



4004

ANNUAL REPORT

OF

Name: HAGER TELECOM, INC.

Principal Office: W8108 165TH AVENUE
P.O. BOX 125
HAGER CITY, WI 54014-8000

For the Year Ended: DECEMBER 31, 2000

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 "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
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 STEVEN H. SJOGREN of
(Person responsible for accounts)

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

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

STEVEN H. SJOGREN 03/28/2001
(Person responsible for accounts) (Date)

PRESIDENT
(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: HAGER TELECOM, INC.
Utility Location: W8108 165TH AVENUE
P.O. BOX 125
HAGER CITY, WI 54014-8000

Utility Web Site Address:

When was utility organized?: 05/12/1913

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR MICHAEL J . WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY , WI 54014

Fax Number: (715) 792 - 5385
Telephone Number: (715) 792 - 2103
Email Address: HAGERTEL@HAGER.NET

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

Name: MRS LINDA J . KRAMER
Title: ACCOUNTING
Firm: HECTOR COMMUNICATIONS CORPORATION
Office Address: 211 MAIN STREET SOUTH
P.O. BOX 428
HECTOR , MN 55342

Fax Number: (320) 848 - 2323
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Email Address: lkramer@hcctel.net

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Person responsible for financial information contained in report

Name: MR PAUL N . HANSON
Title: SECRETARY

Office Address: 211 MAIN STREET SOUTH
P.O. BOX 428
HECTOR , MN 55342

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611
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Person responsible for statistical information contained in report

Name: MR MICHAEL J . WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY , WI 54014

Fax Number: (715) 792 - 5385
Telephone Number: (715) 792 - 2103
Email Address: HAGERTEL@HAGER.NET

IDENTIFICATION AND OWNERSHIP

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

Name: ALLIANCE TELECOMMUNICATIONS
Address: 211 MAIN ST SOUTH
PO BOX 428
HECTOR , MN 55342
Number of Shares Held: 9,000
Beneficial Owner: NONE

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

Company Name: CANNON COMMUNICATIONS
Form of Interest: 100% OWNED SUBSIDIARY
Extent Of Interest: 100% OWNED SUBSIDIARY

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,544,970	1,447,835	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	344,776	296,691	2
Plant Nonspecific Operations Expense	445,750	366,820	3
Customer Operations Expense (6610-6620)	150,503	143,410	4
Corporate Operations Expense (6710-6790)	738,192	324,087	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	(67,298)	117,725	7
Total Operating Expenses	1,611,923	1,248,733	8
Net Operating Income	(66,953)	199,102	9
Other Income			
Nonoperating Income and Expense (7300)	355,572	408,546	10
Nonoperating Taxes (7400)	52,860	82,398	11
Interest and Related Items (7500)	180,741	193,119	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	4,771	2,517	14
Total Nonoperating Income	126,742	135,546	15
Net Income	59,789	334,648	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.)

 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.

 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.

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)*	327,744	490,798	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	327,744	490,798	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	13,129	6,835	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
Net: Telecommunications Accounts Receivable	13,129	6,835	
Other Accounts Receivable (1190)*	744,584	869,424	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	744,584	869,424	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	759	0	12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	758,472	876,259	
SUPPLIES			
Inventories (1220)*	1,858	7,902	13
TOTAL SUPPLIES	1,858	7,902	
PREPAYMENTS			
Total Prepayments (1280)*	242,568	2,410	14 C
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	242,568	2,410	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	0	20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	1,330,642	1,377,369	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	635,184	453,899	21
RTB Class B Stock (1402)*	26,500	0	22
Other Investments in Nonaffiliated Companies (1402)*	380,213	315,131	23
Nonregulated Investments (1406)*	0	0	24
Unamortized Debt Issuance Expense (1407)*	0	0	25

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Sinking Funds (1408)*	0	0	26
Other Noncurrent Assets (1410)*	0	0	27
TOTAL INVESTMENTS	1,041,897	769,030	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	28
Deferred Maintenance and Retirements (1438)*	0	0	29
Deferred Charges (1439)*	0	13,971	30
TOTAL DEFERRED CHARGES	0	13,971	
TOTAL NONCURRENT ASSETS	1,041,897	783,001	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	6,017,241	5,605,957	31
Less: Accumulated Depreciation (3100)*	2,539,522	2,186,315	32
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	33
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	34
Less: Accumulated Amortization--Intangible (3500)*		0	35
NET TELECOMMUNICATIONS PLANT IN SERVICE	3,477,719	3,419,642	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	37
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	38
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	39
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	0	0	40
TOTAL TPUC	0	0	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	41
Less: Accumulated Amortization--Other (3600)*	0	0	42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	3,477,719	3,419,642	
TOTAL ASSETS AND OTHER DEBITS	5,850,258	5,580,012	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	408,491	30,011	1 H
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	0	0	3
Customer Deposits (4040)*	0	1,248	4
Current Maturities--Long-Term Debt (4050)*	186,406	175,300	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	2,324	0	7
Other Taxes--Accrued (4080)*	3,315	0	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	48,945	13,954	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES	649,481	220,513	
LONG-TERM DEBT			
Funded Debt (4210)*	3,325,729	3,514,415	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	50,156	19
TOTAL LONG-TERM DEBT	3,325,729	3,564,571	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	0	0	20
Unamortized Operating ITC--Net (4320)*	0	0	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	291,737	259,856	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	0	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	291,737	259,856	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	6,600	6,600	28
Additional Paid-in Capital (4520)*	3,673	3,673	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	1,573,038	1,524,799	32
TOTAL STOCKHOLDERS' EQUITY	1,583,311	1,535,072	
TOTAL LIABILITIES AND OTHER CREDITS	5,850,258	5,580,012	

IMPORTANT CHANGES DURING THE YEAR

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

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

Hager Telecom was acquired by Alliance Telecommunications Corporation June 9, 2000. Alliance Telecommunications Corporation is a sixty-eight percent (68%) owned subsidiary of Hector Communications Corporation.

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)	
Receivable from Cannon Communications Corporation	A/R CANNON	1
Investment in Cannon Communications Corporation	CANNON	2
Hector Communications Corporation	HCC	3

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.

Particulars (a)	(b)	(c)	(d)	(e)
Docket	2420AT100	None		
Name of Affiliate	CANNON	HCC		1
Designate whether billed to or from:	TO	FROM		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C		3
Total Dollar Activity	35,189	15,850		4
Percent of affiliate's business billed to all affiliated regulated utilities				5
If cost based, rate of return on equity or markup incorporated in billings		0.00		6
Footnotes		M		

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1200, Notes Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 1408, Sinking Funds; 4010, Accounts Payable; 4020, Notes 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.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Receivable from Cannon Communications Corporation	1190	575,055	1
Investment in Cannon Communications Corporation	1401	635,184	2

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	24,354		1
Motor Vehicles	2112	93,450	43,472	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	65,150		6 B
Buildings	2121	509,312	26,175	7
Furniture	2122	32,417		8
Office Equipment	2123	45,679	0	9
General Purpose Computers	2124	327,507	11,340	10
TOTAL--GENERAL SUPPORT ASSETS:		1,097,869	80,987	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	851,112	0	12 B
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	62,000	0	15
Circuit Equipment	2232	314,295	101,547	16 B
TOTAL--CENTRAL OFFICE ASSETS:		1,227,407	101,547	
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	0	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	3,280,681	261,507	25 B
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0		29
Conduit Systems	2441	0		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		3,280,681	261,507	
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			24,354	1
2112	19,727		117,195	2
2113			0	3
2114			0	4
2115			0	5
2116		(3,035)	62,115	6 B
2121			535,487	7
2122			32,417	8
2123	0	0	45,679	9
2124			338,847	10
	19,727	(3,035)	1,156,094	
2211			0	11
2212	0	6,965	858,077	12 B
2215	0	0	0	13
2220			0	14
2231	0	0	62,000	15
2232	0	169,071	584,913	16 B
	0	176,036	1,504,990	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			0	22
2421	0	0	0	23
2422	0	0	0	24
2423	13,030	(173,001)	3,356,157	25 B
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			0	30
	13,030	(173,001)	3,356,157	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	5,605,957	444,041
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	32,757	0	6,017,241	
2001			0	34
			6,017,241	

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	22,449		1
Company Communications Equipment	2123.2	23,230		2
Software	2212.1	851,112		3 A
Digital Switching - Central Office	2212.2	0		4 A,B
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	62,000		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	77,733	71,407	10 A,B
Analog Circuit Equipment	2232.2	236,562		11 A
Light Wave Circuit Equipment	2232.3	0	30,140	12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	0		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	0		16
Buried Cable - Nonmetallic	2423.1	3,280,681	53,011	17 A
Buried Cable - Metallic	2423.2	0	208,496	18 A,B
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			22,449	1
2123.2			23,230	2
2212.1		(851,112)	0	3 A
2212.2		858,077	858,077	4 A,B
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			62,000	8
2231.2			0	9
2232.1		405,633	554,773	10 A,B
2232.2		(236,562)	0	11 A
2232.3			30,140	12
2421.1			0	13
2421.2			0	14
2422.1			0	15
2422.2			0	16
2423.1		(2,347,643)	986,049	17 A
2423.2	13,030	2,174,642	2,370,108	18 A,B
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	75,144	20.0	20,681	1
Aircraft	2113	0	.0		2
Special Purpose Vehicles	2114	0	.0		3
Garage Work Equipment	2115	0	.0		4
Other Work Equipment	2116	62,903	10.0	1,944	5B
Buildings	2121	234,379	3.3	18,051	6
Furniture	2122	31,663	10.0	754	7
Office Equipment	2123	43,707	20.0	1,972	8
General Purpose Computers	2124	312,896	20.0	15,745	9
Total-- GENERAL SUPPORT ASSETS		760,692		59,147	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0	.0		10
Digital Electronic Switching	2212	42,927	11.11	94,019	11B
Electro-Mechanical Switching	2215	0	.0		12
Operator Systems	2220	0	.0		13
Radio Systems	2231	55,109	11.11	6,889	14
Circuit Equipment	2232	261,938	14.28	65,201	15B
Total-- CENTRAL OFFICE ASSETS		359,974		166,109	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0	.0		16
Customer Premises Wiring	2321	0	.0		17
Large Private Branch Exchanges	2341	0	.0		18
Public Telephone Terminal Equipment	2351	0	.0		19
Other Terminal Equipment	2362	0	.0		20
Total-- INFORMATION ORIG/TERM ASSETS		0		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	0	.0		21
Aerial Cable	2421	0	.0		22
Underground Cable	2422	0	.0		23
Buried Cable	2423	1,065,649	5.0	161,596	24B
Submarine Cable	2424	0	.0		25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	0			28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	19,727				76,098	1
2113					0	2
2114					0	3
2115					0	4
2116				(152)	64,695	5 B
2121					252,430	6
2122					32,417	7
2123	0				45,679	8
2124					328,641	9
	19,727	0	0	(152)	799,960	
2211					0	10
2212	0			139	137,085	11 B
2215	0				0	12
2220					0	13
2231	0				61,998	14
2232	0			3,473	330,612	15 B
	0	0	0	3,612	529,695	
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				0	22
2422	0				0	23
2423	13,030	888		(3,460)	1,209,867	24 B
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	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	0			29
Total-- CABLE WIRE FACILITIES ASSETS		1,065,649		161,596	0
Total Accumulated Depreciation	3100	2,186,315		386,852	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100			0	0 30
Net Regulated Total Accum Depreciation - 3100 Columns e, f and I				386,852	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					0	29
	13,030	888	0	(3,460)	1,209,867	
3100	32,757	888	0	0	2,539,522	
3100					0	30
3100					2,539,522	

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	20,632	20.0	1,817	1
Company Communications Equipment	2123.2	23,075	20.0	155	2
Software	2212.1	42,927	.0		3 A
Digital Switching - Central Office	2212.2	0	11.11	94,019	4 A,B
Digital Switching - Remote	2212.3	0	.0		5
Step by Step Switching	2215.1	0	.0		6
Crossbar Switching	2215.2	0	.0		7
Satellite and Earth Station Facilities	2231.1	55,109	11.11	6,889	8
Other Radio Facilities	2231.2	0	.0		9
Digital Circuit Equipment	2232.1	77,733	11.11	63,048	10 A,B
Analog Circuit Equipment	2232.2	184,205			11 A
Light Wave Circuit Equipment	2232.3	0	14.28	2,153	12
Aerial Cable - Nonmetallic	2421.1	0	.0		13
Aerial Cable - Metallic	2421.2	0	.0		14
Underground Cable - Nonmetallic	2422.1	0			15
Underground Cable - Metallic	2422.2	0	.0		16
Buried Cable - Nonmetallic	2423.1	1,065,649	5.0	47,977	17 A
Buried Cable - Metallic	2423.2	0	5.0	113,619	18 A,B
Submarine Cable - Nonmetallic	2424.1	0	.0		19
Submarine Cable - Metallic	2424.2	0	.0		20
Intrabuilding Cable - Nonmetallic	2426.1	0	.0		21
Intrabuilding Cable - Metallic	2426.2	0	.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					22,449	1
2123.2					23,230	2
2212.1				(42,927)	0	3 A
2212.2				43,066	137,085	4 A,B
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					61,998	8
2231.2					0	9
2232.1				187,678	328,459	10 A,B
2232.2				(184,205)	0	11 A
2232.3					2,153	12
2421.1					0	13
2421.2					0	14
2422.1					0	15
2422.2					0	16
2423.1				(1,005,667)	107,959	17 A
2423.2	13,030	888		1,002,207	1,101,908	18 A,B
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.
Credit amounts should be shown in ().

Particulars (a)	Balance EOY (b)	
PROPERTY RELATED		
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)	(304,182)	5
Net Deferred Tax Liability Adjustments (4341)		6
Deferred Tax Regulatory Liability (4361)		7
Net Property Related Deferred Operating Income Taxes	(304,182)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(304,182)	
NONPROPERTY RELATED		
Other Current Assets (1350)		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)	12,445	13
Net Deferred Tax Liability Adjustments (4341)		14
Deferred Tax Regulatory Liability (4361)		15
Total Nonproperty Related Deferred Operating Income Taxes	12,445	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,524,799	1,201,701	1
Changes:			
Balance Transferred from Income	59,789	334,648	2
Dividends Declared:			
Common	11,550	11,550	3
Preferred	0	0	4
Total Dividends Declared	11,550	11,550	
Miscellaneous Debits to Retained Earnings	0	0	5
Miscellaneous Credits to Retained Earnings	0	0	6
Balance--End of Year	<u>1,573,038</u>	<u>1,524,799</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)*	593,343	568,699	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)	593,343	568,699	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	88,360	85,326	11
Switched Access Revenue (5082)*	520,611	491,166	12
Special Access Revenue (5083)*	17,446	17,863	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	626,417	594,355	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	227,831	205,026	15
Special Access Revenue (5084.3)*	13,602	11,928	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	241,433	216,954	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	9,600	2,804	17 I
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.	9,600	2,804	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	0	0	30
Rent Revenue (5240)*	21,266	3,450	31 J
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	6,387	15,560	33 L
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	6,387	15,560	
Interstate Billing and Collection Revenue*	29,646	27,859	39
Intrastate Billing and Collection Revenue*	16,991	19,933	40
Total Carrier Billing and Collection Revenue (5270)*	46,637	47,792	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	74,290	66,802	
GROSS OPERATING REVENUES	1,545,083	1,449,614	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	113	1,779	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	113	1,779	
TOTAL OPERATING REVENUES	1,544,970	1,447,835	

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

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Total Network Support Expense (6110)	0	0	1
Less: Nonregulated	0	0	2
Net Regulated	0	0	3
Total General Support Expense (6120)	50,428	75,623	4
Less: Nonregulated	0	0	5 E
Net Regulated	50,428	75,623	6
Total Central Office Switching Expense (6210)	47,367	45,354	7
Less: Nonregulated	0	0	8
Net Regulated	47,367	45,354	9
Total Operator Systems Expense (6220)	0	0	10
Less: Nonregulated	0	0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	34,880	57,355	13
Less: Nonregulated	0	0	14 E
Net Regulated	34,880	57,355	15
Total Information Orig. / Term. Expense (6310)	26	561	16
Less: Nonregulated	0	0	17
Net Regulated	26	561	18
Total Cable and Wire Fac. Expense (6410)	212,075	117,798	19
Less: Nonregulated	0	0	20 D
Net Regulated	212,075	117,798	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	344,776	296,691	
Less: Nonregulated	0	0	
Net Regulated	344,776	296,691	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	9,951	6,416	22
Less: Nonregulated	0	0	23
Net Regulated	9,951	6,416	24
Total Network Operations Expense (6530)	48,947	25,199	25
Less: Nonregulated	0	0	26 E
Net Regulated	48,947	25,199	27
Access Expense (6540)	0	0	28
Less: Nonregulated	0	0	29
Net Regulated	0	0	30
Total Depreciation and Amortization Expense (6560)	386,852	335,205	31
Less: Nonregulated	0	0	32
Net Regulated	386,852	335,205	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	445,750	366,820	
Less: Nonregulated	0	0	
Net Regulated	445,750	366,820	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	5,775	6,841	34
Less: Nonregulated	0	0	35
Net Regulated	5,775	6,841	36
Total Services (6620)	144,728	136,569	37
Less: Nonregulated	0	0	38
Net Regulated	144,728	136,569	39
TOTAL CUSTOMER OPERATIONS EXPENSE	150,503	143,410	
Less: Nonregulated	0	0	
Net Regulated	150,503	143,410	
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	381,586	104,805	40
Less: Nonregulated	0	0	41 F
Net Regulated	381,586	104,805	42
Total General and Administrative (6720)	356,606	219,282	43
Less: Nonregulated	0	0	44 G
Net Regulated	356,606	219,282	45
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	738,192	324,087	
Less: Nonregulated	0	0	
Net Regulated	738,192	324,087	
TOTAL EXPENSES	1,679,221	1,131,008	
Less: Nonregulated	0	0	
Net Regulated	1,679,221	1,131,008	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)	9,951	0	1
Provisioning Expense (6512)	0	6,416	2
Total: Reported in Account 6510	9,951	6,416	
Depreciat. Exp.--Tele. Plant in Service (6561)	386,852	335,205	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	386,852	335,205	

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	1,545,083	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,545,083	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	593,343	1
Plus: Total Intrastate Access Revenues (5084)	241,433	2
Plus: Total Long Distance Network Services Revenue	9,600	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	0	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	844,376	

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	1,545,083	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>1,545,083</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	593,343	1
Plus: Total Intrastate Access Revenues (5084)	241,433	2
Plus: Total Long Distance Network Services Revenue	9,600	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	0	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>844,376</u>	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)	0	0	1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)	0	0	2
Operating Federal Income Taxes (7220)	(87,198)	(19,986)	3
Operating State and Local Income Taxes (7230)	(20,666)	(7,844)	4
Operating Other Taxes (7240)	40,566	85,706	5
Provision for Deferred Operating Income Taxes--Net (7250)	0	59,849	6
TOTAL OPERATING TAXES (7200)	(67,298)	117,725	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	814	0	7
Interest Income (7320)	46,553	68,646	8
Income from Sinking and Other Funds (7330)	0	0	9
Allowance for Funds Used During Construction (7340)	2,391	0	10
Gains or (Losses) from the Disposition of Certain Property (7350)	0	0	11
Other Nonoperating Income (7360)	305,814	340,052	12
Special Charges (7370)	0	152	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	355,572	408,546	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	52,860	82,398	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	180,741	193,119	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)	0	0	16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	4,771	2,517	17

NONREGULATED ACTIVITIES

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

**Nonregulated Activity
(a)**

The sale of Customer Premise Equipment.

1

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	296,049	1
All Other Accounts	122,833	2
Total Salaries and Wages	<u>418,882</u>	3

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	0	0	1 0
Extended Area Service	0	0	2
Extended Community Calling	7	36	3
Other Local-Undefined	0	0	4
Total Local	7	36	
TOLL			
Toll	78	886	5
Total Toll	78	886	
Total Local & Toll	85	922	

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.	0	0	0	0	1
Feature Group A -- Term.	27	0	0	0	2
Feature Group B -- Orig.	0	0	0	0	3
Feature Group B -- Term.	0	0	0	0	4
Feature Group C -- Orig.	0	0	0	0	5
Feature Group C -- Term.	0	0	0	0	6
Feature Group D -- Orig.	2,912	403	1,020	0	7
Feature Group D -- Term.	4,024	1,790	451	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	36	1
Strand miles of plant - fiber optics	1,332	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	3	2	1
56 kbps	5	1	2
64 kbps (DS0)	0	0	3 K
1.54 Mbps (DS-1)	3	1	4
45 Mbps (DS-3)	0	0	5 K
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 - fiber optics	36	1
Strand miles of plant - fiber optics	1,332	2
Route miles of plant - microwave	0	3

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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)	
Business			
1 Party	197	205	3
2 Party	0	0	4
4 Party	0	0	5
PBX Trunks/System Trunks	14	14	6
Centrex Trunks	0	0	7
Centrex Lines	0	0	8
Key System Trunks	56	54	9
Mobile (Utility Provided Service)	0	0	10
Paging (Utility Provided Service)	0	0	11
FX-Out (Switched)	0	0	12
Pay Telephone	0	1	13
Coin-Operated Pay Telephone	1	0	14
Independent Pay Telephone Provider	0	0	15
Pay Stations - Public	0	0	16
- Semi-Public	6	6	17
- Cust. Owned	0	0	18
Other	0	0	19
Total Business Lines	274	280	20
Residential (Incl. Emp. Concess.)			
1 Party	1,688	1,751	22
2 Party	0	0	23
4 Party	0	0	24
FX-Out (Switched)	0	0	25
Other	0	0	26
Total Residential Lines	1,688	1,751	27
Total Bus & Res Lines	1,962	2,031	28
Company Used Lines	0	56	29
Total Lines Used	1,962	2,087	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	0	0	3
WATS Lines - 800 Service	1	0	4
FX-In-intraLATA	1	1	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	28	27	7
Special Access-interLATA			8
(expressed in equiv. access lines)	30	80	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	65	65	12
Feature Group D Trunks	24	24	13
TSPS - Trunks	6	6	14
EAS - Trunks	335	360	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning			17
- discounted (special tariff)	0	0	18
Customers			
Business - 2 Party Customers	0	0	20
Business - 4 Party Customers	0	0	21
Residential - 2 Party Customers	0	0	22
Residential - 4 Party Customers	0	0	23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)			26
	4,508,088	4,861,147	27
Total Company Square Miles	108	108	28
Total Company Route Miles	284	308	29
Footnotes			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	0350	2210			1
Business					2
1 Party	61	144			3
2 Party	0	0			4
4 Party	0	0			5
PBX Trunks/System Trunks	0	14			6
Centrex Trunks	0	0			7
Centrex Lines	0	0			8
Key System Trunks	10	44			9
Mobile (utility provided service)	0	0			10
Paging (utility provided service)	0	0			11
FX-Out (Switched)	0	0			12
Pay Telephone	1	0			13
Coin-Operated Pay Telephone	0	0			14
Independent Pay Telephone Provider	0	0			15
Pay Stations - Public	0	0			16
- Semi-Public	1	5			17
- Cust. Owned	0	0			18
Other	0	0			19
Total Business Lines	73	207	0	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	626	1,125			22
2 Party	0	0			23
4 Party	0	0			24
FX-Out (Switched)	0	0			25
Other	0	0			26
Total Residential Lines	626	1,125	0	0	27
Total Bus & Res Lines	699	1,332	0	0	28
Company Used Lines	0	56			29
Total Lines Used	699	1,388	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	0350	2210			1
Miscellaneous					2
WATS Lines - OutWATS	0	0			3
WATS Lines - 800 Service	0	0			4
FX-In-intraLATA	0	1			5
Special Access-intraLATA					6
(equiv. access lines)	0	27			7
Special Access-interLATA					8
(equiv. access lines)	2	78			9
Feature Group A Lines	0	0			10
Feature Group B Trunks	0	0			11
Feature Group C Trunks	0	65			12
Feature Group D Trunks	0	24			13
TSPS - Trunks	0	6			14
EAS - Trunks	0	360			15
Cellular Trunks (Pub. Sw. Net.)	0	0			16
Video Distance Learning					17
- discounted (special tariff)	0	0			18
Customers					19
Business - 2 Party Customers	0	0			20
Business - 4 Party Customers	0	0			21
Residential - 2 Party Customers	0	0			22
Residential - 4 Party Customers	0	0			23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	1,244,411	3,616,736			27
Exchange Square Miles	45	63			28
Exchange Route Miles	109	199			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	BAY CITY	HAGER CITY			1
PSCW Exchange ID	0350	2210			2
Central Office Name	BAY CITY	HAGER CITY			3
PSCW Central Office ID	1	1			4
Manufacturer of COE (Page 54)	NO	NO			5
Year COE Installed	1999	1999			6
Type of Equipment (Page 54)	D	D			7
(S)tandalone, (H)ost, (R)emote	R	R			8
Remote Host PSCW Exchange ID	2210	2210			9
Remote Host PSCW Central Office ID	1	1			10
COE Generic Software Release No.	17	17			11
SS7?	Yes	Yes			12
9-1-1?	Yes	Yes			13
Access Lines - In Use	699	1,388			14
- Equipped	806	1,388			15
- Wired	1,244	1,848			16
Trunks - In Use	0	0			17
- Equipped	0	0			18
- Wired	0	0			19
ISDN Available?	Yes	Yes			20
ISDN Lines - In Use (BRI)	0	0			21
- In Use (PRI)	0	1			22
Switched 56 Service?	No	No			23
Switched 56 lines in use	0	0			24
Digital Transmission Facilities: DS-1 - In Use	0	30			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.	0	144			33
No. of fiber strands working (LIT) in C.O.	0	22			34
No. of fiber strands for interoffice use	0	0			35
Miles of fiber sheath in wire center	3	33			36
Access Tandem Serving this C.O.:					
- C.O. Name					37
- PSCW C.O. ID					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

Schedule Footnotes

Schedule Line Footnotes

- 1) Linda J. Kramer is an employee of Hector Communications Corporation in the accounting department.
- A) To properly reflect first of year balance.
- B) Adjustment made to record CPR adjustments. Depreciation was adjusted accordingly.
- C) Total prepayments for 2000 includes accrued income tax. Hager Telecom was sold in June 2000. Due to prior compensation agreements in place as part of the sale, thereby decreasing taxable income, there was an overpayment of Year 2000 tax deposits.
- D) Cable and Wire Fac. Expense acct. 6410 increased \$94,000. New cable additions in 2000 also increased maintenance expense. There also was a change in timesheet coding procedures to reflect actual time use.
- E) Network Operations Expense acct. 6530 increased \$23,000, while General Support acct. 6120 decreased \$25,000 and Transmission Expense acct. 6230 decreased \$22,000. There was a change in timesheet coding procedure to reflect actual time use.
- F) Executive and Planning Expense, acct 6710, increased \$276,000 due in part to executive expenses related to the acquisition of Hager Telecom by Alliance Telecommunications Corporation. Retention bonuses were also paid to Hager employees.
- G) General and Administrative, acct. 6720, increased \$136,800. This is due in large part to legal expense related to acquisition of Hager Telecom by Alliance Telecommunications Corporation.
- H) Accounts payable, acct. 4010, includes Hector Communications Intercompany. Hager payroll/compensation charges were paid by HCC acting as a common paymaster. Then Hager was charged through intercompany accounting for those payroll charges.
- I) In February, 2000, there was a conversion of billing software which affected the coding of revenue to account 5100, Message Revenue.
- J) Fiber Lease contract entered into in December, 1999. Year 2000 reflects full year of service.
- K) 45 Mbps (DS-3) and 64 kbps (DS0) - we have not received an order for this type of circuit.
- L) There was less revenue coded as Miscellaneous to acct 5260 in Year 2000.
- M) Hager Telecom was sold in June, 2000, to Alliance Telecommunications Corporation of which Hector Communications Corporation (HCC) holds 68% ownership. HCC does the accounting for Hager Telecom. Hager is charged through intercompany accounting for those charges.
- Charges from HCC are at cost. HCC does not earn any profit for providing these services.
- O) Local calls are not tracked.