987	414,815	152,738	
<hr/>				
TOTAL EXPENSES	2,129,018	2,352,351	428,194	
Less: Nonregulated	0	0	0	
Net Regulated	2,129,018	2,352,351	428,194	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	814		1,177		34
	814	0	1,177	0	35 D 36
6620	40,318		290,308		37
	40,318		290,308	0	38 39
	41,132	0	291,485	0	
	0	0	0	0	
	41,132	0	291,485	0	
6710	16,623		36,418		40
	16,623		36,418	0	41 42
6720	29,461		179,575		43
	29,461		179,575	0	44 45
6790					46
			0		47 48
	46,084	0	215,993	0	
	0	0	0	0	
	46,084	0	215,993	0	
	129,495	4,768	1,798,985	(9,091)	
	0	0	0	0	
	129,495	4,768	1,798,985	(9,091)	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0		1
Provisioning Expense (6512)	0	0	110	2
Total: Reported in Account 6510	0	0	110	
Depreciat. Exp.--Tele. Plant in Service (6561)	941,950	1,018,792		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	0		7
Total: Reported in Account 6560	941,950	1,018,792		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511					1
6512	33			(143)	2
	33		0	(143)	
6561			1,018,792		3
6562					4
6563					5
6564					6
6565					7
			1,018,792		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	3,950,072	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	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): NONE	0	8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	<u>3,950,072</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,692,526	1
Plus: Total Intrastate Access Revenues (5084)	811,640	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): Nonreg Paystation Revenue	17,759	5 J
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,521,925</u>	

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 (b)	
Gross Operating Revenues	3,950,072	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	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): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>3,950,072</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,692,526	1
Plus: Total Intrastate Access Revenues (5084)	811,640	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): Nonreg Paystation Revenue	17,759	5 J
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,521,925</u>	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*			1
Return from Nonregulated Use of Regulated Facilities (7130)*			2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*			5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	0	0	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(57,000)	(37,944)	6
Operating Federal Income Taxes (7220)*	369,897	213,185	7
Operating State and Local Income Taxes (7230)*	89,361	56,046	8
Operating Other Taxes (7240)*	234,940	211,301	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(37,498)	84,062	10
TOTAL OPERATING TAXES (7200)*	599,700	526,650	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*			11
Interest Income (7320)*	127,670	129,009	12
Income from Sinking and Other Funds (7330)*			13
Allowance for Funds Used During Construction (7340)*	12,582	25,466	14
Gains or (Losses) from the Disposition of Certain Property (7350)*			15
Other Nonoperating Income (7360)*	26,969	(73,223)	16
Special Charges (7370)*	6,789	8,414	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	160,432	72,838	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*			18
Nonoperating Federal Income Taxes (7420)*	(20,178)	(839)	19
Nonoperating State and Local Income Taxes (7430)*	(4,805)	603	20
Nonoperating Other Taxes (7440)*			21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	33,308	12,471	22
TOTAL NONOPERATING TAXES (7400)*	8,325	12,235	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	410,266	382,074	23
Interest Expense--Capital Leases (7520)*			24
Amortization of Debt Issuance Expense (7530)*	174	174	25
Other Interest Deductions (7540)*	1,842	1,429	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	412,282	383,677	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	84,585	(56,395)	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	1,004,618	1
Less: Cost of Goods Sold	68,917	2
Net Sales	935,701	3
Expenses (Acct. 7990.2)	851,116	4
Nonregulated Net Income	<u><u>84,585</u></u>	5

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

SALE AND INSTALLATION OF NEW TELEPHONE EQUIPMENT AND INSIDE WIRE
 LEASE OF TELEPHONE EQUIPMENT
 REPAIR OF CUSTOMER OWNED TELEPHONE EQUIPMENT AND WIRE
 SALES OF SATELLITE TELEVISION PROGRAMMING
 INTERNET ACCESS SERVICE
 PAYPHONE PROVIDER

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

INTERNET ACCESS SERVICE

GROSS SALES	812,359
EXPENSES	749,215
NET INCOME	63,144

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	428,194	1
Nonregulated Expense	144,135	2
Plant Accounts	37,376	3
Accumulated Depreciation Accounts	557	4
All Other Accounts	7,496	5
Total Salaries and Wages	617,758	6

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	.24	.24	11,040	1
Supervision and Other Management	3.00	3.00	158,158	2
Other Employees	11.00	15.77	448,560	3
Total	14.24	19.01	617,758	

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	428,194	1
Nonregulated Expense	144,135	2
Plant Accounts	37,376	3
Accumulated Depreciation Accounts	557	4
All Other Accounts	7,496	5
Total Salaries and Wages	617,758	6

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	.24	.24	11,040	1
Supervision and Other Management	3.00	3.00	158,158	2
Other Employees	11.00	15.77	448,560	3
Total	14.24	19.01	617,758	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange		1,711	1 H
Extended Area Service		2,202	2 H
Extended Community Calling			3
Other Local-Undefined			4
Total Local	0	3,913	
TOLL			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA			6
Operator Handled: Interstate			7
Customer Dialed: State--intraLATA			8
Customer Dialed: State--interLATA			9
Customer Dialed: Interstate			10
WATS			11
Other Toll-Undefined		2,016	12 H,I
Total Toll	0	2,016	
Total Local & Toll	0	5,929	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.					1
Feature Group A -- Term.					2
Feature Group B -- Orig.	2				3
Feature Group B -- Term.					4
Feature Group C -- Orig.			2,178	1	5
Feature Group C -- Term.			2,065	1	6
Feature Group D -- Orig.	3,411	1,743	750		7
Feature Group D -- Term.	5,868	3,373			8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	9	1
Sheath miles of plant - buried	303	2
Sheath miles of plant - fiber optics	65	3
Strand miles of plant - fiber optics	1,671	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	1	9	1
56 kbps	10	11	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	3	5	4
45 Mbps (DS-3)	0	0	5
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	9	1
Sheath miles of plant - buried	303	2
Sheath miles of plant - fiber optics	65	3
Strand miles of plant - fiber optics	1,671	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	1	9	1
56 kbps	10	11	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	3	5	4
45 Mbps (DS-3)	0	0	5
SONET OC-1			6
SONET OC-3			7
SONET OC-12			8
SONET OC-48			9
SONET OC-192			10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	747	834	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks	19		6
Centrex Trunks			7
Centrex Lines			8
Key System Trunks			9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)	4	4	12
Pay Telephone	25	31	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	5	5	15
Pay Stations - Public	0	0	16
- Semi-Public	0	0	17
- Cust. Owned	0	0	18
Other			19
Total Business Lines	800	874	20
Residential (Incl. Emp. Concess.)			
1 Party	3,425	3,630	22
2 Party			23
4 Party			24
FX-Out (Switched)	8	7	25
Other			26
Total Residential Lines	3,433	3,637	27
Total Bus & Res Lines	4,233	4,511	28
Company Used Lines	60	60	29
Total Lines Used	4,293	4,571	30

SERVICE DATA (cont.)

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)	
Miscellaneous			
WATS Lines - OutWATS			3
WATS Lines - 800 Service	0		4
FX-In-intraLATA	7	7	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	116	140	7
Special Access-interLATA			8
(expressed in equiv. access lines)	78	83	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	144	192	13
TSPS - Trunks	7	7	14
EAS - Trunks	292	316	15
Cellular Trunks (Pub. Sw. Net.)			16
Video Distance Learning			17
- discounted (special tariff)			18
Customers			
Business - 2 Party Customers			19
Business - 4 Party Customers			20
Residential - 2 Party Customers			21
Residential - 4 Party Customers			22
Other			
Total Central Office, Info. Orig./Term., & Cable			23
Wire Fac. Assets (based on physical location of plant)			24
	12,348,125	13,388,557	25
Total Company Square Miles	101	101	26
Total Company Route Miles	354	367	27
Footnotes			28
			29
			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	3570				1
Business					
1 Party	834				2
2 Party					3
4 Party					4
PBX Trunks/System Trunks					5
Centrex Trunks					6
Centrex Lines					7
Key System Trunks					8
Mobile (utility provided service)					9
Paging (utility provided service)					10
FX-Out (Switched)	4				11
Pay Telephone	31				12
Coin-Operated Pay Telephone	0				13
Independent Pay Telephone Provider	5				14
Pay Stations - Public	0				15
- Semi-Public	0				16
- Cust. Owned	0				17
Other					18
Total Business Lines	874	0	0	0	19
Residential (Incl. Emp. Concess.)					
1 Party	3,630				20
2 Party					21
4 Party					22
FX-Out (Switched)	7				23
Other					24
Total Residential Lines	3,637	0	0	0	25
Total Bus & Res Lines	4,511	0	0	0	26
Company Used Lines	60				27
Total Lines Used	4,571	0	0	0	28

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	3570				1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA	7				5
Special Access-intraLATA					6
(equiv. access lines)	140				7
Special Access-interLATA					8
(equiv. access lines)	83				9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks	192				13
TSPS - Trunks	7				14
EAS - Trunks	316				15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)					18
Customers					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	13,388,557				27
Exchange Square Miles	101				28
Exchange Route Miles	367				29
Footnotes					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

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	MOUNT HOREB				1
PSCW Exchange ID	3570				2
Central Office Name	MOUNT HOREB				3
PSCW Central Office ID	1				4
Manufacturer of COE (Page 54)	GTE				5
Year COE Installed	1984				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote	S				8
Remote Host PSCW Exchange ID					9
Remote Host PSCW Central Office ID	0				10
COE Generic Software Release No.	1731				11
SS7?	Yes				12
9-1-1?	Yes				13
Access Lines - In Use	4,571				14
- Equipped	4,924				15
- Wired	5,376				16
Trunks - In Use	607				17
- Equipped	624				18
- Wired	1,536				19
ISDN Available?	No				20
ISDN Lines - In Use (BRI)	0				21
- In Use (PRI)	0				22
Switched 56 Service?	No				23
Switched 56 lines in use	0				24
Digital Transmission Facilities: DS-1 - In Use	9				25
DS-3 - In Use	0				26
Advanced Data Service Available:					
Packet Switching?	No				27
SMDS?	No				28
Frame Relay?	No				29
ATM (Asynchronous Trans. Mode)?	No				30
Video Information - Service Available?	No				31
- In Use (# lines) ¹	0				32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	216				33
No. of fiber strands working (LIT) in C.O.	64				34
No. of fiber strands for interoffice use	36				35
Miles of fiber sheath in wire center	65				36
Access Tandem Serving this C.O.:					
- C.O. Name	MADISON				37
- PSCW C.O. ID	3080-01				38
Does this C.O. do access tandem switching?	No				39
Equal Access: InterLATA (1+)?	Yes				40
Equal Access: IntraLATA (1+)?	Yes				41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

October 27, 1999

Mr. John A. Klarer, General Manager
Mount Horeb Telephone Company
200 East Main Street
P.O. Box 65
Mount Horeb, WI 53572-0065

Re: 1998 Analytical Review DWCCA-3940-PJL

Dear Mr. Klarer:

The Public Service Commission (PSC) is in the process of completing an analytical review of your utility's 1998 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. On copy 1 of page 14, MH Communications, Inc. (MHCOC) is identified as an affiliate. The Commission's Case Management System indicates that an application for approval or notification of an affiliated interest contract between the utility and MHCOC was filed with the Commission in 1998 and was docketed as 3940-AT-102. However, no affiliated interest activity for 1998 is reported for MHCOC for docket 3940-AT-102 on copy 1 of page 15. Please provide any necessary changes to the 1998 annual report to include such activity or, in the alternative, confirm that no affiliated interest activity occurred in 1998 with MHCOC under 3940-AT-102. If the latter, please state if any affiliated activity with MHCOC under 3940-AT-102 will be reported in the 1999 report.

2. On copy 1 of page 18, you report a \$75,000 balance at December 31, 1998, in a note receivable from MHCOC. Please state if the note receivable is covered by an existing affiliated agreement on file with the Commission and, if so, the applicable docket number. If not covered by an existing affiliated agreement, please state when such agreement will be filed with the Commission. In addition, please state if affiliated activity associated with the note receivable (i.e., interest income) is reflected on copy 1 of page 15. If not, provide necessary changes to copy 1 of page 15.

3. Affiliated interest activity for MH Telecom, Inc. (MHTELECOM) is reported on copy 1 of page 15. "3945-NC-100" is reported as the applicable docket number. Although this docket number represents a docket number in the Commission's Case Management System, it does not represent an affiliated interest docket number. The Case Management System indicates that an application for approval or notification of an affiliated interest contract between the utility and MHTELECOM was filed with the Commission and was docketed as 3940-AT-101. Please state if this docket number should be inserted in lieu of the reported docket number. If not, please state the reason why.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

4. Staff review of page 47 reveals that information related to telephone calls and minutes of use per month are not provided with a footnote stating "Information not available."

Your attention is drawn to the instructions for filing this data shown in the Commission staff e-mail dated November 19, 1998, concerning the 1998 report and the schedule reference sheet for page 47, Telephone Calls and Minutes of Use Per Month, in the 1998 Operations Manual. Even though the Commission is not requiring your company to furnish this data for the 1998 annual report due to time constraints, all efforts should be made to provide this information for the 1999 annual report due April 1, 2000. In cases where actual data cannot be made available for the 1999 report, estimated number of calls and minutes of use per month may be provided. Non availability of this information should be documented in a footnote that states clearly the reason(s) as to why it is not available and outlines the actions taken by the company to obtain such information (such as the results of discussions with switch vendors and the cost associated with adding this feature to the switching equipment or software).

We appre

Schedule Footnotes

Schedule Line Footnotes

- 8) Disregard this footnote.
- A) To reclassify digital switching equipment 8/97.
- B) The increase is the result of software and right to use fees incurred in 1998. SVR 1721 \$30,000 SVR 1731 \$49,000 Flex ANI \$15,985
- C) Universal service support payments are recorded in account 6540. Previous to 1998, the payments were recorded in account 6720.
- D) Pursuant to agreement with PSCW staff, not material.
- E) NECA universal service fund payments increased from \$285,901 in 1997 to \$546,948 in 1998.
- F) The number of interstate special access circuits increased from 1997 to 1998. The number of pass thru DS1 circuits increased 100% from 1/1/98 to 12/31/98.
- G) Pursuant to agreement with PSCW staff, not material.
- H) The provided information was extracted from the development of the 1998 traffic factors. Due to changes in the industry, equal access conversion and the return of billing responsibilities (such as AT&T operator handled traffic), the information requested is no longer in the format requested. The information provided will be consistently available yearly upon completion of the annual traffic factors.
- I) Pursuant to agreement with PSCW staff, toll telephone calls and MOU per month detail is not required for the 1998 annual report. The total toll amount for each item is included on the Other Toll-Undefined line in order to facilitate the summation function in the program.
- J) Intrastate payphone revenues are assessable for USF assessment purposes.
- K) Purpose of note is to finance initial start up costs of toll resale business.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- L)** Accumulated Depreciation Account 2116 is greater than Plant in Service Amount. Equipment previously retired was sold in 1998 and the salvage value was recorded to acct 3100.2116. Account was fully depreciated. Excess amount will be reclassified in 1999.
- M)** Reflects combined activity for dockets 3940-AT-100 and 3940-AT-102. Companys response reflected respective activity for each docket. Date of response was 11/24/99.