



4004

ANNUAL REPORT

OF

Name: LAKEFIELD TELEPHONE COMPANY

Principal Office: 7520 ENGLISH LAKE RD
P.O. BOX 102
NEWTON, WI 53063-0102

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.

SIGNATURE PAGE

I PHILIP NASS of
(Person responsible for accounts)

LAKEFIELD TELEPHONE COMPANY, certify that I
(Utility Name)

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

PHILIP NASS 04/15/1999
(Person responsible for accounts) (Date)

GENERAL MANAGER
(Title)

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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: LAKEFIELD TELEPHONE COMPANY
Utility Location: 7520 ENGLISH LAKE RD
P.O. BOX 102
NEWTON, WI 53063-0102

Utility Web Site Address:

When was utility organized?: 01/01/1907

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR PHILIP NASS
Title: GENERAL MANAGER

Office Address: 7520 ENGLISH LAKE ROAD
P.O. BOX 102
NEWTON, WI 53063

Fax Number: (414) 758 - 2997
Telephone Number: (414) 758 - 2211
Email Address:

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

Fax Number: (608) 273 - 2383
Telephone Number: (608) 273 - 2315
Email Address:

Person responsible for financial information contained in report

Name: MR PHILIP NASS
Title: GENERAL MANAGER

Office Address: 7520 ENGLISH LAKE ROAD
P.O. BOX 102
NEWTON, WI 53063

Fax Number: (414) 758 - 2997
Telephone Number: (414) 758 - 2211
Email Address:

Person responsible for statistical information contained in report

Name: MR PHILIP NASS
Title: GENERAL MANAGER

Office Address: 7520 ENGLISH LAKE ROAD
P.O. BOX 102
NEWTON, WI 53063

Fax Number: (414) 758 - 2997
Telephone Number: (414) 758 - 2211
Email Address:

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: LAKEFIELD TELECOM, INC.
Address: 7520 ENGLISH LAKE ROAD
PO BOX 102
NEWTON , WI 53063
Number of Shares Held: 8,765
Beneficial Owner: NONE

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

Company Name: LTC, INC.
Form of Interest: OWNED
Extent Of Interest: 100%

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,233,791	1,125,948	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	113,122	101,594	2
Plant Nonspecific Operations Expense	429,465	348,399	3
Customer Operations Expense (6610-6620)	173,998	160,541	4
Corporate Operations Expense (6710-6790)	200,391	231,803	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	124,903	126,190	7
Total Operating Expenses	1,041,879	968,527	8
Net Operating Income	191,912	157,421	9
Other Income			
Nonoperating Income and Expense (7300)	27,941	(5,609)	10
Nonoperating Taxes (7400)	11,053	(4,191)	11
Interest and Related Items (7500)	84,236	91,304	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	33,248	32,747	14
Total Nonoperating Income	(34,100)	(59,975)	15
Net Income	157,812	97,446	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 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, and employee benefits.

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 the difference between carrying amounts of depreciable assets and partnership investment basis. 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 revenues are determined in accordance with nationwide average cost schedules.

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 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, 1998, the maximum amount which could be distributed in accordance with these restrictions was \$366,195 except as might be specifically authorized in writing in advance by the RUS 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)*	95,304	170,926	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	95,304	170,926	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	68,631	57,886	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	68,631	57,886	
Other Accounts Receivable (1190)*	324,039	322,790	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	324,039	322,790	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*			12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	392,670	380,676	
SUPPLIES			
Inventories (1220)*	13,510	11,488	13
TOTAL SUPPLIES	13,510	11,488	
PREPAYMENTS			
Total Prepayments (1280)*	811	(1,755)	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	811	(1,755)	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	20,826	11,715	20
TOTAL OTHER CURRENT ASSETS	20,826	11,715	
TOTAL CURRENT ASSETS	523,121	573,050	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	122,614	122,522	21
Investments in Nonaffiliated Companies (1402)*	151,085	141,730	22
Nonregulated Investments (1406)*	72,735	45,190	23
Unamortized Debt Issuance Expense (1407)*	1,761	1,865	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)*	5,150	8,531	26
TOTAL INVESTMENTS	353,345	319,838	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	13,068	17,568	29
TOTAL DEFERRED CHARGES	13,068	17,568	
TOTAL NONCURRENT ASSETS	366,413	337,406	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	4,597,162	4,148,209	30
Less: Accumulated Depreciation (3100)*	2,440,061	2,046,411	31
Less: Accumulated Amortization--Capitalized Leases (3410)*			32
Less: Accumulated Amortization--Leasehold Improvements (3420)*			33
Less: Accumulated Amortization--Intangible (3500)*			34
NET TELECOMMUNICATIONS PLANT IN SERVICE	2,157,101	2,101,798	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*			35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*			36
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*			37
Less: Accumulated Depreciation--Nonoperating (3300)*			38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*			39
TOTAL TPUC	0	0	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			40
Less: Accumulated Amortization--Other (3600)*			41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	2,157,101	2,101,798	
TOTAL ASSETS AND OTHER DEBITS*	3,046,635	3,012,254	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	181,406	139,135	1
Notes Payable (4020)*	96,978	145,341	2
Advance Billing and Payments (4030)*			3
Customer Deposits (4040)*	525	425	4
Current Maturities--Long-Term Debt (4050)*	77,700	73,900	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*	75,658	6,129	7
Other Taxes--Accrued (4080)*	(5,838)	(10,409)	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	33,488	48,332	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES*	459,917	402,853	
LONG-TERM DEBT			
Funded Debt (4210)*	1,306,629	1,384,361	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
TOTAL LONG-TERM DEBT*	1,306,629	1,384,361	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*			20
Unamortized Operating ITC--Net (4320)*	47,000	70,918	21
Unamortized Nonoperating ITC--Net (4330)*			22
Net Noncurrent Deferred Operating Income Taxes (4340)*	119,514	148,786	23
Net Deferred Tax Liability Adjustments (4341)*	(24,862)	(37,418)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(3,787)	(11,251)	25
Other Deferred Credits (4360)*			26
Deferred Tax Regulatory Liability (4361)*	32,393	49,141	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	170,258	220,176	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	438,250	438,250	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	(8,671)	(25,826)	31
Retained Earnings (4550)*	680,252	592,440	32
TOTAL STOCKHOLDERS' EQUITY*	1,109,831	1,004,864	
TOTAL LIABILITIES AND OTHER CREDITS*	3,046,635	3,012,254	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	157,812	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	400,238	2
Interest during construction	0	3
Changes in assets and liabilities:		
Current assets (net)	(25,693)	4
Other noncurrent assets	7,777	5
Other current liabilities	101,627	6
Other liabilities and deferred credits	(49,918)	7
Other (specify):		
TOTAL ADJUSTMENTS	434,031	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	591,843	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(455,541)	8
Investments in affiliated companies	(92)	9
Nonoperating Investments	(36,900)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(492,533)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(73,724)	12
Net changes in stockholder equity other than retained earnings	17,155	13
Change in short term borrowing (net)	(48,363)	14
Dividends paid	(70,000)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(174,932)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(75,622)	
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.

None

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

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

None

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

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

None

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

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

None

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

None

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)	
Computer Systems Limited Liability Corporation	CSLLC	1
Lakefield Communications, Inc.	LKFDCOMM	2
Lakefield Telecom, Inc.	LKFDTELCM	3
LTC, Inc.	LTC	4
Other	OTH	5

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	2970-AT-100	None				
Name of Affiliate	CSLLC	LKFDCOMM				1
Designate whether billed to or from:	FROM	TO				2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	M	M				3
Revenues						4
Expenses:						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense						7
Corporate Operations Expense						8
Total Operating Expenses	0	0	0	0	0	9
Other:						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other	71,788	77,742				14
Total	71,788	77,742	0	0	0	15
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)	
Lakefield Communications, Inc.	1190	51,357	1
Lakefield Telecom, Inc.	1190	158,610	2
Computer Systems Limited Liability Corporation	1401	120,000	3
LTC, Inc.	1401	2,614	4
Lakefield Communications, Inc.	4010	36,686	5

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)
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	0	1
Other:		
WITS Class A Stock	200	2
WITS Class B Stock	20,600	3
Cash Surrender Value of Life Insurance	130,285	4
Total Investments in Nonaffiliated Companies	151,085	

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):		
Leased Telephone Equipment	35,962	1
Internet Equipment	44,316	2
Internet C.O. Equipment	43,797	3
Cellular Test Set	4,354	4
Cellular Office - Test Equipment	2,857	5
Public Paystations	5,121	6
Depreciation Reserve	(68,455)	7
Inventory (Acct. 1406.12)	4,783	8

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

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

Description of Item (a)	Balance EOY (b)
--	--------------------------------

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	18,158		1
Motor Vehicles	2112	67,391		2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	57,636		6
Buildings	2121	548,123	8,947	7
Furniture	2122	62,314	11,367	8
Office Equipment	2123	34,564	12,719	9
General Purpose Computers	2124	96,208	10,007	10
TOTAL--GENERAL SUPPORT ASSETS:		884,394	43,040	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	974,444	134,954	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	140,737	6,537	16
TOTAL--CENTRAL OFFICE ASSETS:		1,115,181	141,491	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		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:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	0		22
Aerial Cable	2421	1,301	0	23
Underground Cable	2422	12,485	0	24
Buried Cable	2423	2,124,710	271,508	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	2,492		29
Conduit Systems	2441	7,409		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		2,148,397	271,508	
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			18,158	1
2112			67,391	2
2113			0	3
2114			0	4
2115			0	5
2116			57,636	6
2121			557,070	7
2122			73,681	8
2123	7,086	0	40,197	9
2124			106,215	10
	7,086	0	920,348	
2211			0	11
2212	0	0	1,109,398	12
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	0	147,274	16
	0	0	1,256,672	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			0	22
2421	0	0	1,301	23
2422	0	0	12,485	24
2423	0	0	2,396,218	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			2,492	29
2441			7,409	30
	0	0	2,419,905	
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	237	33
TOTAL--AMORTIZABLE ASSETS:		237	0
TOTAL TELECOM. PLANT IN SERVICE	2001	4,148,209	456,039
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			237	33
	0	0	237	
	7,086	0	4,597,162	
2001			0	34
			4,597,162	

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	32,470	9,725	1
Company Communications Equipment	2123.2	2,094	2,994	2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	974,444	134,954	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	30,789	1,107	10
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	109,948	5,430	12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	1,301		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	12,485		16
Buried Cable - Nonmetallic	2423.1	196,758	116,126	17
Buried Cable - Metallic	2423.2	1,927,952	155,382	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	0		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	7,086		35,109	1
2123.2			5,088	2
2212.1			0	3
2212.2			1,109,398	4
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1			31,896	10
2232.2			0	11
2232.3			115,378	12
2421.1			0	13
2421.2			1,301	14
2422.1			0	15
2422.2			12,485	16
2423.1			312,884	17
2423.2			2,083,334	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)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	41,748	20.0	13,478	1j
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	56,802	10.0	834	5
Buildings	2121	145,176	4.0	22,113	6
Furniture	2122	41,010	10.0	6,856	7
Office Equipment	2123	34,119	15.4	1,470	8I
General Purpose Computers	2124	70,879	20.0	19,717	9
Total-- GENERAL SUPPORT ASSETS		389,734		64,468	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	332,200	11.11	114,105	11d
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	61,396	12.0	17,186	15
Total-- CENTRAL OFFICE ASSETS		393,596		131,291	62,000
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0			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		0		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	0			21
Aerial Cable	2421	631	5.0	65	22
Underground Cable	2422	7,314	4.5	561	23
Buried Cable	2423	1,251,393	6.42	141,354	24I
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	1,733	12.5	312	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					55,226	1 j
2113					0	2
2114					0	3
2115					0	4
2116					57,636	5
2121					167,289	6
2122					47,866	7
2123	7,086		500		29,003	8 l
2124					90,596	9
	7,086	0	500	0	447,616	
2211					0	10
2212	0				508,305	11 d
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				78,582	15
	0	0	0	0	586,887	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411					0	21
2421	0				696	22
2422	0				7,875	23
2423	0				1,392,747	24 l
2424	0				0	25
2425					0	26
2426	0				0	27
2431					2,045	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	2,010	2.5	185	29
Total-- CABLE WIRE FACILITIES ASSETS		1,263,081		142,477	0
Total Accumulated Depreciation	3100	2,046,411		338,236	62,000
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				338,236	62,000

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					2,195	29
	0	0	0	0	1,405,558	
3100	7,086	0	500	0	2,440,061	
3100					0	30
3100					2,440,061	

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	32,470	15.0	750		1
Company Communications Equipment	2123.2	1,649	20.0	720		2
Software	2212.1	0				3
Digital Switching - Central Office	2212.2	332,200	11.11	114,105	62,000	4 d
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	17,413	12.0	3,762		10
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	43,983	12.0	13,424		12
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	631	5.0	65		14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	7,314	4.5	561		16
Buried Cable - Nonmetallic	2423.1	37,083	4.5	10,190		17
Buried Cable - Metallic	2423.2	1,214,310	6.67	131,164		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	0				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	7,086		500		26,634	1
2123.2					2,369	2
2212.1					0	3
2212.2					508,305	4 d
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					21,175	10
2232.2					0	11
2232.3					57,407	12
2421.1					0	13
2421.2					696	14
2422.1					0	15
2422.2					7,875	16
2423.1					47,273	17
2423.2					1,345,474	18
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)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(148,786)	5
Net Deferred Tax Liability Adjustments (4341)	37,418	6
Deferred Tax Regulatory Liability (4361)	(49,141)	7
Net Property Related Deferred Operating Income Taxes	(160,509)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(160,509)	
NONPROPERTY RELATED		
Other Current Assets (1350)	11,715	9
Other Noncurrent Assets (1410)	8,531	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	0	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	20,246	

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	29,272			(119,514)	5
	(12,556)			24,862	6
	16,748			(32,393)	7
	33,464	0	0	(127,045)	8
	0			0	
	33,464	0	0	(127,045)	
7250	9,111			20,826	9
7250	(3,381)			5,150	10
				0	11
7250				0	12
7250				0	13
				0	14
				0	15
	5,730	0	0	25,976	

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)	
Other:					
Business Note	03/15/1998	09/15/2000	9.0000	96,978	1
Total Other				96,978	
Total Notes Payable				96,978	

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):				
RUS Mortgage Notes	07/28/1980	07/28/2015	5.0000	1
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)				
5.0000			1,306,629	77,700	1,384,329	1
	0	0	1,306,629	77,700	1,384,329	

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:			
Common	10,000	50.00	1
TOTAL COMMON STOCK	10,000		
TOTAL	<u>10,000</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:					
Common	8,765	438,250			1
	8,765	438,250	0	0	
TOTAL	<u>8,765</u>	<u>438,250</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	592,440	549,994	1
Changes:			
Balance Transferred from Income	157,812	97,446	2
Dividends Declared:			
Common	70,000	55,000	3
Preferred			4
Total Dividends Declared	70,000	55,000	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings			6
Balance--End of Year	<u>680,252</u>	<u>592,440</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)	71,060	16,131	34,781	1
Nonoperating Taxes (Accts. 7410 - 7450)		2,375	8,678	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		4,304	16,611	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
ITC			23,919	10
Deferred Tax		1,544	30,186	11
TOTAL	<u><u>71,060</u></u>	<u><u>24,354</u></u>	<u><u>114,175</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)	
2,931					124,903	1
					11,053	2
					0	3
					20,915	4
					0	5
					0	6
				27,981	27,981	7
				802	802	8
				655	655	9
					23,919	10
					31,730	11
<u>2,931</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,438</u>	<u>241,958</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)*	433,458	405,536	1
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)	433,458	405,536	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	63,119	61,021	11
Switched Access Revenue (5082)*	345,548	331,315	12
Special Access Revenue (5083)*			13
TOTAL INTERSTATE ACCESS REVENUES (5080)	408,667	392,336	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	240,747	218,504	15
Special Access Revenue (5084.3)*	45,450	22,973	16 f
TOTAL INTRASTATE ACCESS REVENUES (5084)	286,197	241,477	
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)*	34,652	31,336	30
Rent Revenue (5240)*			31
Corporate Operations Revenue (5250)*			32
Miscellaneous:			
Miscellaneous Revenue (5260)*	5,527	4,389	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)	5,527	4,389	
Interstate Billing and Collection Revenue*	20,965	13,973	39 g
Intrastate Billing and Collection Revenue*	50,529	39,625	40 g
Total Carrier Billing and Collection Revenue (5270)*	71,494	53,598	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	111,673	89,323	
GROSS OPERATING REVENUES	1,239,995	1,128,672	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	6,204	2,724	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	6,204	2,724	
TOTAL OPERATING REVENUES	1,233,791	1,125,948	

** 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)	2,621	1,563	1
Less: Nonregulated	0	0	2
Net Regulated	2,621	1,563	0 3
Total General Support Expense (6120)	29,131	27,173	4
Less: Nonregulated	0	0	5
Net Regulated	29,131	27,173	0 6
Total Central Office Switching Expense (6210)	41,109	38,101	7
Less: Nonregulated	0	0	8
Net Regulated	41,109	38,101	0 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)	1,876	1,734	13
Less: Nonregulated	0	0	14
Net Regulated	1,876	1,734	0 15
Total Information Orig. / Term. Expense (6310)	71	0	16
Less: Nonregulated	0	0	17
Net Regulated	71	0	0 18
Total Cable and Wire Fac. Expense (6410)	26,786	44,551	19
Less: Nonregulated	0	0	20 b
Net Regulated	26,786	44,551	0 21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	101,594	113,122	0
Less: Nonregulated	0	0	0
Net Regulated	101,594	113,122	0
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	875	382	0 22
Less: Nonregulated	0	0	23
Net Regulated	875	382	0 24
Total Network Operations Expense (6530)	39,022	27,320	25
Less: Nonregulated	0	0	26 c
Net Regulated	39,022	27,320	0 27
Access Expense (6540)	316	1,525	28
Less: Nonregulated	0	0	29
Net Regulated	316	1,525	0 30
Total Depreciation and Amortization Expense (6560)	308,186	400,238	31
Less: Nonregulated	0	0	32 d
Net Regulated	308,186	400,238	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	348,399	429,465	0
Less: Nonregulated	0	0	0
Net Regulated	348,399	429,465	0

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110			1,563		1
	0	0	1,563	0	2
6120			27,173		3
	0	0	27,173	0	4
6210			38,101		5
	0	0	38,101	0	6
6220			0		7
	0	0	0	0	8
6230			1,734		9
	0	0	1,734	0	10
6310					11
	0	0	0	0	12
6410			44,551		13
	0	0	44,551	0	14
	0	0	113,122	0	15
	0	0	0	0	16
	0	0	113,122	0	17
6510	0	0	382	0	18
	0	0	382	0	19
6530			27,320		20 b
	0	0	27,320	0	21
6540			1,525		22
	0	0	1,525	0	23
6560			400,238		24
			400,238		25
	0	0	429,465	0	26 c
	0	0	0	0	27
	0	0	429,465	0	28
					29
					30
					31
					32 d
					33

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	0	0	34
Less: Nonregulated	0	0	35
Net Regulated	0	0	0 36
Total Services (6620)	160,541	173,998	37
Less: Nonregulated	0	0	38
Net Regulated	160,541	173,998	0 39
TOTAL CUSTOMER OPERATIONS EXPENSE	160,541	173,998	0
Less: Nonregulated	0	0	0
Net Regulated	160,541	173,998	0
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	58,765	43,593	40
Less: Nonregulated	0	0	41 e
Net Regulated	58,765	43,593	0 42
Total General and Administrative (6720)	173,038	156,798	43
Less: Nonregulated	0	0	44
Net Regulated	173,038	156,798	0 45
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	231,803	200,391	0
Less: Nonregulated	0	0	0
Net Regulated	231,803	200,391	0
TOTAL EXPENSES	842,337	916,976	0
Less: Nonregulated	0	0	0
Net Regulated	842,337	916,976	0

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610			0		34
					35
	0	0	0	0	36
6620			173,998		37
					38
	0		173,998	0	39
	0	0	173,998	0	
	0	0	0	0	
	0	0	173,998	0	
6710			43,593		40
					41 e
	0		43,593	0	42
6720			156,798		43
					44
	0		156,798	0	45
6790					46
					47
			0		48
	0	0	200,391	0	
	0	0	0	0	
	0	0	200,391	0	
	0	0	916,976	0	
	0	0	0	0	
	0	0	916,976	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)	875	0		1
Provisioning Expense (6512)	0	382		2
Total: Reported in Account 6510	875	382	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	308,186	400,238		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	308,186	400,238		

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511			0		1
6512			382		2
	0		382	0	
6561			400,238		3
6562					4
6563					5
6564					6
6565					7
			400,238		

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	1,239,995	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 Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify):		8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes		
	<u>1,239,995</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	433,458	1
Plus: Total Intrastate Access Revenues (5084)	286,197	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify):		
None	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes		
	<u>719,655</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	1,239,995	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 Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify):		8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>1,239,995</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	433,458	1
Plus: Total Intrastate Access Revenues (5084)	286,197	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify): None	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>719,655</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)*	(23,919)	(11,100)	6
Operating Federal Income Taxes (7220)*	96,350	58,776	7
Operating State and Local Income Taxes (7230)*	19,737	14,810	8
Operating Other Taxes (7240)*	73,991	66,296	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(41,256)	(2,592)	10
TOTAL OPERATING TAXES (7200)*	124,903	126,190	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*			11
Interest Income (7320)*	8,873	11,300	12
Income from Sinking and Other Funds (7330)*			13
Allowance for Funds Used During Construction (7340)*		0	14
Gains or (Losses) from the Disposition of Certain Property (7350)*			15
Other Nonoperating Income (7360)*	(20,531)	(23,822)	16
Special Charges (7370)*	(39,599)	(6,913)	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	27,941	(5,609)	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*			18
Nonoperating Federal Income Taxes (7420)*	1,828	(2,001)	19
Nonoperating State and Local Income Taxes (7430)*	462	(535)	20
Nonoperating Other Taxes (7440)*			21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	8,763	(1,655)	22
TOTAL NONOPERATING TAXES (7400)*	11,053	(4,191)	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	71,389	73,647	23
Interest Expense--Capital Leases (7520)*			24
Amortization of Debt Issuance Expense (7530)*	104	104	25
Other Interest Deductions (7540)*	12,743	17,553	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	84,236	91,304	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			0 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)*	33,248	32,747	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	608,759	1
Less: Cost of Goods Sold		2
Net Sales	608,759	3
Expenses (Acct. 7990.2)	575,511	4
Nonregulated Net Income	<u><u>33,248</u></u>	5

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

Sale and lease of single line telephone and key systems. Sale, installation, and service of cellular telephones. Provider 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	0	1
Nonregulated Expense		2
Plant Accounts		3
Accumulated Depreciation Accounts		4
All Other Accounts	365,766	5
Total Salaries and Wages	<u>365,766</u>	6 h

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	2.00	2.00	68,304	1
Supervision and Other Management				2
Other Employees	9.00	10.00	297,462	3
Total	<u>11.00</u>	<u>12.00</u>	<u>365,766</u>	

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	0	1
Nonregulated Expense		2
Plant Accounts		3
Accumulated Depreciation Accounts		4
All Other Accounts	365,766	5
Total Salaries and Wages	<u>365,766</u>	6 h

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	2.00	2.00	68,304	1
Supervision and Other Management				2
Other Employees	9.00	10.00	297,462	3
Total	<u>11.00</u>	<u>12.00</u>	<u>365,766</u>	

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	61	335	1
Extended Area Service	291	1,540	2
Extended Community Calling	18	80	3
Other Local-Undefined			4
Total Local	370	1,955	
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	45	553	12
Total Toll	45	553	
Total Local & Toll	415	2,508	

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.	13				2
Feature Group B -- Orig.					3
Feature Group B -- Term.	21	10			4
Feature Group C -- Orig.					5
Feature Group C -- Term.					6
Feature Group D -- Orig.	918	815	1,087		7
Feature Group D -- Term.	1,908	1,398	506		8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	237	2
Sheath miles of plant - fiber optics	24	3
Strand miles of plant - fiber optics	670	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	0	3	1
56 kbps	1	2	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	5	0	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	0	1
Sheath miles of plant - buried	237	2
Sheath miles of plant - fiber optics	24	3
Strand miles of plant - fiber optics	670	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	0	3	1
56 kbps	1	2	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	5	0	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	141	133	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks			6
Centrex Trunks			7
Centrex Lines	130	161	8
Key System Trunks	54	34	9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)			12
Pay Telephone	4	4	13
Coin-Operated Pay Telephone		0	14
Independent Pay Telephone Provider		0	15
Pay Stations - Public			16
- Semi-Public			17
- Cust. Owned			18
Other			19
Total Business Lines	329	332	20
Residential (Incl. Emp. Concess.)			
1 Party	1,336	1,383	22
2 Party			23
4 Party			24
FX-Out (Switched)			25
Other			26
Total Residential Lines	1,336	1,383	27
Total Bus & Res Lines	1,665	1,715	28
Company Used Lines	24	24	29
Total Lines Used	1,689	1,739	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			4
FX-In-intraLATA			5
Special Access-intraLATA			6
(expressed in equiv. access lines)	8	5	7
Special Access-interLATA			8
(expressed in equiv. access lines)	121	121	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	72	96	13
TSPS - Trunks	5	5	14
EAS - Trunks	138	192	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
	3,263,578	3,676,577	25
Total Company Square Miles	87	87	26
Total Company Route Miles	233	261	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	3810	3820			1
Business					2
1 Party	64	69			3
2 Party					4
4 Party					5
PBX Trunks/System Trunks					6
Centrex Trunks					7
Centrex Lines	31	130			8
Key System Trunks	21	13			9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	2	2			13
Coin-Operated Pay Telephone	0	0			14
Independent Pay Telephone Provider	0	0			15
Pay Stations - Public					16
- Semi-Public					17
- Cust. Owned					18
Other					19
Total Business Lines	118	214	0	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	530	853			22
2 Party					23
4 Party					24
FX-Out (Switched)					25
Other					26
Total Residential Lines	530	853	0	0	27
Total Bus & Res Lines	648	1,067	0	0	28
Company Used Lines	2	22			29
Total Lines Used	650	1,089	0	0	30

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	3810	3820			1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)	5				7
Special Access-interLATA					8
(equiv. access lines)	121				9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks			96		13
TSPS - Trunks			5		14
EAS - Trunks			192		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)	1,389,011	2,287,566			27
Exchange Square Miles	30	57			28
Exchange Route Miles	98	163			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

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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	NEWTON	NEWTONBURG			1
PSCW Exchange ID	3810	3820			2
Central Office Name	NEWTON	NEWTONBURG			3
PSCW Central Office ID	1	1			4
Manufacturer of COE (Page 54)	SC	SC			5
Year COE Installed	1993	1993			6
Type of Equipment (Page 54)	D	D			7
(S)tandalone, (H)ost, (R)emote	R	H			8
Remote Host PSCW Exchange ID	3820				9
Remote Host PSCW Central Office ID	1	0			10
COE Generic Software Release No.	20	20			11
SS7?	Yes	Yes			12
9-1-1?	Yes	Yes			13
Access Lines - In Use	650	1,089			14
- Equipped	850	1,380			15
- Wired	850	1,380			16
Trunks - In Use	0	289			17
- Equipped	0	336			18
- Wired	0	336			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	0	0			25
DS-3 - In Use	0	0			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) ¹	0	0			32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	32	48			33
No. of fiber strands working (LIT) in C.O.	16	8			34
No. of fiber strands for interoffice use	32	16			35
Miles of fiber sheath in wire center	5	19			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?	Yes	Yes			39
Equal Access: InterLATA (1+)?	Yes	Yes			40
Equal Access: IntraLATA (1+)?	Yes	Yes			41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**General Footnote**

Response received 11/26/99:

Item 1: wrote again, had incorrect paragraph from Oct. 20 letter which was superceded by October 26 letter.

Item 2: supplied copy dated October 9, 1998.

Item 3: certain plant items in a/cs 2212 and 2423 were scheduled to be replaced earlier than planned and services lives were shortened and depreciation rates increased to fully depreciate by planned retirement date. Lakefield realized composite was over guidelines but does not intend to increase rates to cover costs, so no PSC notice was filed. 12/7/99 ele (see Clarences letter below per Item 3)

December 8, 1999

Mr. Philip Nass, General Manager
Lakefield Telephone Company
7520 English Lake Road
P.O. Box 102
Newton, WI 53063-0102

Re:1998 Lakefield Telephone Company Annual Report ReviewFile 2970

Dear Mr. Nass:

We are in receipt of a response from Ryon Kautz, Kiesling Associates, dated November 24, 1999, regarding the analytical review of your 1998 annual report.

Under item No. 3, it is stated that during 1998 Lakefield Telephone Company realized that certain plant items included in Account 2212, Digital Electronic Switching, and Account 2423, Buried Cable, were scheduled to be replaced earlier than originally planned. Service lives were shortened and depreciation rates were increased to fully depreciate this plant by the planned retirement date.

The Commission by order, dated December 16, 1997, in docket 05-DT-102, created guideline depreciation rate ranges by account and a composite for all accounts under Wis. Stat. § 196.09(9)(a). The composite depreciation rate used by Lakefield Telephone Company in its 1998 annual report exceeds the authorized composite depreciation rate of 8.75 percent. The depreciation accruals used for Account 2212, Digital ESS Hardware, and Account 2423, Buried Cable, both exceed the authorized rates of 9.7 percent and 5.8 percent respectively.

Under Wis. Stat. § 196.09(9)(c), a telecommunications utility may implement an annual composite depreciation rate that is outside the range established under par. (a)(1), by filing the rate with the Commission. If the Commission finds the depreciation rate to be reasonable or in the public interest it will direct the effective date of such rates.

In its annual review of the earnings of small telecommunications utilities, Commission staff adjusts companies earnings for depreciation expense which is in excess of the range established under Wis. Stat. § 196.09 (9), pursuant to Wis. Stat. § 196.215(5)(d)2, unless a higher rate ~~has been requested and approved~~

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

has been requested and approved.

It is requested that sufficient information be filed with the Commission for Account 2212, Digital ESS Hardware, and Account 2423, Buried Cable, to determine if these rates are reasonable or in the public interest. At a minimum, such information should include company plans for the retirement of the equipment in these accounts. The retirement information should include the planned dates of retirement, the dollar amount of the retirement, by year, and what the replacement equipment will be. The reasons for a change in technology should be explained. If you have any questions my telephone number is (608) 267-0637 and my e-mail address is mougic@psc.state.wi.us.

Sincerely,

Clarence E. Mouglin
Compliance Program Manager
Division of Water, Compliance, and Consumer Affairs

CEM:W:\complmouglin\lakefield 1998 review.doc

cc:Ryon Kautz, Kiesling Associates LLP

October 26, 1999

Mr. Philip Nass, General Manger
Lakefield Telephone Company
7520 English Lake Road
P.O. Box 102
Newton, WI 53063-0102

Re:1998 Analytical Review File DWCCA-2970-ELE

Dear Mr. Nass:

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. In reviewing page 15 in your annual report, transactions between Lakefield Communications, Inc., and Lakefield Telephone Company in the amount of \$77,742 lists that there is no docket number associated with these transactions. Affiliated interest contracts with transactions greater than \$25,000 are required to be filed with the Commission and receive a docket number. There is on file an affiliated interest contract between these two companies with docket no. 2970-AT-102. If activities performed in the last year were the kind included in this affiliated

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

performed in the last year were the kind included in this affiliated interest agreement please revise page 15 of the annual report to reflect this docket number. If activities were not of the kind included in this affiliated interest agreement, then an additional affiliated interest agreement must be filed.

2. During our review, we noted we cannot locate a response to your 1997 analytical review letter dated September of 1998. One matter remains relevant: Please provide the journal entry(ies) recorded on the telcos books for the transaction concerning the deregulation of payphone assets; whether transferred below-the-line or to a separate affiliate, basis of valuation and how it compared to net book value, and the date of such journal entry(ies). If you did reply, please provide a copy of your response, and we apologize for any inconvenience.

3. Wis. Stat. § 196.09(9) authorizes the Commission to establish depreciation rate ranges and a composite rate for all classes of telecommunications plant. By order, 05-DT-102, the maximum depreciation rate for Account 2212, Digital Electronic Switching, is 9.7 percent; Account 2423, Buried Cable, is 5.8 percent; and the total company composite depreciation rate is 8.75 percent.

Please explain the reason why the depreciation rates on your 1998 annual report for the above account(s) and total company composite exceed the Commission authorized maximum rates.

We appreciate your cooperation in providing the above information. These recommendations are intended to provide accounting assistance and should not be construed as criticisms of utility personnel. If you have any questions, please feel free to contact me at (608) 266-3768. Please respond within 30 days of this letter. If we have no questions regarding your response, you can consider the review closed.

Please note that if your response to this letter contains any data that you want to be subject to confidential treatment, you must submit a confidentiality request form with your response.

Sincerely,

Elaine L. Engelke
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

ELE:tlk:w:\compl\telco letters\

Schedule Footnotes**Cover Page Footnote. Page 1****Affiliated Interest Transactions Footnote. Page 15**

Pursuant to agreement with PSCW staff, revenue, expense and other detail amounts are not required for the 1998 annual report. The total amount for each column is included on the All Other line in order to facilitate the summation function in the program."

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**Expense Matrix - Class A & B Footnote. Page 41**

Pursuant to agreement with PSCW staff, expense matrix subsidiary record category detail is not required for the 1998 annual report. The total amount for each item is included in the Other column in order to facilitate the summation function in the program.

Telephone Calls and Minutes of Use Per Month Footnote. Page 47

Pursuant to agreement with PSCW staff, toll telephone calls and minutes of use 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.

Schedule Line Footnotes

- a) Footnote not used.
- b) Due to favorable weather conditions more cable work was able to be done.
- c) A change in the tasks and time coding of an employee caused engineering expense to decrease.
- d) Additional depreciation was taken on central office switching equipment to coincide with expected life of switch.
- e) A change in the tasks and time coding of an executive caused the decrease in executive expense.
- f) Change is due to increased demand for dedicated circuits and direct trunks.
- g) In 1998 the company did billing and collecting for its subsidiary Lakefield Communications. Prior to this billing and collecting was done by other IXC's.
- h) The Regulated Expense amount for salaries and wages is included in the All Other Accounts line due to changes in Expense Matrix (See page 41 schedule footnote).
- i) Different depreciation rates are applied to each sub-account, rate given is a composite.
- j) Assets in this account are depreciated using the unit method.