



4004

# ANNUAL REPORT

OF

Name: SOUTHEAST TELEPHONE COMPANY OF WISCONSIN, INC

Principal Office: 311 ELIZABETH ST  
P.O. BOX 190  
WATERFORD, WI 53185

For the Year Ended: DECEMBER 31, 1997

## 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.



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## ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

## ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

## ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

## ABBREVIATIONS USED IN ANNUAL REPORTS

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

## IDENTIFICATION AND OWNERSHIP

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**Exact Utility Name:** SOUTHEAST TELEPHONE COMPANY OF WISCONSIN, INC.  
**Utility Location:** 311 ELIZABETH ST  
P.O. BOX 190  
WATERFORD, WI 53185

**Utility Web Site Address:**

**When was utility organized?:** 03/28/1946

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

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

**Name:** MR JAMES M . MITCHELL  
**Title:** GENERAL MANAGER

**Office Address:** 311 ELIZABETH STREET  
WATERFORD , WI 53185

**Fax Number:** (414) 534 - 5101  
**Telephone Number:** (414) 534 - 5110  
**Email Address:**

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

**Name:** KIESLING ASSOCIATES LLP  
**Title:** ACCOUNTING FIRM  
**Firm:** KIESLING ASSOCIATES LLP  
**Office Address:** 6401 ODANA ROAD  
MADISON , WI 53719-1155

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**Person responsible for financial information contained in report**

**Name:** MR JAMES M . MITCHELL  
**Title:** GENERAL MANAGER

**Office Address:** 311 ELIZABETH STREET  
WATERFORD , WI 53185

**Fax Number:** (414) 534 - 5101  
**Telephone Number:** (414) 534 - 5110  
**Email Address:**

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**Person responsible for statistical information contained in report**

**Name:** MR JAMES M . MITCHELL  
**Title:** GENERAL MANAGER

**Office Address:** 311 ELIZABETH STREET  
WATERFORD , WI 53185

**Fax Number:** (414) 534 - 5101  
**Telephone Number:** (414) 534 - 5110  
**Email Address:**

### IDENTIFICATION AND OWNERSHIP

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**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  
                  NONE                    , WI 00000

**Number of Shares Held:**  
**Beneficial Owner:**    NONE

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

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

**INCOME STATEMENT - TOTAL COMPANY**

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	4,998,696	4,650,198	1
<b>Operating Expenses</b>			
Plant Specific Operations Expense (6110-6410)	807,453	524,012	2
Plant Nonspecific Operations Expense	1,036,955	1,290,830	3
Customer Operations Expense (6610-6620)	737,492	662,984	4
Corporate Operations Expense (6710-6790)	450,347	777,465	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	838,439	607,476	7
<b>Total Operating Expenses</b>	<b>3,870,686</b>	<b>3,862,767</b>	<b>8</b>
<b>Net Operating Income</b>	<b>1,128,010</b>	<b>787,431</b>	<b>9</b>
<b>Other Income</b>			
Nonoperating Income and Expense (7300)	263,647	135,933	10
Nonoperating Taxes (7400)	101,562	43,776	11
Interest and Related Items (7500)	282,797	284,390	12
Extraordinary Items (7600)	0	78,437	13
Nonregulated Net Income (7990)	(29,743)	(2,810)	14
<b>Total Nonoperating Income</b>	<b>(150,455)</b>	<b>(116,606)</b>	<b>15</b>
<b>Net Income</b>	<b>977,555</b>	<b>670,825</b>	<b>16</b>

## 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 Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission as modified by the Public Service Commission of Wisconsin (PSCW).

### A. Property and Equipment

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes, 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.

### B. Income taxes

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 tax assets and liabilities include temporary differences related to accrued sick pay, telephone plant in service, and certain 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 (ITC) which were deferred prior to the Tax Reform Act of 1986 are being amortized over the regulatory life of the plant which produced the ITC.

## 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:

### C. Revenue Recognition

Revenues are recognized when earned regardless of the period in which they are billed.

Revenues relating to the provision of access services to customers are derived, in part, from tariffed access charges to toll service providers (interexchange carriers), and in part from sharing in interstate and intrastate pools. Interstate common carrier line revenues are determined in accordance with cost separation procedures.

The Company is compensated for intrastate access under access charge procedures based on expense and plant investment levels, as determined by the Company and approved by the PSCW.

### D. Cash Equivalents

All highly liquid investments purchased with a maturity of one year or less are considered cash equivalents.

### E. Investments

Non-marketable equity investments and temporary 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 of payment of cash dividends, redemption of capital stock, or investment in affiliated companies. As of December 31, 1997, none of the retained earnings are restricted under these provisions.

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT ASSETS</b>			
<b>CASH AND EQUIVALENTS</b>			
Cash and Equivalents (1120 )*			1
Cash (1130 )	473,922	56,016	2
Special Cash Deposits (1140 )			3
Working Cash Advances (1150 )			4
Temporary Investments (1160 )	500,000	300,000	5
<b>TOTAL CASH AND EQUIVALENTS</b>	<b>973,922</b>	<b>356,016</b>	
<b>RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS</b>			
Telecommunications Accounts Receivable (1180 )*	531,578	480,722	6
Accounts Receivable Allowance-Telecom (1181 )*			7
<b>Net: Telecommunications Accounts Receivable</b>	<b>531,578</b>	<b>480,722</b>	
Other Accounts Receivable (1190 )*	371,629	310,954	8
Accounts Receivable Allowance--Other (1191 )*			9
<b>Net: Other Accounts Receivable</b>	<b>371,629</b>	<b>310,954</b>	
Notes Receivable (1200 )*	0	0	10
Notes Receivable Allowance (1201 )*	0	0	11
<b>Net: Notes Receivable</b>	<b>0</b>	<b>0</b>	
Interest and Dividends Receivable (1210 )*	6,717	13,527	12
<b>TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL</b>	<b>909,924</b>	<b>805,203</b>	
<b>SUPPLIES</b>			
Inventories (1220 )*	129,572	134,540	13
<b>TOTAL SUPPLIES</b>	<b>129,572</b>	<b>134,540</b>	
<b>PREPAYMENTS</b>			
Total Prepayments (1280 )*			14
Prepaid Rents (1290 )			15
Prepaid Taxes (1300 )	33,555	28,749	16
Prepaid Insurance (1310 )	27,240	48,738	17
Prepaid Directory Expenses (1320 )			18
Other Prepayments (1330 )	0	14,443	19
<b>TOTAL PREPAYMENTS</b>	<b>60,795</b>	<b>91,930</b>	
<b>OTHER CURRENT ASSETS</b>			
Other Current Assets (1350 )*	120,222	92,257	20
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>120,222</b>	<b>92,257</b>	
<b>TOTAL CURRENT ASSETS</b>	<b>2,194,435</b>	<b>1,479,946</b>	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Investment in Affiliated Companies (1401 )*	120,000	120,000	21
Investments in Nonaffiliated Companies (1402 )*	194,832	194,832	22
Nonregulated Investments (1406 )*	1,025,838	1,016,069	23
Unamortized Debt Issuance Expense (1407 )*	5,645	5,978	24
Sinking Funds (1408 )*	0	0	25

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>NONCURRENT ASSETS</b>			
<b>INVESTMENTS</b>			
Other Noncurrent Assets (1410 )*			26
<b>TOTAL INVESTMENTS</b>	<b>1,346,315</b>	<b>1,336,879</b>	
<b>DEFERRED CHARGES</b>			
Deferred Tax Regulatory Asset (1437 )*	0	0	27
Deferred Maintenance and Retirements (1438 )*	0	0	28
Deferred Charges (1439 )*			29
<b>TOTAL DEFERRED CHARGES</b>	<b>0</b>	<b>0</b>	
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,346,315</b>	<b>1,336,879</b>	
<b>PLANT</b>			
<b>TELECOMMUNICATIONS PLANT IN SERVICE</b>			
Telecommunications Plant in Service (2001 )*	15,447,190	14,896,470	30
Less: Accumulated Depreciation (3100 )*	7,036,156	6,279,134	31
Less: Accumulated Amortization--Capitalized Leases (3410 )*			32
Less: Accumulated Amortization--Leasehold Improvements (3420 )*			33
Less: Accumulated Amortization--Intangible (3500 )*			34
<b>NET TELECOMMUNICATIONS PLANT IN SERVICE</b>	<b>8,411,034</b>	<b>8,617,336</b>	
<b>PROPERTY HELD FOR FUTURE USE</b>			
Prop. Held for Future Telecommun. Use (2002 )*			35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200 )*			36
<b>NET PROPERTY HELD FOR FUTURE USE</b>	<b>0</b>	<b>0</b>	
<b>NONOPERATING PLANT</b>			
Nonoperating Plant (2006 )*			37
Less: Accumulated Depreciation--Nonoperating (3300 )*			38
<b>NET NONOPERATING PLANT</b>	<b>0</b>	<b>0</b>	
<b>TPUC</b>			
TPUC (2003 )*	146,337	136,654	39
<b>TOTAL TPUC</b>	<b>146,337</b>	<b>136,654</b>	
<b>TELECOMMUNICATIONS PLANT ADJUSTMENT</b>			
Telecommunications Plant Adjustment (2005 )*			40
Less: Accumulated Amortization--Other (3600 )*			41
<b>NET TELECOMMUNICATIONS PLANT ADJUSTMENT</b>	<b>0</b>	<b>0</b>	
<b>TOTAL PLANT</b>	<b>8,557,371</b>	<b>8,753,990</b>	
<b>TOTAL ASSETS AND OTHER DEBITS*</b>	<b>12,098,121</b>	<b>11,570,815</b>	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
<b>CURRENT LIABILITIES</b>			
Accounts Payable (4010 )*	475,237	345,317	1
Notes Payable (4020 )*	0	250,000	2
Advance Billing and Payments (4030 )*			3
Customer Deposits (4040 )*			4
Current Maturities--Long-Term Debt (4050 )*	149,400	140,000	5
Current Maturities--Capital Leases (4060 )*			6
Income Taxes--Accrued (4070 )*	(155,372)	(18,118)	7
Other Taxes--Accrued (4080 )*	50	102	8
Net Current Deferred Operating Income Taxes (4100 )*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110 )*			10
Other Accrued Liabilities (4120 )*	139,729	139,030	11
Other Current Liabilities (4130 )*			12
<b>TOTAL CURRENT LIABILITIES*</b>	<b>609,044</b>	<b>856,331</b>	
<b>LONG-TERM DEBT</b>			
Funded Debt (4210 )*	3,805,452	3,955,116	13
Premium on Long-Term Debt (4220 )*			14
Discount on Long-Term Debt (4230 )*			15
Reacquired Debt (4240 )*	0	0	16
Obligations Under Capital Leases (4250 )*			17
Advances from Affiliated Companies (4260 )*	0	0	18
Other Long-Term Debt (4270 )*	0	0	19
<b>TOTAL LONG-TERM DEBT*</b>	<b>3,805,452</b>	<b>3,955,116</b>	
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>			
Other Long-Term Liabilities (4310 )*	191,039	121,873	20
Unamortized Operating ITC--Net (4320 )*	155,280	176,089	21
Unamortized Nonoperating ITC--Net (4330 )*			22
Net Noncurrent Deferred Operating Income Taxes (4340 )*	563,561	417,256	23
Net Deferred Tax Liability Adjustments (4341 )*	(61,337)	(69,557)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350 )*	(159,106)	(171,849)	25
Other Deferred Credits (4360 )*			26
Deferred Tax Regulatory Liability (4361 )*	0	0	27
<b>TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*</b>	<b>689,437</b>	<b>473,812</b>	
<b>STOCKHOLDERS' EQUITY</b>			
Capital Stock (4510 )*	4,138,311	4,138,311	28
Additional Paid-in Capital (4520 )*			29
Treasury Stock (4530 )*	1,035	1,035	30
Other Capital (4540 )*			31
Retained Earnings (4550 )*	2,856,912	2,148,280	32
<b>TOTAL STOCKHOLDERS' EQUITY*</b>	<b>6,994,188</b>	<b>6,285,556</b>	
<b>TOTAL LIABILITIES AND OTHER CREDITS*</b>	<b>12,098,121</b>	<b>11,570,815</b>	

**STATEMENT OF CASH FLOWS**

Item (a)	Amount (b)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	977,555	1
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</b>		
Depreciation and amortization	923,934	2
Interest during construction	(9,708)	3
<b>Changes in assets and liabilities:</b>		
Current assets (net)	(96,583)	4
Other noncurrent assets	(332)	5
Other current liabilities	(6,687)	6
Other liabilities and deferred credits	215,625	7
<b>Other (specify):</b>		
<b>TOTAL ADJUSTMENTS</b>	<b>1,026,249</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME &amp; ADJUST.)</b>	<b>2,003,804</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Capital Expenditures:</b>		
Changes in plant (net)	(717,607)	8
Investments in affiliated companies	0	9
Nonoperating Investments	(9,769)	10
<b>Other (specify):</b>		
<b>NET CASH USING IN INVESTING ACTIVITIES</b>	<b>(727,376)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(139,599)	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	(250,000)	14
Dividends paid	(268,923)	15
Miscellaneous debits/credits to retained earnings	0	16
<b>Other (specify):</b>		
<b>Net Cash Provided by Financing Activities</b>	<b>(658,522)</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>617,906</b>	
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

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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.

**None**

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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.

**None**

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3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

**None**

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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.

**None**

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5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

**Non-recurring revenues increased \$7,000 annually due to mid-year rate changes.**

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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.

**None**

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7. Changes in articles of incorporation or amendments to charter.

**None**

### IMPORTANT CHANGES DURING THE YEAR

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

During 1997 the Public Service Commission of Wisconsin (PSCW) allowed for the deregulation of public payphones.

	Debit	Credit
1406.3 nonreg public telephone equipment	\$34,460	
2351 public telephone equipment		\$34,460
31-0009 accum depr public telephone equip	\$34,460	
1406.4 accum depr nonreg tel equip		\$34,460

The description was to record transfer of payphones to nonregulated equipment. The transfer was made below the line at net book value. (from 10/12/98 Kiesling review response. 12/8/99 ele)

### AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

<b>Name of Affiliate (a)</b>	<b>Abbreviations (b)</b>	
COMPUTER SYSTEMS, LIMITED LIABILITY CORPORATION	CS, LLC	<b>1</b>
Other	OTH	<b>2</b>

### AFFILIATED INTEREST TRANSACTIONS

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

Particulars (a)	(b)	(c)	(d)	(e)		
Docket	5570-AT-100					
Name of Affiliate	CS, LLC					1
Designate whether billed to or from:	FROM					2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	M					3
Revenues						4
<b>Expenses:</b>						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense	252,959					7
Corporate Operations Expense						8
<b>Total Operating Expenses</b>	<b>252,959</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
<b>Other:</b>						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other						14
<b>Total</b>	<b>252,959</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
Percent of affiliate's business billed to all affiliated regulated utilities	57.88					16
If cost based, rate of return on equity or markup incorporated in billings						17
Footnotes						

### 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)	
COMPUTER SYSTEMS, LIMITED LIABILITY CORPORATION	1401	120,000	1

## ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

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

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

<b>Name of Maker and purpose (a)</b>	<b>Issue Date (b)</b>	<b>Maturity (c)</b>	<b>Interest Rate (d)</b>	<b>Amount EOY (e)</b>	<b>Allowance Acct. 1201 (f)</b>
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**INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)**

<b>Name (a)</b>	<b>Balance EOY (b)</b>	
RTB Class B Stock	194,832	1
<b>Other:</b>		
<b>Total Investments in Nonaffiliated Companies</b>	<b>194,832</b>	

### 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)	
<b>Total Net Investment and Inventory ( Accts. 1406.10, 1406.11, and 1406.12 ):</b>		
Cellular Limited Partnership	930,369	1
Wisconsin Independent Telecommunications Systems, Inc.	85,700	2
Internet Equipment (net)	9,769	3

**DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)**

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

<b>Description of Item (a)</b>	<b>Balance EOY (b)</b>
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**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B**

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
<b>GENERAL SUPPORT ASSETS</b>				
Land	2111	149,289		1 H
Motor Vehicles	2112	336,263	5,451	2
Aircraft	2113			3
Special Purpose Vehicles	2114			4
Garage Work Equipment	2115			5
Other Work Equipment	2116	429,057	50,638	6
Buildings	2121	648,323	5,669	7 H
Furniture	2122	57,811	1,167	8
Office Equipment	2123	87,544	526	9 H
General Purpose Computers	2124	138,166	15,112	10 I
<b>TOTAL--GENERAL SUPPORT ASSETS:</b>		<b>1,846,453</b>	<b>78,563</b>	
<b>CENTRAL OFFICE ASSETS</b>				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	3,082,704	191,376	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220			14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	1,405,418	13,719	16 A
<b>TOTAL--CENTRAL OFFICE ASSETS:</b>		<b>4,488,122</b>	<b>205,095</b>	
<b>INFORMATION ORIGATION/TERMINATION ASSETS</b>				
Station Apparatus	2311			17
Customer Premises Wiring	2321			18
Large Private Branch Exchanges	2341			19
Public Telephone Terminal Equipment	2351	34,460		20 J
Other Terminal Equipment	2362			21
<b>TOTAL--INFORMATION ORIG/TERM ASSETS:</b>		<b>34,460</b>	<b>0</b>	
<b>CABLE WIRE FACILITIES ASSETS</b>				
Poles	2411			22
Aerial Cable	2421	207,826	6,909	23
Underground Cable	2422	253,862	0	24
Buried Cable	2423	7,837,184	451,722	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425			27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431			29
Conduit Systems	2441	228,563		30
<b>TOTAL--CABLE WIRE FACILITIES ASSETS:</b>		<b>8,527,435</b>	<b>458,631</b>	
<b>AMORTIZABLE ASSETS</b>				
Capital Leases	2681			31

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111		(225)	149,064	1 H
2112	40,691		301,023	2
2113			0	3
2114			0	4
2115			0	5
2116	32,810		446,885	6
2121		225	654,217	7 H
2122	27,776		31,202	8
2123	9,224	0	78,846	9 H
2124	34,753	(11,855)	106,670	10 I
	<b>145,254</b>	<b>(11,855)</b>	<b>1,767,907</b>	
2211			0	11
2212	0	(37,310)	3,236,770	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	37,310	1,456,447	16 A
	<b>0</b>	<b>0</b>	<b>4,693,217</b>	
2311			0	17
2321			0	18
2341			0	19
2351		(34,460)	0	20 J
2362			0	21
	<b>0</b>	<b>(34,460)</b>	<b>0</b>	
2411			0	22
2421	0	0	214,735	23
2422	0	0	253,862	24
2423	0	0	8,288,906	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			228,563	30
	<b>0</b>	<b>0</b>	<b>8,986,066</b>	
2681			0	31

**TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B**

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
<b>AMORTIZABLE ASSETS</b>			
Leasehold Improvements	2682		32
Intangibles	2690		33
<b>TOTAL--AMORTIZABLE ASSETS:</b>		<b>0</b>	<b>0</b>
<b>TOTAL TELECOM. PLANT IN SERVICE</b>	<b>2001</b>	<b>14,896,470</b>	<b>742,289</b>
Less: Allocation to Nonregulated Activity - EOY	2001		34
<b>NET REG. TOTAL TELE. PLANT IN SERV. - EOY</b>	<b>2001</b>		

Explain all amounts shown in column (g).

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

<b>Account (e)</b>	<b>Retirements (f)</b>	<b>Transfers / Adjustments (g)</b>	<b>Balance EOY (h)</b>	
2682			0	32
2690			0	33
	0	0	0	
	145,254	(46,315)	15,447,190	
2001			0	34
			15,447,190	

**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	72,559		1
Company Communications Equipment	2123.2	14,985	526	2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	3,082,704	191,376	4 A
Digital Switching - Remote	2212.3			5
Step by Step Switching	2215.1			6
Crossbar Switching	2215.2			7
Satellite and Earth Station Facilities	2231.1			8
Other Radio Facilities	2231.2			9
Digital Circuit Equipment	2232.1	1,405,418	13,719	10 A
Analog Circuit Equipment	2232.2			11
Light Wave Circuit Equipment	2232.3			12
Aerial Cable - Nonmetallic	2421.1			13
Aerial Cable - Metallic	2421.2	207,826	6,909	14
Underground Cable - Nonmetallic	2422.1			15
Underground Cable - Metallic	2422.2	253,862	0	16
Buried Cable - Nonmetallic	2423.1			17
Buried Cable - Metallic	2423.2	7,837,184	451,722	18
Submarine Cable - Nonmetallic	2424.1			19
Submarine Cable - Metallic	2424.2			20
Intrabuilding Cable - Nonmetallic	2426.1			21
Intrabuilding Cable - Metallic	2426.2			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	8,828		63,731	1
2123.2	396		15,115	2
2212.1			0	3
2212.2		(37,310)	3,236,770	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1		37,310	1,456,447	10 A
2232.2			0	11
2232.3			0	12
2421.1			0	13
2421.2			214,735	14
2422.1			0	15
2422.2			253,862	16
2423.1			0	17
2423.2			8,288,906	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

**ACCUMULATED DEPRECIATION CLASS A & B**

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
<b>GENERAL SUPPORT ASSETS</b>					
Motor Vehicles	2112	130,632		52,787	10,P,Q
Aircraft	2113				2
Special Purpose Vehicles	2114				3
Garage Work Equipment	2115				4
Other Work Equipment	2116	299,308	9.09	40,029	5Q
Buildings	2121	335,297	3.23	21,051	6
Furniture	2122	42,259	6.92	3,734	7Q
Office Equipment	2123	74,929	12.5	5,165	8Q
General Purpose Computers	2124	77,727	14.29	19,533	9Q
<b>Total-- GENERAL SUPPORT ASSETS</b>		<b>960,152</b>		<b>142,299</b>	<b>0</b>
<b>CENTRAL OFFICE ASSETS</b>					
Analog Electronic Switching	2211				10
Digital Electronic Switching	2212	1,403,703	7.69	243,028	11
Electro-Mechanical Switching	2215				12
Operator Systems	2220				13
Radio Systems	2231				14
Circuit Equipment	2232	475,990	10.0	142,111	15
<b>Total-- CENTRAL OFFICE ASSETS</b>		<b>1,879,693</b>		<b>385,139</b>	<b>0</b>
<b>INFORMATION ORIG/TERM ASSETS</b>					
Station Apparatus	2311				16
Customer Premises Wiring	2321				17
Large Private Branch Exchanges	2341				18
Public Telephone Terminal Equipment	2351	34,460			19J
Other Terminal Equipment	2362				20
<b>Total-- INFORMATION ORIG/TERM ASSETS</b>		<b>34,460</b>		<b>0</b>	<b>0</b>
<b>CABLE WIRE FACILITIES ASSETS</b>					
Poles	2411				21
Aerial Cable	2421	145,048		13,694	22
Underground Cable	2422	142,281	4.5	11,424	23
Buried Cable	2423	3,005,629		365,665	24
Submarine Cable	2424				25
Deep Sea Cable	2425				26
Intrabuilding Network Cable	2426				27
Aerial Wire	2431				28

**ACCUMULATED DEPRECIATION CLASS A & B (cont.)**

<b>Acct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2112	40,691		3,933	(825)	145,836	1 O,P,Q
2113					0	2
2114					0	3
2115					0	4
2116	32,810			7,477	314,004	5 Q
2121					356,348	6
2122	27,776			6,762	24,979	7 Q
2123	9,224			173	71,043	8 Q
2124	34,753			(4,718)	57,789	9 Q
	<b>145,254</b>	<b>0</b>	<b>3,933</b>	<b>8,869</b>	<b>969,999</b>	
2211					0	10
2212	0				1,646,731	11
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				618,101	15
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,264,832</b>	
2311					0	16
2321					0	17
2341					0	18
2351				(34,460)	0	19 J
2362					0	20
	<b>0</b>	<b>0</b>	<b>0</b>	<b>(34,460)</b>	<b>0</b>	
2411					0	21
2421	0				158,742	22
2422	0				153,705	23
2423	0				3,371,294	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

**ACCUMULATED DEPRECIATION CLASS A & B**

<b>Primary Plant Account (a)</b>	<b>Acct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>
<b>CABLE WIRE FACILITIES ASSETS</b>					
Conduit Systems	2441	111,871	2.5	5,713	<b>29</b>
<b>Total-- CABLE WIRE FACILITIES ASSETS</b>		<b>3,404,829</b>		<b>396,496</b>	<b>0</b>
<b>Total Accumulated Depreciation</b>	<b>3100</b>	<b>6,279,134</b>		<b>923,934</b>	<b>0</b>
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			0	<b>0 30</b>
<b>Net Regulated Total Accum Depreciation - 3100 Columns e, f and I</b>				<b>923,934</b>	<b>0</b>

**ACCUMULATED DEPRECIATION CLASS A & B (cont.)**

<b>Acct (g)</b>	<b>Retired (h)</b>	<b>Cost of Removal (i)</b>	<b>Salvage (j)</b>	<b>Other (k)</b>	<b>Balance EOY (l)</b>	
2441					117,584	<b>29</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,801,325</b>	
<b>3100</b>	<b>145,254</b>	<b>0</b>	<b>3,933</b>	<b>(25,591)</b>	<b>7,036,156</b>	
3100					0	<b>30</b>
<b>3100</b>					<b>7,036,156</b>	

**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.

<b>Plant Subaccount (a)</b>	<b>Subacct (b)</b>	<b>Balance FOY (c)</b>	<b>Depr Rate (d)</b>	<b>Annual Accrual (e)</b>	<b>Additional Accrual (f)</b>	
Office Support Equipment	2123.1	69,259	12.5	3,300		1
Company Communications Equipment	2123.2	5,670	12.5	1,865		2 H
Software	2212.1					3
Digital Switching - Central Office	2212.2	1,403,703	7.69	243,028		4
Digital Switching - Remote	2212.3					5
Step by Step Switching	2215.1					6
Crossbar Switching	2215.2					7
Satellite and Earth Station Facilities	2231.1					8
Other Radio Facilities	2231.2					9
Digital Circuit Equipment	2232.1	475,990	10.0	142,111		10
Analog Circuit Equipment	2232.2					11
Light Wave Circuit Equipment	2232.3					12
Aerial Cable - Nonmetallic	2421.1					13
Aerial Cable - Metallic	2421.2	145,048		13,694		14 K
Underground Cable - Nonmetallic	2422.1					15
Underground Cable - Metallic	2422.2	142,281	4.5	11,424		16
Buried Cable - Nonmetallic	2423.1					17
Buried Cable - Metallic	2423.2	3,005,629		365,665		18 K
Submarine Cable - Nonmetallic	2424.1					19
Submarine Cable - Metallic	2424.2					20
Intrabuilding Cable - Nonmetallic	2426.1					21
Intrabuilding Cable - Metallic	2426.2					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	8,828				63,731	1
2123.2	396			173	7,312	2H
2212.1					0	3
2212.2					1,646,731	4
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					618,101	10
2232.2					0	11
2232.3					0	12
2421.1					0	13
2421.2					158,742	14K
2422.1					0	15
2422.2					153,705	16
2423.1					0	17
2423.2					3,371,294	18K
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	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)	
<b>PROPERTY RELATED</b>		
Other Current Assets (1350 )		1
Other Noncurrent Assets (1410 )		2
Deferred Tax Regulatory Asset (1437 )		3
Net Current Deferred Operating Income Taxes (4100 )		4
Net Noncurrent Deferred Operating Income Taxes (4340 )	(417,256)	5
Net Deferred Tax Liability Adjustments (4341 )	69,557	6
Deferred Tax Regulatory Liability (4361 )	0	7
<b>Net Property Related Deferred Operating Income Taxes</b>	<b>(347,699)</b>	
Less: Allocation to Nonregulated Activity		8
<b>Net Regulated Total Property Related Deferred Operating Income Taxes</b>	<b>(347,699)</b>	
<b>NONPROPERTY RELATED</b>		
Other Current Assets (1350 )	92,257	9
Other Noncurrent Assets (1410 )		10
Deferred Tax Regulatory Asset (1437 )		11
Net Current Deferred Operating Income Taxes (4100 )		12
Net Noncurrent Deferred Operating Income Taxes (4340 )	0	13
Net Deferred Tax Liability Adjustments (4341 )		14
Deferred Tax Regulatory Liability (4361 )		15
<b>Total Nonproperty Related Deferred Operating Income Taxes</b>	<b>92,257</b>	

**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				0	2
				0	3
7250				0	4
7250	(146,305)			(563,561)	5
	(8,220)			61,337	6
				0	7
	(154,525)	0	0	(502,224)	8
				0	
	(154,525)	0	0	(502,224)	
7250	27,965			120,222	9
7250				0	10
				0	11
7250				0	12
7250				0	13
				0	14
				0	15
	27,965	0	0	120,222	

**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.

<b>Name (a)</b>	<b>Issue Date (b)</b>	<b>Maturity (c)</b>	<b>Interest Rate (d)</b>	<b>Balance EOY (e)</b>
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**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)	
<b>Funded Debt (Account 4210):</b>				
RTB	08/14/1978	08/14/2013	6.5000	<b>1</b>
RTB	07/17/1981	07/17/2016	11.2500	<b>2</b>
RUS	08/14/1978	08/14/2013	5.0000	<b>3</b>
<b>Total Funded Debt</b>				

**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)				
6.5000			2,445,283	76,300	2,521,583	1
11.2500			481,241	33,700	514,941	2
5.0000			878,928	39,400	918,328	3
	0	0	3,805,452	149,400	3,954,852	

**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)
<b>COMMON STOCK:</b>			
	80,000	100.00	1
<b>TOTAL COMMON STOCK</b>	<b>80,000</b>		
<b>TOTAL</b>	<b><u>80,000</u></b>		

**CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)**

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares (e)	Amount (f)	Shares (g)	Amount (h)	
<b>COMMON STOCK:</b>					
	41,383	4,138,311	10	1,035	1
	<b>41,383</b>	<b>4,138,311</b>	<b>10</b>	<b>1,035</b>	
<b>TOTAL</b>	<b><u>41,383</u></b>	<b><u>4,138,311</u></b>	<b><u>10</u></b>	<b><u>1,035</u></b>	

**RETAINED EARNINGS (ACCT. 4550)**

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	2,148,280	1,746,378	1
<b>Changes:</b>			
Balance Transferred from Income	977,555	670,825	2
<b>Dividends Declared:</b>			
Common	268,923	268,923	3
Preferred			4
<b>Total Dividends Declared</b>	<b>268,923</b>	<b>268,923</b>	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings			6
<b>Balance--End of Year</b>	<u><b>2,856,912</b></u>	<u><b>2,148,280</b></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)	288,425	117,998	419,345	1
Nonoperating Taxes (Accts. 7410 - 7450)		21,188	80,374	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		(3,305)	(12,360)	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
<b>Other (specify):</b>				
Investment Tax Credit			20,809	10
<b>TOTAL</b>	<b><u>288,425</u></b>	<b><u>135,881</u></b>	<b><u>508,168</u></b>	

**DISTRIBUTION OF TAXES (cont.)**

<b>PSC Remainder Assessment (e)</b>	<b>Local Property Tax (f)</b>	<b>State &amp; Local Taxes Other than Wisconsin (g)</b>	<b>Other Taxes (h)</b>	<b>Payroll Taxes (i)</b>	<b>Total (j)</b>	
12,671					<b>838,439</b>	<b>1</b>
					<b>101,562</b>	<b>2</b>
					<b>0</b>	<b>3</b>
					<b>(15,665)</b>	<b>4</b>
					<b>0</b>	<b>5</b>
					<b>0</b>	<b>6</b>
				48,463	<b>48,463</b>	<b>7</b>
				364	<b>364</b>	<b>8</b>
				904	<b>904</b>	<b>9</b>
					<b>20,809</b>	<b>10</b>
<b>12,671</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,731</b>	<b>994,876</b>	

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

Particulars (a)	This Year (b)	Last Year (c)	
<b>LOCAL NETWORK SERVICES REVENUES</b>			
Basic Local Service Revenue (5000 )*			1
Basic Area Revenue (5001 )	1,881,354	1,820,712	2
Optional Extended Area Revenue (5002 )			3
Cellular Mobile Revenue (5003 )			4
Other Mobile Services Revenue (5004 )			5
Public Telephone Revenue (5010 )	2,801	9,622	6 J
Local Private Line Revenue (5040 )	12,561	13,148	7
Customer Premises Revenue (5050 )			8
Other Local Exchange Revenue (5060 )	44,756	26,188	9 R
Other Local Exchange Revenue Settlements (5069 )			10
<b>TOTAL BASIC LOCAL SERVICE REVENUE (5000)</b>	<b>1,941,472</b>	<b>1,869,670</b>	
<b>NETWORK INTERSTATE ACCESS SERVICES REV.</b>			
End User Revenue (5081 )*	383,857	355,280	11
Switched Access Revenue (5082 )*	821,202	839,233	12
Special Access Revenue (5083 )*	30,003	21,597	13 L
<b>TOTAL INTERSTATE ACCESS REVENUES (5080)</b>	<b>1,235,062</b>	<b>1,216,110</b>	
<b>NETWORK INTRASTATE ACCESS SERVICES REV.</b>			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	1,085,237	882,226	15 M
Special Access Revenue (5084.3)*	17,369	411	16 M
<b>TOTAL INTRASTATE ACCESS REVENUES (5084)</b>	<b>1,102,606</b>	<b>882,637</b>	
<b>LONG DISTANCE NETWORK SERVICES MESSAGE REV.</b>			
Long Distance Message Revenue (5100 )*	227,032	165,716	17 M
Long Distance Inward-Only Revenue (5111 )			18
Long Distance Outward-Only Revenue (5112 )			19
<b>Unidirectional Long Distance Revenue (5110)</b>	<b>0</b>	<b>0</b>	
<b>Long Distance Private Network Revenues</b>			
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
<b>Total Long Distance Private Network Revenue</b>	<b>0</b>	<b>0</b>	
Other Long Distance Revenue (5160 )			28
Other Long Distance Revenue Settlements (5169 )			29
<b>TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.</b>	<b>227,032</b>	<b>165,716</b>	

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

Particulars (a)	This Year (b)	Last Year (c)	
<b>MISCELLANEOUS REVENUES</b>			
Directory Revenue (5230 )*	307,802	278,479	<b>30</b>
Rent Revenue (5240 )*			<b>31</b>
Corporate Operations Revenue (5250 )*			<b>32</b>
<b>Miscellaneous:</b>			
Miscellaneous Revenue (5260 )*			<b>33</b>
Special Billing Arrangements Revenue (5261 )			<b>34</b>
Customer Operations Revenue (5262 )			<b>35</b>
Plant Operations Revenue (5263 )			<b>36</b>
Other Incidental Regulated Revenue (5264 )	(2,952)	12,828	<b>37 S</b>
Other Revenue Settlements (5269 )			<b>38</b>
<b>Total Miscellaneous Revenue (5260)</b>	<b>(2,952)</b>	<b>12,828</b>	
Interstate Billing and Collection Revenue*	94,469	95,013	<b>39</b>
Intrastate Billing and Collection Revenue*	98,926	134,674	<b>40 N</b>
<b>Total Carrier Billing and Collection Revenue (5270)*</b>	<b>193,395</b>	<b>229,687</b>	
Nonregulated Operating Revenue (5280 )**			<b>41</b>
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>498,245</b>	<b>520,994</b>	
<b>GROSS OPERATING REVENUES</b>	<b>5,004,417</b>	<b>4,655,127</b>	
<b>UNCOLLECTIBLE REVENUES</b>			
Uncollectible Revenue (5300 )*			<b>42</b>
Uncollectible Revenue--Telecommunications (5301 )	5,721	4,929	<b>43</b>
Uncollectible Revenue--Other (5302 )			<b>44</b>
<b>TOTAL UNCOLLECTIBLE REVENUE (5300)</b>	<b>5,721</b>	<b>4,929</b>	
<b>TOTAL OPERATING REVENUES</b>	<b>4,998,696</b>	<b>4,650,198</b>	

\*\* 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)	
<b>PLANT SPECIFIC OPERATIONS EXPENSE</b>				
Total Network Support Expense ( 6110 )		0	6,937	1
Less: Nonregulated		0		2
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>6,937</b>	<b>3</b>
Total General Support Expense ( 6120 )	81,200	88,180	11,022	4
Less: Nonregulated		0		5
<b>Net Regulated</b>	<b>81,200</b>	<b>88,180</b>	<b>11,022</b>	<b>6</b>
Total Central Office Switching Expense ( 6210 )	141,190	171,333	79,597	7
Less: Nonregulated		0		8 B
<b>Net Regulated</b>	<b>141,190</b>	<b>171,333</b>	<b>79,597</b>	<b>9</b>
Total Operator Systems Expense ( 6220 )		0		10
Less: Nonregulated		0		11
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
Total Central Office Transmission Expenses ( 6230 )	35,850	28,149	3,826	13
Less: Nonregulated		0		14 C
<b>Net Regulated</b>	<b>35,850</b>	<b>28,149</b>	<b>3,826</b>	<b>15</b>
Total Information Orig. / Term. Expense ( 6310 )	4,922	2,947	3,672	16
Less: Nonregulated		0		17
<b>Net Regulated</b>	<b>4,922</b>	<b>2,947</b>	<b>3,672</b>	<b>18</b>
Total Cable and Wire Fac. Expense ( 6410 )	260,850	516,844	93,371	19
Less: Nonregulated		0		20 D
<b>Net Regulated</b>	<b>260,850</b>	<b>516,844</b>	<b>93,371</b>	<b>21</b>
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>524,012</b>	<b>807,453</b>	<b>198,425</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>524,012</b>	<b>807,453</b>	<b>198,425</b>	
<b>PLANT NONSPECIFIC OPERATIONS EXPENSE</b>				
Total Other Property, Plant and Equip. Exp. ( 6510 )	22	0	361	22
Less: Nonregulated		0		23
<b>Net Regulated</b>	<b>22</b>	<b>0</b>	<b>361</b>	<b>24</b>
Total Network Operations Expense ( 6530 )	156,424	96,303	65,395	25
Less: Nonregulated		0		26 E
<b>Net Regulated</b>	<b>156,424</b>	<b>96,303</b>	<b>65,395</b>	<b>27</b>
Access Expense ( 6540 )	38,574	16,718		28
Less: Nonregulated		0		29 F
<b>Net Regulated</b>	<b>38,574</b>	<b>16,718</b>	<b>0</b>	<b>30</b>
Total Depreciation and Amortization Expense ( 6560 )	1,095,810	923,934		31
Less: Nonregulated		0		32 G
<b>Net Regulated</b>	<b>1,095,810</b>	<b>923,934</b>		<b>33</b>
<b>TOTAL PLANT NONSPECIFIC OPERATIONS EXP.</b>	<b>1,290,830</b>	<b>1,036,955</b>	<b>65,756</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>1,290,830</b>	<b>1,036,955</b>	<b>65,756</b>	

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110			(6,937)		1
	0	0	(6,937)	0	2
6120	6,816		70,342		3
	6,816	0	70,342	0	4
6210	46,332		45,404		5
	46,332	0	45,404	0	6
6220					7
	0	0	0	0	8 B
6230	2,319		22,004		9
	2,319	0	22,004	0	10
6310	303		(1,028)		11 C
	303	0	(1,028)	0	12
6410	58,587		364,886		13
	58,587	0	364,886	0	14 C
	114,357	0	494,671	0	15
	0	0	0	0	16
	114,357	0	494,671	0	17
6510	0	0	(361)	0	18
	0		(361)	0	19
6530	24,065		6,843		20 D
	24,065	0	6,843	0	21
6540			16,718		22
	0	0	16,718	0	23
6560			923,934		24
			923,934		25
	24,065	0	947,134	0	26 E
	0	0	0	0	27
	24,065	0	947,134	0	28
					29 F
					30
					31
					32 G
					33

**EXPENSE MATRIX - CLASS A & B**

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
<b>CUSTOMER OPERATIONS EXPENSE</b>				
Total Marketing ( 6610 )		0		34
Less: Nonregulated		0		35
<b>Net Regulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>
Total Services ( 6620 )	662,984	737,492	143,086	37
Less: Nonregulated		0		38
<b>Net Regulated</b>	<b>662,984</b>	<b>737,492</b>	<b>143,086</b>	<b>39</b>
<b>TOTAL CUSTOMER OPERATIONS EXPENSE</b>	<b>662,984</b>	<b>737,492</b>	<b>143,086</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>662,984</b>	<b>737,492</b>	<b>143,086</b>	
<b>CORPORATE OPERATIONS EXPENSE</b>				
Total Exec. and Planning ( 6710 )	121,837	132,913	79,373	40
Less: Nonregulated		0		41
<b>Net Regulated</b>	<b>121,837</b>	<b>132,913</b>	<b>79,373</b>	<b>42</b>
Total General and Administrative ( 6720 )	655,628	317,434	56,887	43
Less: Nonregulated		0		44 H
<b>Net Regulated</b>	<b>655,628</b>	<b>317,434</b>	<b>56,887</b>	<b>45</b>
Provision for Uncollectible Notes Receiv. ( 6790 )		0		46
Less: Nonregulated		0		47
<b>Net Regulated</b>	<b>0</b>	<b>0</b>		<b>48</b>
<b>TOTAL CORPORATE OPERATIONS EXPENSE</b>	<b>777,465</b>	<b>450,347</b>	<b>136,260</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>777,465</b>	<b>450,347</b>	<b>136,260</b>	
<b>TOTAL EXPENSES</b>	<b>3,255,291</b>	<b>3,032,247</b>	<b>543,527</b>	
<b>Less: Nonregulated</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Regulated</b>	<b>3,255,291</b>	<b>3,032,247</b>	<b>543,527</b>	

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610					34
	0	0	0	0	35
6620	88,541		505,865		36
	88,541		505,865	0	37
	88,541	0	505,865	0	38
	0	0	0	0	39
	88,541	0	505,865	0	
6710	41,678		11,862		40
	41,678		11,862	0	41
6720	33,314		227,233		42
	33,314		227,233	0	43
6790					44 H
			0		45
	74,992	0	239,095	0	46
	0	0	0	0	47
	74,992	0	239,095	0	48
	301,955	0	2,186,765	0	
	0	0	0	0	
	301,955	0	2,186,765	0	

**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		1
Provisioning Expense ( 6512 )	22	0	361	2
<b>Total: Reported in Account 6510</b>	<b>22</b>	<b>0</b>	<b>361</b>	
Depreciat. Exp.--Tele. Plant in Service ( 6561 )	1,095,810	923,934		3
Depreciat. Exp.--Prop. Held for Future Tele. Use ( 6562 )		0		4
Amortization Expense--Tangible ( 6563 )		0		5
Amortization Expense--Intangible ( 6564 )		0		6
Amortization Expense--Other ( 6565 )		0		7
<b>Total: Reported in Account 6560</b>	<b>1,095,810</b>	<b>923,934</b>		

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511					1
6512			(361)		2
	0		(361)	0	
6561			923,934		3
6562					4
6563					5
6564					6
6565					7
			923,934		

### 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	5,004,417	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 Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		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
<b>Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes</b>	<b>5,004,417</b>	

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

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,941,472	1
Plus: Total Intrastate Access Revenues (5084)	1,102,606	2
Plus: Total Long Distance Network Services Revenue	227,032	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): None	0	5
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b>3,271,110</b>	

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

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

Description (a)	This Year (b)	
Gross Operating Revenues	5,004,417	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 Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		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
<b>Assessable Revenues for Remainder and Telephone Relay Assessment Purposes</b>	<b><u>5,004,417</u></b>	

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

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,941,472	1
Plus: Total Intrastate Access Revenues (5084)	1,102,606	2
Plus: Total Long Distance Network Services Revenue	227,032	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): None	0	5
<b>Assessable Revenues for Universal Service Fund Assessment Purposes</b>	<b><u>3,271,110</u></b>	

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

Particulars (a)	This Year (b)	Last Year (c)	
<b>OTHER OPERATING INCOME AND EXPENSE</b>			
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
<b>TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*</b>	<b>0</b>	<b>0</b>	
<b>OPERATING TAXES</b>			
Operating Investment Tax Credits--Net (7210 )*	(20,809)	(26,513)	6
Operating Federal Income Taxes (7220 )*	338,081	341,913	7
Operating State and Local Income Taxes (7230 )*	93,511	95,385	8
Operating Other Taxes (7240 )*	301,096	286,486	9
Provision for Deferred Operating Income Taxes--Net (7250 )*	126,560	(89,795)	10
<b>TOTAL OPERATING TAXES (7200)*</b>	<b>838,439</b>	<b>607,476</b>	
<b>NONOPERATING INCOME AND EXPENSE</b>			
Dividend Income (7310 )*			11
Interest Income (7320 )*	33,228	45,244	12
Income from Sinking and Other Funds (7330 )*			13
Allowance for Funds Used During Construction (7340 )*	9,708	17,861	14
Gains or (Losses) from the Disposition of Certain Property (7350 )*			15
Other Nonoperating Income (7360 )*	249,926	84,484	16
Special Charges (7370 )*	29,215	11,656	17
<b>TOTAL NONOPERATING INCOME AND EXPENSE (7300)*</b>	<b>263,647</b>	<b>135,933</b>	
<b>NONOPERATING TAXES</b>			
Nonoperating Investment Tax Credits--Net (7410 )*			18
Nonoperating Federal Income Taxes (7420 )*	72,068	73,701	19
Nonoperating State and Local Income Taxes (7430 )*	18,967	19,709	20
Nonoperating Other Taxes (7440 )*			21
Provision for Deferred Nonoperating Income Taxes-Net (7450 )*	10,527	(49,634)	22
<b>TOTAL NONOPERATING TAXES (7400)*</b>	<b>101,562</b>	<b>43,776</b>	
<b>INTEREST AND RELATED ITEMS</b>			
Interest on Funded Debt (7510 )*	282,465	281,392	23
Interest Expense--Capital Leases (7520 )*			24
Amortization of Debt Issuance Expense (7530 )*	332	332	25
Other Interest Deductions (7540 )*	0	2,666	26
<b>TOTAL INTEREST AND RELATED ITEMS (7500)*</b>	<b>282,797</b>	<b>284,390</b>	
<b>EXTRAORDINARY ITEMS</b>			
Extraordinary Items (7600 )*			27
Extraordinary Income Credits (7610 )		129,649	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 )		51,212	31
<b>TOTAL EXTRAORDINARY ITEMS (7600)*</b>	<b>0</b>	<b>78,437</b>	
<b>NONREGULATED NET INCOME</b>			
Nonregulated Net Income (7990 )*	(29,743)	(2,810)	32

**NONREGULATED NET INCOME (ACCT. 7990)**

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	32,486	1
Less: Cost of Goods Sold	1,995	2
<b>Net Sales</b>	<b>30,491</b>	<b>3</b>
Expenses (Acct. 7990.2)	60,234	4
<b>Nonregulated Net Income</b>	<u><u><b>(29,743)</b></u></u>	<b>5</b>

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

Nonregulated activity includes repair of customer premise equipment, inside wiring repairs and maintenance, and provision of internet services.

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:

### DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	543,527	1
Nonregulated Expense	14,084	2
Plant Accounts	61,036	3
Accumulated Depreciation Accounts		4
All Other Accounts	33,422	5
<b>Total Salaries and Wages</b>	<b>652,069</b>	<b>6</b>

### 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	1.00	1.00	88,590	1
Supervision and Other Management	2.00	3.00	159,682	2
Other Employees	19.00	17.00	403,797	3
<b>Total</b>	<b>22.00</b>	<b>21.00</b>	<b>652,069</b>	

### DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	543,527	1
Nonregulated Expense	14,084	2
Plant Accounts	61,036	3
Accumulated Depreciation Accounts		4
All Other Accounts	33,422	5
<b>Total Salaries and Wages</b>	<b>652,069</b>	<b>6</b>

### 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	1.00	1.00	88,590	1
Supervision and Other Management	2.00	3.00	159,682	2
Other Employees	19.00	17.00	403,797	3
<b>Total</b>	<b>22.00</b>	<b>21.00</b>	<b>652,069</b>	

## 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)	
<b>LOCAL</b>			
Intra-Exchange	766	0	1
Extended Area Service	865	0	2
Extended Community Calling	94	0	3
Other Local-Undefined	0	0	4
<b>Total Local</b>	<b>1,725</b>	<b>0</b>	
<b>TOLL</b>			
Operator Handled: State--intraLATA	1	4	5
Operator Handled: State--interLATA	1	2	6
Operator Handled: Interstate	1	6	7
Customer Dialed: State--intraLATA	358	1,411	8
Customer Dialed: State--interLATA	177	730	9
Customer Dialed: Interstate	300	1,302	10
WATS	144	442	11
Other Toll-Undefined	40	78	12
<b>Total Toll</b>	<b>1,022</b>	<b>3,975</b>	
<b>Total Local &amp; Toll</b>	<b>2,747</b>	<b>3,975</b>	

### 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.	40				3
Feature Group B -- Term.	177	1			4
Feature Group C -- Orig.			8,633	8	5
Feature Group C -- Term.			9,161	9	6
Feature Group D -- Orig.	10,036	5,561			7
Feature Group D -- Term.	9,156	4,917			8

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	19	1
Sheath miles of plant - buried	426	2
Sheath miles of plant - fiber optics	10	3
Strand miles of plant - fiber optics	164	4
Route miles of plant - microwave		5

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

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	9	49	1
56 kbps	3	1	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	7	4	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

**OUTSIDE PLANT STATISTICS AT END OF YEAR**

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	19	1
Sheath miles of plant - buried	426	2
Sheath miles of plant - fiber optics	10	3
Strand miles of plant - fiber optics	164	4
Route miles of plant - microwave		5

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

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	9	49	1
56 kbps	3	1	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	7	4	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	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)	
<b>Business</b>			
1 Party	946	1,065	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	33	33	6
Centrex Trunks	0		7
Centrex Lines	0		8
Key System Trunks	170	171	9
Mobile (Utility Provided Service)	0		10
Paging (Utility Provided Service)	0		11
FX-Out (Switched)	36	40	12
Pay Telephone			13
Coin-Operated Pay Telephone	0	26	14
Independent Pay Telephone Provider	0	19	15
Pay Stations - Public	17		16
- Semi-Public	9		17
- Cust. Owned	10		18
Other	0		19
<b>Total Business Lines</b>	<b>1,221</b>	<b>1,354</b>	<b>20</b>
<b>Residential (Incl. Emp. Concess.)</b>			
1 Party	7,050	7,507	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	8	8	25
Other	0		26
<b>Total Residential Lines</b>	<b>7,058</b>	<b>7,515</b>	<b>27</b>
<b>Total Bus &amp; Res Lines</b>	<b>8,279</b>	<b>8,869</b>	<b>28</b>
Company Used Lines	70	76	29
<b>Total Lines Used</b>	<b>8,349</b>	<b>8,945</b>	<b>30</b>

**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)	
<b>Miscellaneous</b>			
WATS Lines - OutWATS	0		<b>3</b>
WATS Lines - 800 Service	0		<b>4</b>
FX-In-intraLATA	49	50	<b>5</b>
Special Access-intraLATA			<b>6</b>
(expressed in equiv. access lines)	242	146	<b>7</b>
Special Access-interLATA			<b>8</b>
(expressed in equiv. access lines)	152	180	<b>9</b>
Feature Group A Lines	0		<b>10</b>
Feature Group B Trunks	0		<b>11</b>
Feature Group C Trunks	0		<b>12</b>
Feature Group D Trunks	0		<b>13</b>
TSPS - Trunks	0		<b>14</b>
EAS - Trunks	0		<b>15</b>
Cellular Trunks (Pub. Sw. Net.)	0		<b>16</b>
Video Distance Learning			<b>17</b>
- discounted (special tariff)	0		<b>18</b>
<b>Customers</b>			
Business - 2 Party Customers	0		<b>20</b>
Business - 4 Party Customers	0		<b>21</b>
Residential - 2 Party Customers	0		<b>22</b>
Residential - 4 Party Customers	0		<b>23</b>
<b>Other</b>			
Total Central Office, Info. Orig./Term., & Cable			<b>25</b>
Wire Fac. Assets (based on physical location of plant)			<b>26</b>
	13,050,017	13,679,283	<b>27</b>
Total Company Square Miles	132	132	<b>28</b>
Total Company Route Miles	438	455	<b>29</b>
Footnotes			<b>30</b>

### 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	5610	5920			1
<b>Business</b>					<b>2</b>
1 Party	779	286			3
2 Party					4
4 Party					5
PBX Trunks/System Trunks	33				6
Centrex Trunks					7
Centrex Lines					8
Key System Trunks	157	14			9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)	20	20			12
Pay Telephone					13
Coin-Operated Pay Telephone	23	3			14
Independent Pay Telephone Provider	14	5			15
Pay Stations - Public					16
- Semi-Public					17
- Cust. Owned					18
Other					19
<b>Total Business Lines</b>	<b>1,026</b>	<b>328</b>	<b>0</b>	<b>0</b>	<b>20</b>
<b>Residential (Incl. Emp. Concess.)</b>					<b>21</b>
1 Party	4,740	2,767			22
2 Party					23
4 Party					24
FX-Out (Switched)	6	2			25
Other					26
<b>Total Residential Lines</b>	<b>4,746</b>	<b>2,769</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>Total Bus &amp; Res Lines</b>	<b>5,772</b>	<b>3,097</b>	<b>0</b>	<b>0</b>	<b>28</b>
Company Used Lines	55	21			29
<b>Total Lines Used</b>	<b>5,827</b>	<b>3,118</b>	<b>0</b>	<b>0</b>	<b>30</b>

**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	5610	5920			1
<b>Miscellaneous</b>					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA	28	22			5
Special Access-intraLATA					6
(equiv. access lines)	133	13			7
Special Access-interLATA					8
(equiv. access lines)	179	1			9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks					13
TSPS - Trunks					14
EAS - Trunks					15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)					18
<b>Customers</b>					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
<b>Other</b>					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	8,891,534	4,787,749			27
Exchange Square Miles	88	44			28
Exchange Route Miles	282	173			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.

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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	WATERFORD	WIND LAKE			1
PSCW Exchange ID	5610	5920			2
Central Office Name	WATERFORD	WIND LAKE			3
PSCW Central Office ID	1	1			4
Manufacturer of COE (Page 54)	NEC	NEC			5
Year COE Installed	1991	1993			6
Type of Equipment (Page 54)	D	D			7
(S)tandalone, (H)ost, (R)emote	S	S			8
Remote Host PSCW Exchange ID					9
Remote Host PSCW Central Office ID	0	0			10
COE Generic Software Release No.	0				11
SS7?	Yes	Yes			12
9-1-1?	Yes	Yes			13
Access Lines - In Use	0	0			14
- Equipped	8,880	4,160			15
- Wired	8,880	4,928			16
Trunks - In Use	0	0			17
- Equipped	0	0			18
- Wired	0	0			19
ISDN Available?	No	No			20
ISDN Lines - In Use (BRI)	0	0			21
- In Use (PRI)	0	0			22
Switched 56 Service?	No	No			23
Switched 56 lines in use	0	0			24
Digital Transmission Facilities: DS-1 - In Use	142	25			25
DS-3 - In Use	4	2			26
Advanced Data Service Available:					
Packet Switching?	No	No			27
SMDS?	No	No			28
Frame Relay?	No	No			29
ATM (Asynchronous Trans. Mode)?	No	No			30
Video Information - Service Available?	No	No			31
- In Use (# lines) <sup>1</sup>	0	0			32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	40	8			33
No. of fiber strands working (LIT) in C.O.	8	4			34
No. of fiber strands for interoffice use	4	4			35
Miles of fiber sheath in wire center	7	3			36
Access Tandem Serving this C.O.:					
- C.O. Name	MILWAUKEE	MILWAUKEE			37
- PSCW C.O. ID	3420-01	3420-01			38
Does this C.O. do access tandem switching?	No	No			39
Equal Access: InterLATA (1+)?	Yes	Yes			40
Equal Access: IntraLATA (1+)?	Yes	Yes			41
Footnotes					42

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

## GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

### General Footnote

Accountants Compilation Report

To the Board of Directors  
Southeast Telephone Company of Wisconsin, Inc.  
Waterford, Wisconsin 53185

We have compiled the balance sheets of Southeast Telephone Company of Wisconsin, Inc. as of December 31, 1997 and 1996, and the related statements of income and retained earnings for the years then ended, and the statement of cash flows for the year ended December 31, 1997, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form, except for pages 46 through 55.

Our compilation was 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 and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated January 9, 1998.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

The supplementary information contained on pages 46 through 55 of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

Kiesling Associates LLP  
Madison, Wisconsin  
April 20, 1998

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### Schedule Footnotes

Central Office Lookup Table Footnote. Page 0

Service Data - End of Year Footnote. Page 52

Payphone info revised per Kiesling 10/12/1998 letter. 12/8/99 ele

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### Schedule Line Footnotes

- A) COE reclassified as circuit equipment.
- B) Increased salaries, also coding more time here and less to testing.

## GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- C) Decrease due to coding change for A-links.
- D) Increase due to coding change for EAS charges.
- E) Decrease due to special 5-year study performed in 1996, not done in 1997. Also, plant manager coding more time to specific jobs and less time here.
- F) Decrease due to coding problem in 1996 (expense too high in 96).
- G) 1996 included \$303,488 related to fully amortizing A/C 1438. In 1997, depreciation increased \$131,000 due to 1996 and 1997 plant additions.
- H) CPR adjustment.
  - I) Transfer of computers to Non-Reg, for use in providing internet service.
- J) Transfer of payphones and related depreciation to Nonregulated in 1997.
- K) There are different depreciation rates being used within this sub-class account.
- L) Increase consistent with prior year.
- M) Increase due to increase in minutes of use during 1997 and additional special circuits.
- N) Starting 6/96 Ameritech reduced B&C rates.
- O) Vehicles are depreciated on a per unit basis.
- P) To adjust for \$1,000 salvage(gain) on a vehicle less a \$175 retirement (CPR).
- Q) Amounts in the "other" column are CPR adjustments for retired assets which were previously not or already included in plant retirements.
- R) Increase in directory assistance charges per call.
- S) Adjustment to payables for contract with MCI - ended 9/97.