4004

ANNUAL REPORT

OF

Name: HAGER TELECOM, INC.

Principal Office: W 8108 165TH AVE
HAGER CITY, WI 54014

For the Year Ended: DECEMBER 31, 2006

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
http://psc.wi.gov

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. The annual report due date is April 1 of the following year. If that date falls on a weekend or holiday, the annual report is due the following business day.

2. **Electronic filing via e-mail is required, unless additional provisional confidential treatment is desired.** Go to the Public Service Commission of Wisconsin's Web Page at http://psc.wi.gov, and select the appropriate program for Incumbent Local Exchange Carriers (LECs). If additional confidential treatment is desired, contact Christopher Larson at (608) 267-9508 or christopher.larson@psc.state.wi.us for instructions.

3. LEC entities with no revenues for the report year are required to file a LEC annual report.

4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility in conformity with the Uniform System of Accounts prescribed by the Public Service Commission in docket 05-US-116. 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.

5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses.

6. Wherever information is requested in a "note," please show that information in the space provided. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.

7. Numeric items are limited to digits (0-9). Do not type commas when entering numbers. A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.

8. Report all dollar amounts to the nearest thousand dollars. (Example: $130,000 should be reported as $130.)

9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.

10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.

11. The LEC annual report program incorporates provisional confidentiality capability for selected items. These items vary from year to year and are based on the Commission's decision regarding confidential items in the annual report.

    If additional provisional confidential treatment is desired, do not file the annual report electronically using the program’s e-mail filing capabilities.

12. It is not necessary to manually or electronically "sign" the signature page. DO NOT file a hardcopy of the annual report with the Commission.

13. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files:**

GENERAL RULES FOR REPORTING

13. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

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

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

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

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

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

14. **Name Changes:**

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

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI. *These documents can be obtained by:*

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at http://www.wdfi.org; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

A name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

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

If making revisions to the report subsequent to an electronic filing (i.e., using the program's e-mail capabilities) with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 13. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

SIGNATURE PAGE

I WILLIAM ECKLES of
(Officer Verifying Annual Report Information)

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

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.

WILLIAM ECKLES 03/22/2007
(Officer Verifying Annual Report Information) (Date)

SECRETARY
(Title)

TABLE OF CONTENTS

Schedule Name	Page
Cover Page	1
General Rules for Reporting	2
Signature Page	3
Table of Contents	4
Glossary of Terms	5
Identification and Ownership - Companies	6
Identification and Ownership - Contacts	6
Identification and Ownership - Owners	6
Identification and Ownership - Utility Information	6
Officers and Directors	6
Income Statement - Total Company	7
Annual Report Notes and Changes	8
Balance Sheet - Assets	9
Balance Sheet - Liabilities	10
Affiliate Abbreviations	11
Affiliated Interest Transactions	12
Affiliated Assets and Liabilities	13
Telecommunications Plant in Service	14
Telecommunications Plant in Service (Sub-Class Accounts)	16
Accumulated Depreciation	18
Accumulated Depreciation (Sub-Class Accounts)	20
Revenues (Class B Use Accounts Designated By *)	22
Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	23
Calculation of Assessable Revenues for Universal Service Fund Assessment Purposes	23
Nonregulated Activities	24
Access Usage	25
Type of Special Access Circuits in Use at End of Year	26
Service Data	27
Service Data - End of Year	28
Equipment Abbreviations	29
Manufacturer Abbreviations	29
Central Office Data - End of Year	30
Communities where Basic Local Service is offered to New Customers	31
General, Schedule Level and Schedule Line Footnotes	32

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.

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.

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.

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

GLOSSARY OF TERMS

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.

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.

Pair Two wires of a single circuit.

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.

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.

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:

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.

IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION

Exact Utility Name: HAGER TELECOM, INC.
Utility Location: W 8108 165TH AVE
HAGER CITY, WI 54014

Utility (or Parent/Holding Company) Web Site Address:
www.hager.net
When was utility organized?: 05/12/1913
Report any change in name and the effective date:

Telephone numbers for potential customers to contact company:
Business Customers: (715) 792 - 2103 Ext:
Residential Customers: (715) 792 - 2010 Ext:

Primary Address - Primary Utility Contact (located at utility address)

Name: RICHARD KEANE
Title: GENERAL MANAGER
Firm: HAGER TELECOM
Office Address: W 8108 165TH AVE
P.O. BOX 125
HAGER CITY , WI 54014
Fax Number: (715) 792 - 5385
Telephone Number: (715) 792 - 2103
Email Address: rdkpitc@pitel.net

Annual Report Address - Contact person for information contained in this annual report

☐ **Same as Primary Address**

Name: STACI MALIKOWSKI
Title: CONTROLLER
Firm: ARVIG COMMUNICATION SYSTEMS
Office Address: 150 SECOND STREET SW
PERHAM, MN 56573

Fax Number: (218) 346 - 8850 EXT
Telephone Number: (218) 346 - 8498 EXT
Email Address: staci.malikowski@arvig.com

IDENTIFICATION AND OWNERSHIP - UTILITY INFORMATION

Regulatory Contact - Contact person for regulatory inquiries and complaints

☐ **Same as Primary Address**

Name: JIM BEATTI
Title: REGULATORY MANAGER
Firm: BEVCOMM
Office Address: 123 WEST 7TH ST
BLUE EARTH, MN 56013

Fax Number: (507) 526 - 4597 EXT
Telephone Number: (507) 526 - 5535 EXT
Email Address: jbeatti@bevcomm.com

List names, addresses, and percent ownership interest held by persons owning 5 percent or more of outstanding voting securities or membership interests. If any stock (or interest) 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: HECTOR COMMUNICATIONS CORPORATION **D**
Address: 27 NORTH MINNESOTA ST
PO BOX 697
NEW ULM, MN 56073-0697
Percent Interest Held: 100
Beneficial Owner: NONE

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

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

OFFICERS AND DIRECTORS

If the company is an LLC partnership, please provide names of partners.

Name, Title/Occupation and Business Address

Name: ALLEN ARVIG
Title/Occupation: DIRECTOR
Business Address (1): 160 2ND AVENUE SW
Business Address (2):
Business Address (3):
City State, Zip: PERHAM, MN 56573 **1**

Name: BARBARA BORNHOFT
Title/Occupation: DIRECTOR
Business Address (1): 27 N MINNESOTA ST
Business Address (2): PO BOX 697
Business Address (3):
City State, Zip: NEW ULM, MN 56073 **2**

Name: BILL OTIS
Title/Occupation: PRESIDENT/DIRECTOR
Business Address (1): 27 NORTH MINNESOTA ST
Business Address (2): PO BOX 697
Business Address (3):
City State, Zip: NEW ULM, MN 56073 **3**

Name: BOB WEISS
Title/Occupation: GENERAL MANAGER
Business Address (1): 27 N MINNESOTA ST
Business Address (2): PO BOX 697
Business Address (3):
City State, Zip: NEW ULM, MN 56073 **4**

Name: DAVIG ARVIG
Title/Occupation: TREASURER/DIRECTOR
Business Address (1): 160 2ND AVENUE SW
Business Address (2):
Business Address (3):
City State, Zip: PERHAM, MN 56573 **5**

Name: ROB HAMMOND
Title/Occupation: DIRECTOR
Business Address (1): 123 WEST 7TH ST
Business Address (2):
Business Address (3):
City State, Zip: BLUE EARTH, MN 56013 **6**

OFFICERS AND DIRECTORS

If the company is an LLC partnership, please provide names of partners.

Name, Title/Occupation and Business Address

Name:	WILLIAM ECKLES
Title/Occupation:	SECRETARY/DIRECTOR
Business Address (1):	123 WEST 7TH ST
Business Address (2):	
Business Address (3):	
City State, Zip:	BLUE EARTH, MN 56013

7

INCOME STATEMENT - TOTAL COMPANY

Report all dollar amounts to the nearest thousand dollars. For operating expenses, Wisconsin Bell (utility 6720) and Verizon North-WI (utility 2180) should report total company expense dollars; other LECs should report net regulated expense dollars.

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)		
Operating Revenues				
Operating Revenues (5000-5300)	1,778	1,782	**1**	
Total Operating Revenues	**1,778**	**1,782**		
Operating Expenses				
Plant Specific Operations Expenses (6110-6410)	408	377	**2**	
Other Plant Nonspecific Operations Expenses (6510-6540)	91	90	**3**	
Depreciation and Amortization Expense (6560)	340	412	**4**	
Customer Operations Expense (6610-6620)	85	87	**5**	
Corporate Operations Expense (6720-6790)	306	312	**6**	
Other Operating Income and Expense (7100)	0	0	**7**	
Operating Taxes (7200)	196	168	**8**	
Total Operating Expenses	**1,426**	**1,446**		
Net Operating Income	**352**	**336**		
Other Income				
Nonoperating Income and Expense (7300)	5,534	513	**9**	**E,F**
Nonoperating Taxes (7400)	2,346	233	**10**	**E,F**
Interest and Related Items (7500)	115	155	**11**	
Extraordinary Items (7600)	0	0	**12**	
Nonregulated Net Income (7990)	139	84	**13**	
Total Nonoperating Income	**3,212**	**209**		
Net Income	**3,564**	**545**		

ANNUAL REPORT NOTES AND CHANGES

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates. Provide details and dollar amounts for increases and decreases, respectively, by revenue category noted on Operating Revenues schedule.

   None

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

   As filed with the Public Service Commission of Wisconsin, PSC REF #: 64494

   Please be advised that Hector Communications Corporation has been acquired by Hector Acquisition Corporation. The transaction was consummated on Friday, November 3, 2006.

   Hector owns three companies that operate in Wisconsin. They are Hager TeleCom, Inc. (WI Utility #2420), indianhead Telephone Company (WI Utility #4860), and Indianhead Communications Corporation, a telecommunications reseller, (WI Utility #7238).

   The merger will not result in any operational changes for the above-stated companies. All service and billing matters will remain unchanged.

   Hector Aquisition Corporation assumed the name of Hector Communications Corporation.

3. 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.)

   None

4. 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

5. 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.

   None

BALANCE SHEET - ASSETS

Particulars (a)	Balance--EOY (000's) (b)	Balance--FOY (000's) (c)	
CURRENT ASSETS			
Inventories (1220)	4	5	**1**
Other Current Assets (1120-1350, except 1220)	4,480	2,657	**2 E,F**
TOTAL CURRENT ASSETS	**4,484**	**2,662**	
NONCURRENT ASSETS			
Nonregulated Investments (1406)	50	37	**3**
RTB Class B Stock (1410)	0	73	**4 F**
Other Noncurrent Assets (1410)	30	1,234	**5 E**
Deferred Maint., Retirements and Other Deferred Charges (1438)	0	0	**6**
Other Jurisdictional Assets-Net (1500)	0	0	**7**
TOTAL NONCURRENT ASSETS	**80**	**1,344**	
PLANT			
Telecommunications Plant in Service (2001)	6,792	6,638	**8**
Less: Accumulated Depreciation (3100)	4,788	4,448	**9**
Less: Accumulated Amortization-Tangible (3400)	0	0	**10**
Less: Accumulated Amortization-Capitalized Leases (3410)			**11**
Net Telecommunications Plant in Service	**2,004**	**2,190**	
Property Held for Future Telecommunications Use (2002)	0	0	**12**
Less: Accumulated Depr.-Held for Future Telecom. Use (3200)	0	0	**13**
Nonoperating Plant (2006)	0	0	**14**
Less: Accumulated Depreciation-Nonoperating (3300)	0	0	**15**
Telecommunications Plant Under Construction (2003)	0	0	**16**
Telecommunications Plant Adjustment (2005)	0	0	**17**
Goodwill (2007)	0	0	**18**
TOTAL PLANT	**2,004**	**2,190**	
TOTAL ASSETS AND OTHER DEBITS	**6,568**	**6,196**	

BALANCE SHEET - LIABILITIES

Former accounts 4020, 4050, and 4060 should be reported, as required by the Commission's order in docket 05-US-113.

Particulars (a)	Balance--EOY (000's) (b)	Balance--FOY (000's) (c)	
CURRENT LIABILITIES			
Notes Payable (former account 4020)	0	0	**1**
Current Maturities-Long-Term Debt (former account 4050)	0	271	**2 B**
Current Maturities-Capital Leases (former account 4060)	0	0	**3**
Other Current Liabilities (4000-4130, except 4020, 4050 and 4060	396	284	**4**
TOTAL CURRENT LIABILITIES	**396**	**555**	
LONG-TERM DEBT			
Long-Term Debt and Funded Debt (4200)	0	2,628	**5 B**
TOTAL LONG-TERM DEBT	**0**	**2,628**	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Liabilities and Deferred Credits (4300-4370)	0	405	**6**
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	**0**	**405**	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)	7	7	**7**
Additional Paid-in Capital (4520)	4	4	**8**
Treasury Stock (4530)	0	0	**9**
Other Capital (4540)	0	0	**10**
Retained Earnings (4550)	6,161	2,597	**11**
TOTAL STOCKHOLDERS' EQUITY	**6,172**	**2,608**	
TOTAL LIABILITIES AND OTHER CREDITS	**6,568**	**6,196**	

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 Corporaton	A/R CANNON	**1**
Alliance Telecommunications	ALLIANCE	**2**
Hector Communications Corporation	HCC	**3**
Other	OTH	**4**

AFFILIATED INTEREST TRANSACTIONS

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

Docket	Affiliate	Billed To or From	Cost Based (C) Market Price (M) Prevailing Price (P) Tariff (T) Other (O)	Activity (000's) (Earn Reg) OR Activity exceeds reporting threshold (Price Reg)	% Billed to Regulated Utilities	
2420ATF101	HCC	From	C	Yes		**1 G**

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year. 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 (000's) (c)	
Alliance Telecommunications	4000	46	**1**
Hector Communications Corporation	4000	3,491	**2**
Other	4000	9	**3**

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
GENERAL SUPPORT ASSETS				
Land	2111	24	0	**1**
Motor Vehicles	2112	138	0	**2**
Aircraft	2113	0	0	**3**
Tools and Other Work Equipment	2114	70	0	**4**
Buildings	2121	532	0	**5**
Furniture	2122	32	0	**6**
Office Equipment	2123	49	0	**7**
General Purpose Computers	2124	343	0	**8**
TOTAL GENERAL SUPPORT ASSETS		**1,188**	**0**	
CENTRAL OFFICE ASSETS				
Non-Digital Switching	2211	0	0	**9**
Digital Electronic Switching	2212	662	0	**10**
Operator Systems	2220	0	0	**11**
Radio Systems	2231	66	0	**12**
Circuit Equipment	2232	999	57	**13**
TOTAL CENTRAL OFFICE ASSETS		**1,727**	**57**	
INFORMATION ORIGINATION/TERMINATION ASSETS				
Station Apparatus	2311	0	0	**14**
Customer Premises Wiring	2321	0	0	**15**
Large Private Branch Exchanges	2341	0	0	**16**
Public Telephone Terminal Equipment	2351	0	0	**17**
Other Terminal Equipment	2362	0	0	**18**
TOTAL INFORMATION ORIG/TERM ASSETS		**0**	**0**	
CABLE & WIRE FACILITIES ASSETS				
Poles	2411	0	0	**19**
Aerial Cable	2421	0	0	**20**
Underground Cable	2422	0	0	**21**
Buried Cable	2423	3,723	97	**22**
Submarine and Deep Sea Cable	2424	0	0	**23**
Intrabuilding Network Cable	2426	0	0	**24**
Aerial Wire	2431	0	0	**25**
Conduit Systems	2441	0	0	**26**
TOTAL CABLE & WIRE FACILITIES ASSETS		**3,723**	**97**	
AMORTIZABLE ASSETS				
Capital Leases	2681	0	0	**27**
Leasehold Improvements	2682	0	0	**28**
Intangibles	2690	0	0	**29 H**
TOTAL AMORTIZABLE ASSETS		**0**	**0**	

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

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)		
2111			**24**	**1**	
2112			**138**	**2**	
2113			**0**	**3**	
2114			**70**	**4**	
2121			**532**	**5**	
2122			**32**	**6**	
2123			**49**	**7**	
2124			**343**	**8**	
	0	**0**	**1,188**		
2211			**0**	**9**	
2212	0	0	**662**	**10**	
2220			**0**	**11**	
2231			**66**	**12**	
2232	0	0	**1,056**	**13**	
	0	**0**	**1,784**		
2311			**0**	**14**	
2321			**0**	**15**	
2341			**0**	**16**	
2351			**0**	**17**	
2362			**0**	**18**	
	0	**0**	**0**		
2411			**0**	**19**	
2421	0	0	**0**	**20**	
2422	0	0	**0**	**21**	
2423	0	0	**3,820**	**22**	
2424	0	0	**0**	**23**	
2426	0	0	**0**	**24**	
2431			**0**	**25**	
2441			**0**	**26**	
	0	**0**	**3,820**		
2681			**0**	**27**	
2682			**0**	**28**	
2690			**0**	**29**	**H**
	0	**0**	**0**		

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
TOTAL TELECOM. PLANT IN SERVICE	**2001**	**6,638**	**154**	
Less: Allocation to Nonregulated Activity - EOY	2001			**30**
NET REG TOTAL TELECOM. PLANT IN SERVICE - EOY	**2001**			

Explain all amounts shown in column (g).

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

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2001	**0**	**0**	**6,792**	
2001			0	**30**
2001			**6,792**	

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

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. 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 (000's) (c)	Additions (000's) (d)	
Digital Electronic Switching - Circuit	2212.1	662	0	**1**
Digital Electronic Switching - Packet	2212.2	0	0	**2**
Circuit Equipment - Electronic	2232.1	941	57	**3**
Circuit Equipment- Optical	2232.2	58	0	**4**
Aerial Cable - Nonmetallic	2421.1	0	0	**5**
Aerial Cable - Metallic	2421.2	0	0	**6**
Underground Cable - Nonmetallic	2422.1	0	0	**7**
Underground Cable - Metallic	2422.2	0	0	**8**
Buried Cable - Nonmetallic	2423.1	1,070	0	**9**
Buried Cable - Metallic	2423.2	2,653	97	**10**
Submarine and Deep Sea Cable - Nonmetallic	2424.1	0	0	**11**
Submarine and Deep Sea Cable - Metallic	2424.2	0	0	**12**
Intrabuilding Cable - Nonmetallic	2426.1	0	0	**13**
Intrabuilding Cable - Metallic	2426.2	0	0	**14**

Explain all amounts shown in column (g).

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

Subaccount (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2212.1			**662**	**1**
2212.2			**0**	**2**
2232.1			**998**	**3**
2232.2			**58**	**4**
2421.1			**0**	**5**
2421.2			**0**	**6**
2422.1			**0**	**7**
2422.2			**0**	**8**
2423.1			**1,070**	**9**
2423.2			**2,750**	**10**
2424.1			**0**	**11**
2424.2			**0**	**12**
2426.1			**0**	**13**
2426.2			**0**	**14**

ACCUMULATED DEPRECIATION

Primary Plant Account (a)	Acct (b)	Balance FOY (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	105	20.0	28	0	1
Aircraft	2113	0		0	0	2
Tools and Other Work Equipment	2114	70	10.0	0	0	3
Buildings	2121	341	3.33	18	0	4
Furniture	2122	32	10.0	0	0	5
Office Equipment	2123	49	20.0	0	0	6
General Purpose Computers	2124	342	20.0	1	0	7
TOTAL GENERAL SUPPORT ASSETS		**939**		**47**	**0**	
CENTRAL OFFICE ASSETS						
Non-Digital Switching	2211	0		0	0	8
Digital Electronic Switching	2212	476		73	0	9
Operator Systems	2220	0		0	0	10
Radio Systems	2231	66	11.11	0	0	11
Circuit Equipment	2232	916		32	0	12
TOTAL CENTRAL OFFICE ASSETS		**1,458**		**105**	**0**	
INFORMATION ORIGINATION/TERMINATION ASSETS						
Station Apparatus	2311	0		0	0	13
Customer Premises Wiring	2321	0		0	0	14
Large Private Branch Exchanges	2341	0		0	0	15
Public Telephone Terminal Equipment	2351	0		0	0	16
Other Terminal Equipment	2362	0		0	0	17
TOTAL INFORMATION ORIG/TERM ASSETS		**0**		**0**	**0**	
CABLE & WIRE FACILITIES ASSETS						
Poles	2411	0		0	0	18
Aerial Cable	2421	0		0	0	19
Underground Cable	2422	0		0	0	20
Buried Cable	2423	2,051		188	0	21
Submarine and Deep Sea Cable	2424	0		0	0	22
Intrabuilding Network Cable	2426	0		0	0	23
Aerial Wire	2431	0		0	0	24
Conduit Systems	2441	0		0	0	25
TOTAL CABLE & WIRE FACILITIES ASSETS		**2,051**		**188**	**0**	
Total Accumulated Depreciation	**3100**	**4,448**		**340**	**0**	
Less: Nonreg Accumulated Depreciation	3100			0	0	26
Net Reg Total Accumulated Depreciation Columns e, f and l	**3100**			**340**	**0**	

ACCUMULATED DEPRECIATION (cont.)

Acct (g)	Retired (000's) (h)	Net Salvage (000's) (i)	Other (000's) (j)	Balance EOY (000's) (k)	
2112	0			133	1
2113	0			0	2
2114	0			70	3
2121	0			359	4
2122	0			32	5
2123	0			49	6
2124	0			343	7
	0	**0**	**0**	**986**	
2211	0			0	8
2212	0	0	0	549	9
2220	0			0	10
2231	0			66	11
2232	0	0	0	948	12
	0	**0**	**0**	**1,563**	
2311	0			0	13
2321	0			0	14
2341	0			0	15
2351	0			0	16
2362	0			0	17
	0	**0**	**0**	**0**	
2411	0			0	18
2421	0	0	0	0	19
2422	0	0	0	0	20
2423	0	0	0	2,239	21
2424	0	0	0	0	22
2426	0	0	0	0	23
2431	0			0	24
2441	0			0	25
	0	**0**	**0**	**2,239**	
3100	**0**	**0**	**0**	**4,788**	
3100				0	26
3100				**4,788**	

ACCUMULATED DEPRECIATION (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount or subsidiary record. 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 (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)	
Digital Electronic Switching - Circuit	2212.1	476	11.11	73	0	**1**
Digital Electronic Switching - Packet	2212.2	0		0	0	**2**
Circuit Equipment - Electronic	2232.1	870	14.29	24	0	**3**
Circuit Equipment- Optical	2232.2	46	14.29	8	0	**4**
Aerial Cable - Nonmetallic	2421.1	0		0	0	**5**
Aerial Cable - Metallic	2421.2	0		0	0	**6**
Underground Cable - Nonmetallic	2422.1	0		0	0	**7**
Underground Cable - Metallic	2422.2	0		0	0	**8**
Buried Cable - Nonmetallic	2423.1	407	5.0	53	0	**9**
Buried Cable - Metallic	2423.2	1,644	5.0	135	0	**10**
Submarine and Deep Sea Cable - Nonmetall	2424.1	0		0	0	**11**
Submarine and Deep Sea Cable - Metallic	2424.2	0		0	0	**12**
Intrabuilding Cable - Nonmetallic	2426.1	0		0	0	**13**
Intrabuilding Cable - Metallic	2426.2	0		0	0	**14**

ACCUMULATED DEPRECIATION (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (000's) (h)	Net Salvage (000's) (i)	Other (000's) (j)	Balance EOY (000's) (k)	
2212.1	0			**549**	**1**
2212.2	0			**0**	**2**
2232.1	0			**894**	**3**
2232.2	0			**54**	**4**
2421.1	0			**0**	**5**
2421.2	0			**0**	**6**
2422.1	0			**0**	**7**
2422.2	0			**0**	**8**
2423.1	0			**460**	**9**
2423.2	0			**1,779**	**10**
2424.1	0			**0**	**11**
2424.2	0			**0**	**12**
2426.1	0			**0**	**13**
2426.2	0			**0**	**14**

REVENUES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)		
LOCAL NETWORK SERVICES REVENUES				
Basic Local Service Revenue (5000)*	576	558	1	
Basic Area Revenue (5001)			2	
Private Line Revenue (5040)			3	
Other Basic Area Revenue (5060)			4	
TOTAL LOCAL NETWORK SERVICES REVENUES	**576**	**558**		
INTERSTATE NETWORK ACCESS SERVICES REV.				
End User Revenue (5081)*	176	176	5	
Switched Access Revenue (5082)*	462	532	6	C
Special Access Revenue (5083)*	113	69	7	A
Receipts of Federal USF*	84	86	8	C
TOTAL INTERSTATE NETWORK ACCESS SERVICES REV.	**835**	**863**		
INTRASTATE NETWORK ACCESS SERVICES REV.				
End User Revenue (5081)*	0	0	9	
Switched Access Revenue (5082)*	152	164	10	
Special Access Revenue (5083)*	42	36	11	
TOTAL INTRASTATE NETWORK ACCESS SERVICES REV.	**194**	**200**		
LONG DISTANCE NETWORK SERVICES MESSAGE REV.				
Long Distance Message Revenue (5100)*	2	2	12	
TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV.	**2**	**2**		
MISCELLANEOUS & NONREGULATED REVENUES				
Miscellaneous Revenue (5200)*	173	161	13	
Reciprocal Compensation Revenues (5200)			14	
Unbundled Network Element Revenues (5200)			15	
Directory Revenue (5230)			16	
Nonregulated Operating Revenue (5280)*			17	
TOTAL MISCELLANEOUS & NONREGULATED REVENUES	**173**	**161**		
GROSS OPERATING REVENUES	**1,780**	**1,784**		
UNCOLLECTIBLE REVENUES				
Uncollectible Revenue (5300)*	2	2	18	
TOTAL UNCOLLECTIBLE REVENUES	**2**	**2**		
TOTAL OPERATING REVENUES	**1,778**	**1,782**		

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 (000's) (b)	
Gross Operating Revenues	1,780	1
Plus: Collection of amounts previously written off	2	2
Less: Uncollectibles written off during the year	6	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	**1,776**	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (000's) (b)	
Total Basic Local Service Revenue (5000)	576	1
Plus: Total Intrastate Access Revenues (5081-5083)	194	2
Plus: Total Long Distance Network Services Revenue	2	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	3	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	**775**	

NONREGULATED ACTIVITIES

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

Nonregulated Activity (a)	
Customer Premises Equipment (CPE)	1
Inside Wiring	2
Internet circuit equipment	3
Payphones	4

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 Groups A - D -- Originating	3,030	594	701	0	**1**
Feature Groups A - D -- Terminatin	3,157	383	783	0	**2**
Reciprocal Compensation	0	0	0	0	**3**

TYPE OF SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA & IntraLATA Channel Terminations (b)	
Voice grade	Yes	1
56/64 kbps (DS0)	Yes	2
1.54 Mbps (DS-1)	Yes	3
45 Mbps (DS-3)	No	4
SONET OC-1 (51.84 Mbps)	No	5
SONET OC-3 (155.52 Mbps)	No	6
SONET OC-12 (622.08 Mbps)	No	7
SONET OC-48 (2.488 Gbps)	No	8
SONET OC-192 (9.953 Gbps)	No	9
SONET OC-768 (39.812 Gbps)	No	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	274	288	3
PBX Trunks/Centrex & Key System Trunks	11	11	4
Centrex Lines	0	0	5
Other	1	4	6
Total Business Lines	**286**	**303**	7
Residential (Incl. Emp. Concess.)			8
Total Residential Lines	1,685	1,671	9
Total Bus & Res Lines	**1,971**	**1,974**	10
Company Total Lines Used	33	33	11
Total Lines Used	**2,004**	**2,007**	12
Miscellaneous			13
Special Access-intraLATA			14
(expressed in equivalent access lines)	97	72	15
Special Access-interLATA			16
(expressed in equivalent access lines)	340	507	17
Feature Group C and D Trunks	24	24	18
EAS and ECC - Trunks	360	360	19
Cellular Trunks (Public Switched Network)	0	0	20
Other*	9	9	21
Customers			22
Number of Lifeline customers at FOY (January 1, 2006)			23
and EOY (December 31, 2006):	23	25	24
Number of Linkup customers connected during			25
FOY (Calendar year 2005) and EOY (Calendar year 2006):	5	5	26
Other			27
Total Company Square Miles	108	108	28
Total Company Route Miles	324	327	29
			30

*Other includes WATS Lines (OutWATS and 800 Service), FX-In-intraLATA, and TSPS Trunks

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.

PSCW Exchange ID (a)	Total Business Lines (b)	Total Residential Lines (c)	Total Business & Residential Lines (d)	Company Total Lines Used (e)	Total Lines Used (f)	Exchange Square Miles (g)	Exchange Route Miles (h)	
0350	78	609	**687**	2	**689**	45	115	**1**
2210	225	1,062	**1,287**	31	**1,318**	63	212	**2**
	303	**1,671**	**1,974**	**33**	**2,007**	**108**	**327**	

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Advanced Fiber Communication	AFC	**1**
Alcatel	AL	**2**
ATTC	ATT	**3**
Digital Loop Carrier	DLC	**4**
GTE	GTE	**5**
ITT	ITT	**6**
Lucent	ATT/LUC	**7**
Northern Telecom	NTI	**8**
Siemens	SI	**9**
Stromberg-Carlson	SC	**10**

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electronic--Digital	D	**1**
Electronic--Video	V	**2**
IP-Packet	P	**3**

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
Central Office CLLI Code	BYCYWIXAR	HGCYWIXAR			5
Manufacturer of COE (Page 54)	NTI	NTI			6
Type of Equipment (Page 54)	D	D			7
(S)tandalone, (H)ost, (R)emote, (D)igital Loop Carrier	R	R			8
Remote Host PSCW Exchange ID	2210	2210			9
Remote Host Central Office CLLI Code	HGCYWIXAR	HCGYWIXAR			10
COE Generic Software Release No.	SN09	SN09			11
SS7?	Yes	Yes			12
					13
Access Lines - In Use	689	1,318			14
Trunks - In Use	0	0			15
ISDN Available?	Yes	Yes			16
DSL Service Available?	Yes	Yes			17
- In Use (# lines)	171	387			18
End User VoIP Available?	No	No			19
Digital Service Available: DS-1 - In Use	0	39			20
DS-3 - In Use	0	0			21
OC-3 - In Use	0	0			22
Advanced Data Service Available:					23
Packet Switching?	No	No			24
Frame Relay?	No	No			25
ATM (Asynchronous Trans. Mode)?	No	No			26
Fiber Transmission Facilities:					27
Miles of fiber sheath in wire center	6	46			28
Access Tandem Serving this C.O.:					29
- C.O. Name	ELK LAKE	ELK LAKE			30
- PSCW C.O. CLLI Code	EKLKWIXC61T	EKLKWIXC61T			31
Does this C.O. do access tandem switching?	Yes	Yes			32
Footnotes					33

Communities where Basic Local Service is offered to New Customers

County Name (a)	Municipality Name (b)	Municipality Type (c)	
Pierce	BAY CITY	Village	1
Pierce	DIAMOND BLUFF	Town	2
Pierce	ELLSWORTH	Town	3
Pierce	HARTLAND	Town	4
Pierce	ISABELLE	Town	5
Pierce	MAIDEN ROCK	Town	6
Pierce	OAK GROVE	Town	7
Pierce	SALEM	Town	8
Pierce	TRENTON	Town	9
Pierce	TRIMBELLE	Town	10

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Schedule Line Footnotes

A) The increase of revenue for interstate special circuits, account 5083, is due to an increase in the number high cap circuits ordered during 2006.

B) RUS and RTB loans were paid in full as of October 2006.

C) On the 2005 annual report revenue schedule, no separation was required for reporting of Federal USF revenue. As a separation of revenue is required in the 2006 annual report, we have modified the 2005 interstate switched access revenue, account 5082, in order to report Federal USF separately.

D) Each of the following companies has an equal interest in Hector Communications Corporation.

Blue Earth Valley Communications, Inc.

New Ulm Telecom, Inc.

Arvig Enterprises, Inc.

E) Increase in 2006 due to sale of investments, Midwest Wireless. Midwest Wireless stock was acquired by Alltel for cash.

F) RTB Stock was redeemed during the year 2006.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

G) Hager Telecom (Hager) is a wholly owned subsidiary of Hector Communications Corporation (HCC). HCC has a wholly-owned or majority-owned interest in nine local exchange telephone companies, including Hager. HCC, acting through its general offices and employees, provided services to its subsidiary companies to aid in their operations.

Charges for services provided by HCC to its subsidiaries are calculated based on a management service agreement. This agreement has been approved by the Rural Utilities Service and submitted to the Wisconsin Public Service Commission (Notice 2420-ATF-101). Under the agreement, charges from HCC to the subsidiaries are at cost. HCC does not earn any profit for providing those services.

Services provided by HCC to Hager include:

Local service and CABS billing. HCC is a service bureau for its subsidiaries with respect to billing and CABS. HCC provides the personnel, computer hardware and software necessary to maintain Hagers customer base, toll and CABS data management and processing, and rating. HCC generates bills for all of Hagers customers (end-users or IXCs). HCC also provides management information service support for other Hager data processing requirements.

Plant administration support. HCC uses its greater size to negotiate better prices for materials and services required by Hager and its other subsidiaries. HCC also provides technical, consulting and forecasting support on construction projects.

Human resources. HCC provides, or negotiates with other suppliers to provide, human resource management for its subsidiaries. HCC provides payroll functions and employee benefits management, including group health and life insurance, 401(k) savings and ESOP.

H) The amortization rate for software is 50%.