



4004

ANNUAL REPORT

OF

Name: WAUNAKEE TELEPHONE COMPANY

Principal Office: 301 S WESTFIELD RD
P.O. BOX 5158
MADISON, WI 53705-0158

For the Year Ended: DECEMBER 31, 1997

TELECOMMUNICATIONS UTILITY TO PUBLIC SERVICE COMMISSION OF WISCONSIN

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

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

SIGNATURE PAGE

I GERALD A. RINGLUND of
(Person responsible for accounts)

WAUNAKEE TELEPHONE COMPANY, certify that I
(Utility Name)

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

GERALD A. RINGLUND 04/17/1998
(Person responsible for accounts) (Date)

ASSISTANT TREASURER
(Title)

TABLE OF CONTENTS

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

TABLE OF CONTENTS

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

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

ABBREVIATIONS USED IN ANNUAL REPORTS

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

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: WAUNAKEE TELEPHONE COMPANY
Utility Location: 301 S WESTFIELD RD
 P.O. BOX 5158
 MADISON, WI 53705-0158

Utility Web Site Address:
When was utility organized?: 07/01/1956
Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR GERALD A . RINGLUND
Title: ASSISTANT TREASURER

Office Address: 301 S WESTFIELD RD
 P.O. BOX 5158
 MADISON , WI 53705-0158

Fax Number: (608) 664 - 4519
Telephone Number: (608) 664 - 4554
Email Address: gerald.ringlund@tdstelecom.com

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

Name: CAROL L. . HYLAND
Title: SR. ACCOUNTANT
Firm: TDS TELECOM

Office Address: 301 SOUTH WESTFIELD ROAD
 P.O. BOX 5158
 MADISON , WI 53705-0158

Fax Number: (608) 664 - 4519
Telephone Number: (608) 664 - 4559
Email Address: carol.hyland@tdstelecom.com

Person responsible for financial information contained in report

Name: MR GERALD A . RINGLUND
Title: ASSISTANT TREASURER

Office Address: 301 S WESTFIELD RD
 P.O. BOX 5158
 MADISON , WI 53705-0158

Fax Number: (608) 664 - 4619
Telephone Number: (608) 664 - 4554
Email Address: gerald.ringlund@tdstelecom.com

Person responsible for statistical information contained in report

Name: X VARIOUS CONTACTS A
Title: X

Office Address: 301 S WESTFIELD RD
 P.O. BOX 5158
 MADISON , WI 53705-0158

Fax Number: (608) 664 - 4519
Telephone Number: (608) 999 - 9999
Email Address:

IDENTIFICATION AND OWNERSHIP

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

Name:	TDS TELECOMMUNICATIONS CORPORATION
Address:	301 S WESTFIELD RD PO BOX 5158 MADISON , WI 53705-0158
Number of Shares Held:	1,400
Beneficial Owner:	NONE

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

Company Name:
Form of Interest:
Extent Of Interest:

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	4,042,624	3,324,677	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	348,842	244,429	2
Plant Nonspecific Operations Expense	1,025,474	854,962	3
Customer Operations Expense (6610-6620)	919,713	764,498	4
Corporate Operations Expense (6710-6790)	707,990	622,281	5
Other Operating Income and Expense (7100)	1,200	1,092	6
Operating Taxes (7200)	449,607	340,213	7
Total Operating Expenses	3,450,426	2,825,291	8
Net Operating Income	592,198	499,386	9
Other Income			
Nonoperating Income and Expense (7300)	12,956	26,377	10
Nonoperating Taxes (7400)	1,856	4,736	11
Interest and Related Items (7500)	292,250	285,267	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	22,589	16,087	14
Total Nonoperating Income	(258,561)	(247,539)	15
Net Income	333,637	251,847	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.)

TELEPHONE PLANT

Telephone plant is stated as the original cost of construction including capitalized costs such as taxes, pensions, and other fringe benefits, and an allowance for funds used during construction (AFUDC).

DEPRECIATION

The company provides depreciation for financial reporting purposes using the straight-line method. Renewals and betterments of units of property are charged to telephone plant in service. The original cost of depreciable property retired, together with removal cost less any salvage realized, is charged to accumulated depreciation. Repairs and renewals of minor items of property are charged to maintenance expense. No gain or loss is recognized in connection with ordinary retirements of depreciable property.

REVENUES

Operating and nonoperating revenues are recognized when earned regardless of the period in which they are billed.

Compensation for all intrastate service is received through tariffed access charges billed to the long distance carrier and retained by the company.

Compensation for interstate access services is received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the company to the interstate long distance carrier, and pooled with like revenues from all NECA member companies.

PENSION

The company is a member of the Telephone and Data Systems, Inc. Employees' Pension Trust I. This qualified, noncontributory defined contribution pension plan covers substantially all company employees. Under this plan, pension benefits and costs are funded currently.

INCOME TAXES

The company is included in the TDS consolidated federal income tax return. For financial reporting purposes, the company computes its federal income tax by applying the statutory rate to all its taxable income.

The company uses the full-normalization method for all timing differences with the resulting book-tax differences being provisioned through the deferred tax accounts. Deferred income taxes resulting from accelerated depreciation used for income tax purposes had previously been provided through the depreciation accounts. Such deferred taxes are credited to income as the related timing differences reverse. Investment tax credits resulting from investments in qualifying telephone plant and equipment

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:

have been deferred and are being amortized to income over the service lives of the related property.

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

None

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

The company is restricted from transferring funds to the parent or other affiliates in the form of cash dividends until certain financial requirements of its mortgage indentures have been met. At December 31, 1997, the company has invested no funds with Telecommunications Technologies Fund, Inc., and could distribute up to \$1,099,254 to the parent or other affiliates in the form of cash dividends.

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*			1
Cash (1130)	600,338	893,619	2
Special Cash Deposits (1140)	0	0	3
Working Cash Advances (1150)	905	905	4
Temporary Investments (1160)	0	0	5
TOTAL CASH AND EQUIVALENTS	601,243	894,524	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	158,954	131,006	6
Accounts Receivable Allowance-Telecom (1181)*	0	0	7
Net: Telecommunications Accounts Receivable	158,954	131,006	
Other Accounts Receivable (1190)*	810,385	833,987	8
Accounts Receivable Allowance--Other (1191)*	0	0	9
Net: Other Accounts Receivable	810,385	833,987	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	1,734	3,819	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	971,073	968,812	
SUPPLIES			
Inventories (1220)*	64,106	59,717	13
TOTAL SUPPLIES	64,106	59,717	
PREPAYMENTS			
Total Prepayments (1280)*			14
Prepaid Rents (1290)	0	0	15
Prepaid Taxes (1300)	3,520	0	16
Prepaid Insurance (1310)	0	0	17
Prepaid Directory Expenses (1320)	2,484	0	18
Other Prepayments (1330)	14,184	14,672	19
TOTAL PREPAYMENTS	20,188	14,672	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	240	1,637	20
TOTAL OTHER CURRENT ASSETS	240	1,637	
TOTAL CURRENT ASSETS	1,656,850	1,939,362	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	0	0	21
Investments in Nonaffiliated Companies (1402)*	128,251	128,251	22
Nonregulated Investments (1406)*	33,669	37,583	23
Unamortized Debt Issuance Expense (1407)*	0	1,761	24
Sinking Funds (1408)*	0	0	25

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	0	0	26
TOTAL INVESTMENTS	161,920	167,595	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	7	13	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*	3,219	0	29
TOTAL DEFERRED CHARGES	3,226	13	
TOTAL NONCURRENT ASSETS	165,146	167,608	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	10,361,173	9,383,106	30
Less: Accumulated Depreciation (3100)*	3,856,217	3,230,537	31
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	32
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	33
Less: Accumulated Amortization--Intangible (3500)*	0	0	34
NET TELECOMMUNICATIONS PLANT IN SERVICE	6,504,956	6,152,569	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	7,193	7,193	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	2,597	2,252	36
NET PROPERTY HELD FOR FUTURE USE	4,596	4,941	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	37
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	73,103	274,974	39
TOTAL TPUC	73,103	274,974	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	40
Less: Accumulated Amortization--Other (3600)*	0	0	41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	6,582,655	6,432,484	
TOTAL ASSETS AND OTHER DEBITS*	8,404,651	8,539,454	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	526,616	607,924	1
Notes Payable (4020)*	1,437,000	1,537,000	2
Advance Billing and Payments (4030)*	32,110	28,623	3
Customer Deposits (4040)*	140	290	4
Current Maturities--Long-Term Debt (4050)*	75,300	69,005	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	0	240,584	7
Other Taxes--Accrued (4080)*	23,388	17,379	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)*	40,650	22,232	11
Other Current Liabilities (4130)*	5,600	5,902	12
TOTAL CURRENT LIABILITIES*	2,140,804	2,528,939	
LONG-TERM DEBT			
Funded Debt (4210)*	2,240,009	2,318,082	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	2,240,009	2,318,082	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	130,381	133,929	20
Unamortized Operating ITC--Net (4320)*	0	1,176	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	647,292	544,777	23
Net Deferred Tax Liability Adjustments (4341)*	(13,195)	(24,720)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	13,201	24,745	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	777,679	679,907	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	140,000	140,000	28
Additional Paid-in Capital (4520)*	0	0	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	3,106,162	2,872,525	32
TOTAL STOCKHOLDERS' EQUITY*	3,246,162	3,012,525	
TOTAL LIABILITIES AND OTHER CREDITS*	8,404,654	8,539,453	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	333,637	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	656,359	2
Interest during construction	(3,060)	3
Changes in assets and liabilities:		
Current assets (net)	(10,769)	4
Other noncurrent assets	(4,974)	5
Other current liabilities	(294,430)	6
Other liabilities and deferred credits	97,772	7
Other (specify):		
TOTAL ADJUSTMENTS	440,898	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	774,535	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(803,470)	8
Investments in affiliated companies	0	9
Nonoperating Investments	3,914	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(799,556)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(68,256)	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	(100,000)	14
Dividends paid	(100,000)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(268,256)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(293,277)	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None

2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None

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

None

4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

None

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

None

6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

None

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

None

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

In 1997 payphones were deregulated. Since that time, depreciation on this investment has been recorded as a nonregulated expense. However, temporarily for internal tracking purposes, the net investment has not been reclassified to nonregulated activities as of 12/31/1997.

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)	
Badger Telecom, Inc.	BADGER	1
BB&W Telephone Company	BB&W	2
Black Earth Telephone Company	BLACK	3
Eastcoast Telecom, Inc.	EASTCOAST	4
Grantland Telecom, Inc.	GRANTLAND	5
Midway Telephone Company	MIDWAY	6
Mt. Vernon Telephone Company	MT VERNON	7
Other	OTH	8
Riverside Telecom, Inc.	RIVER	9
Scandinavia Telephone Company	SCAND	10
Suttle Press, Inc.	SUTTLE	11
TDS Telecommunications Corporation.	TDS	12
Telephone and Data Systems, Inc.	TDS CORP	13
TDS NET	TDS NET	14
TDS Telecom, Inc.	TDS TEL	15
TDS Computing Services, Inc.	TDS/CS	16
Tennessee Telephone Company	TN TEL	17
Telecommunications Technologies Fund, Inc.	TTF	18

AFFILIATED INTEREST TRANSACTIONS

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

Particulars (a)	(b)	(c)	(d)	(e)	
Docket	0005-TI-000124	0005-TI-000124	None	0005-TI-000124	
Name of Affiliate	OTH	OTH	SUTTLE	TDS CORP	1
Designate whether billed to or from:	FROM	TO	FROM	FROM	2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C	M	C	3
Revenues	0	0	0	0	4
Expenses:					
Plant Specific Operations Expense	0	0	0	0	5
Plant Nonspecific Operations Expense	101	537	0	2,139	6
Customer Operations Expense	1,687	0	155	0	7
Corporate Operations Expense	1,686	0	0	109,910	8
Total Operating Expenses	3,474	537	155	112,049	9
Other:					
Plant Accounts	6,451	0	0	0	10
Accumulated Depreciation	0	0	0	0	11
Accumulated Amortization	0	0	0	0	12
Clearing	0	0	0	0	13
All Other	0	0	0	0	14
Total	9,925	537	155	112,049	15
Percent of affiliate's business billed to all affiliated regulated utilities			62.00		16
If cost based, rate of return on equity or markup incorporated in billings	0.00			0.00	17
Footnotes				U	

AFFILIATED INTEREST TRANSACTIONS

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

Particulars (a)	(b)	(c)	(d)	(e)
Docket	0005-TI-000124	0005-TI-000124		
Name of Affiliate	TDS TEL	TDS/CS		1
Designate whether billed to or from:	FROM	FROM		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C		3
Revenues	0	0		4
Expenses:				
Plant Specific Operations Expense	4,660	0		5
Plant Nonspecific Operations Expense	169,249	3,370		6
Customer Operations Expense	268,306	207,902		7
Corporate Operations Expense	452,812	46,949		8
Total Operating Expenses	895,027	258,221	0	0
Other:				
Plant Accounts	139,014	0		10
Accumulated Depreciation	0	0		11
Accumulated Amortization	0	0		12
Clearing	0	0		13
All Other	9,775	0		14
Total	1,043,816	258,221	0	0
Percent of affiliate's business billed to all affiliated regulated utilities				16
If cost based, rate of return on equity or markup incorporated in billings	0.00	15.00		17
Footnotes				

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
BB&W Telephone Company	1190	1,550	1
Black Earth Telephone Company	1190	349	2
Mt. Vernon Telephone Company	1190	2,371	3
Riverside Telecom, Inc.	1190	1,345	4
Telephone and Data Systems, Inc.	1190	208,217	5
TDS NET	1190	924	6
TDS Telecom, Inc.	1190	149,421	7
Mt. Vernon Telephone Company	4010	2,442	8
Telephone and Data Systems, Inc.	4010	1,137	9
TDS Telecom, Inc.	4010	133,390	10
Telecommunications Technologies Fund, Inc.	4010	11,137	11

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

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

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

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

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

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
--	-------------------------------	-------------------------	----------------------------------	-------------------------------	---

INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	126,251	1
Other:		
RTB Class C Stock	2,000	2
Total Investments in Nonaffiliated Companies	128,251	

NONREGULATED INVESTMENTS (ACCT. 1406)

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

Name (a)	Balance EOY (b)	
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):		
Direct Broadcast Satellite	20,135	1
Leased phones and business systems	13,534	2 S

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

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

Description of Item (a)	Balance EOY (b)	
None	0	1
Total	0	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	26,751	0	1
Motor Vehicles	2112	122,407	21,758	2
Aircraft	2113	0	0	3
Special Purpose Vehicles	2114	0	0	4
Garage Work Equipment	2115	0	0	5
Other Work Equipment	2116	98,783	2,047	6
Buildings	2121	337,865	0	7
Furniture	2122	6,932	31,708	8
Office Equipment	2123	58,552	0	9 c
General Purpose Computers	2124	560,978	163,799	10
TOTAL--GENERAL SUPPORT ASSETS:		1,212,268	219,312	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211		0	11
Digital Electronic Switching	2212	1,883,696	220,056	12 c
Electro-Mechanical Switching	2215	0	0	13 c
Operator Systems	2220	0	0	14
Radio Systems	2231	0	0	15 c
Circuit Equipment	2232	1,084,989	185,170	16 B
TOTAL--CENTRAL OFFICE ASSETS:		2,968,685	405,226	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0	0	17
Customer Premises Wiring	2321	0	0	18
Large Private Branch Exchanges	2341	0	0	19
Public Telephone Terminal Equipment	2351	50,655	3,000	20
Other Terminal Equipment	2362	0	0	21
TOTAL--INFORMATION ORIG/TERM ASSETS:		50,655	3,000	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	15,759	0	22
Aerial Cable	2421	220,942	1,235	23 c
Underground Cable	2422	473,056	0	24 c
Buried Cable	2423	3,681,915	400,747	25 c
Submarine Cable	2424	0	0	26 c
Deep Sea Cable	2425	0	0	27
Intrabuilding Network Cable	2426	0	0	28 c
Aerial Wire	2431	21,015	1,851	29
Conduit Systems	2441	738,031	0	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		5,150,718	403,833	
AMORTIZABLE ASSETS				
Capital Leases	2681	0	0	31

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111	0		26,751	1
2112	0		144,165	2
2113	0		0	3
2114	0		0	4
2115	0		0	5
2116	0		100,830	6
2121	0		337,865	7
2122	0		38,640	8
2123	0	0	58,552	9 C
2124	6,300		718,477	10
	6,300	0	1,425,280	
2211	0		0	11
2212	0	0	2,103,752	12 C
2215	0	0	0	13 C
2220	0		0	14
2231	0	0	0	15 C
2232	0	(15,622)	1,254,537	16 B
	0	(15,622)	3,358,289	
2311	0		0	17
2321	0		0	18
2341	0		0	19
2351	0		53,655	20
2362	0		0	21
	0	0	53,655	
2411	0		15,759	22
2421	22	0	222,155	23 C
2422	0	0	473,056	24 C
2423	31,360	0	4,051,302	25 C
2424	0	0	0	26 C
2425	0		0	27
2426	0	0	0	28 C
2431	0		22,866	29
2441	0		738,031	30
	31,382	0	5,523,169	
2681	0		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	0	32
Intangibles	2690	780	0	33
TOTAL--AMORTIZABLE ASSETS:		780	0	
TOTAL TELECOM. PLANT IN SERVICE	2001	9,383,106	1,031,371	
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		0	32
2690	0		780	33
	0	0	780	
	37,682	(15,622)	10,361,173	
2001			0	34
			10,361,173	

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	6,629	0	1
Company Communications Equipment	2123.2	51,923	0	2
Software	2212.1	0	0	3
Digital Switching - Central Office	2212.2	1,883,696	220,056	4
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	0	0	8
Other Radio Facilities	2231.2	0	0	9
Digital Circuit Equipment	2232.1	866,270	31,148	10 B
Analog Circuit Equipment	2232.2	0	0	11
Light Wave Circuit Equipment	2232.3	218,719	154,022	12
Aerial Cable - Nonmetallic	2421.1	1,998	0	13
Aerial Cable - Metallic	2421.2	218,944	1,235	14
Underground Cable - Nonmetallic	2422.1	36,974	0	15
Underground Cable - Metallic	2422.2	436,082	0	16
Buried Cable - Nonmetallic	2423.1	268,555	0	17
Buried Cable - Metallic	2423.2	3,413,360	400,747	18
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

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	0		6,629	1
2123.2	0		51,923	2
2212.1	0		0	3
2212.2	0		2,103,752	4
2212.3	0		0	5
2215.1	0		0	6
2215.2	0		0	7
2231.1	0		0	8
2231.2	0		0	9
2232.1	0	(15,622)	881,796	10 B
2232.2	0		0	11
2232.3	0		372,741	12
2421.1	0		1,998	13
2421.2	22		220,157	14
2422.1	0		36,974	15
2422.2	0		436,082	16
2423.1	2,640		265,915	17
2423.2	28,720		3,785,387	18
2424.1	0		0	19
2424.2	0		0	20
2426.1	0		0	21
2426.2	0		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	69,726	15.0	18,360	0 1
Aircraft	2113	0	.0	0	0 2
Special Purpose Vehicles	2114	0	.0	0	0 3
Garage Work Equipment	2115	0	.0	0	0 4
Other Work Equipment	2116	38,012	10.0	9,893	0 5
Buildings	2121	118,473	3.4	11,484	0 6
Furniture	2122	2,455	10.0	960	0 7
Office Equipment	2123	38,404	19.88	11,640	0 8
General Purpose Computers	2124	243,062	20.0	112,319	0 9
Total-- GENERAL SUPPORT ASSETS		510,132		164,656	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0	.0	0	0 10
Digital Electronic Switching	2212	473,888	8.54	156,036	0 11
Electro-Mechanical Switching	2215	0	.0	0	0 12
Operator Systems	2220	0	.0	0	0 13
Radio Systems	2231	0	.0	0	0 14
Circuit Equipment	2232	574,330	9.74	90,507	0 15B
Total-- CENTRAL OFFICE ASSETS		1,048,218		246,543	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0	.0	0	0 16
Customer Premises Wiring	2321	0	.0	0	0 17
Large Private Branch Exchanges	2341	0	.0	0	0 18
Public Telephone Terminal Equipment	2351	43,172	13.6	4,950	0 19
Other Terminal Equipment	2362	0	.0	0	0 20
Total-- INFORMATION ORIG/TERM ASSETS		43,172		4,950	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	18,733	10.0	1,573	0 21T
Aerial Cable	2421	206,734	6.0	13,233	0 22
Underground Cable	2422	99,986	4.39	20,701	0 23
Buried Cable	2423	1,197,531	4.99	185,050	0 24
Submarine Cable	2424	0	.0	0	0 25
Deep Sea Cable	2425	0	.0	0	0 26
Intrabuilding Network Cable	2426	0	.0	0	0 27
Aerial Wire	2431	14,268	19.0	4,058	0 28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	0	0	0		88,086	1
2113	0	0	0		0	2
2114	0	0	0		0	3
2115	0	0	0		0	4
2116	0	0	0		47,905	5
2121	0	0	0		129,957	6
2122	0	0	0		3,415	7
2123	0	0	0		50,044	8
2124	6,300	0	0		349,081	9
	6,300	0	0	0	668,488	
2211	0	0	0		0	10
2212	0	0	8,000		637,924	11
2215	0	0	0		0	12
2220	0	0	0		0	13
2231	0	0	0		0	14
2232	0	0	10,283	(15,622)	659,498	15 B
	0	0	18,283	(15,622)	1,297,422	
2311	0	0	0		0	16
2321	0	0	0		0	17
2341	0	0	0		0	18
2351	0	0	0		48,122	19
2362	0	0	0		0	20
	0	0	0	0	48,122	
2411	0	542	0		19,764	21 T
2421	22	463	0		219,482	22
2422	0	0	0		120,687	23
2423	31,360	1,065	0		1,350,156	24
2424	0	0	0		0	25
2425	0	0	0		0	26
2426	0	0	0		0	27
2431	0	363	0		17,963	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	91,765	3.03	22,368	0 29
Total-- CABLE WIRE FACILITIES ASSETS		1,629,017		246,983	0
Total Accumulated Depreciation	3100	3,230,539		663,132	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				663,132	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441	0	0	0		114,133	29
	31,382	2,433	0	0	1,842,185	
3100	37,682	2,433	18,283	(15,622)	3,856,217	
3100					0	30
3100					3,856,217	

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	4,871	19.0	1,260	0	1
Company Communications Equipment	2123.2	33,533	20.0	10,380	0	2
Software	2212.1	0	.0	0	0	3
Digital Switching - Central Office	2212.2	473,888	8.54	156,036	0	4
Digital Switching - Remote	2212.3	0	.0	0	0	5
Step by Step Switching	2215.1	0	.0	0	0	6
Crossbar Switching	2215.2	0	.0	0	0	7
Satellite and Earth Station Facilities	2231.1	0	.0	0	0	8
Other Radio Facilities	2231.2	0	.0	0	0	9
Digital Circuit Equipment	2232.1	524,865	9.7700	69,723	0	10 B
Analog Circuit Equipment	2232.2	0	.0	0	0	11
Light Wave Circuit Equipment	2232.3	49,465	9.5	20,784	0	12
Aerial Cable - Nonmetallic	2421.1	192	4.8	96	0	13
Aerial Cable - Metallic	2421.2	206,542	6.0	13,137	0	14
Underground Cable - Nonmetallic	2422.1	4,728	4.1	1,513	0	15
Underground Cable - Metallic	2422.2	95,258	4.4	19,188	0	16
Buried Cable - Nonmetallic	2423.1	47,934	4.8	12,808	0	17
Buried Cable - Metallic	2423.2	1,149,597	5.0	172,242	0	18
Submarine Cable - Nonmetallic	2424.1	0	.0	0	0	19
Submarine Cable - Metallic	2424.2	0	.0	0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0	.0	0	0	21
Intrabuilding Cable - Metallic	2426.2	0	.0	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	0	0	0		6,131	1
2123.2	0	0	0		43,913	2
2212.1	0	0	0		0	3
2212.2	0	0	8,000		637,924	4
2212.3	0	0	0		0	5
2215.1	0	0	0		0	6
2215.2	0	0	0		0	7
2231.1	0	0	0		0	8
2231.2	0	0	0		0	9
2232.1	0	0	10,283	(15,622)	589,249	10B
2232.2	0	0	0		0	11
2232.3	0	0	0		70,249	12
2421.1	0	0	0		288	13
2421.2	22	463	0		219,194	14
2422.1	0	0	0		6,241	15
2422.2	0	0	0		114,446	16
2423.1	2,640	0	0		58,102	17
2423.2	28,720	1,065	0		1,292,054	18
2424.1	0	0	0		0	19
2424.2	0	0	0		0	20
2426.1	0	0	0		0	21
2426.2	0	0	0		0	22

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

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

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	13	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(544,777)	5
Net Deferred Tax Liability Adjustments (4341)	24,720	6
Deferred Tax Regulatory Liability (4361)	(24,745)	7
Net Property Related Deferred Operating Income Taxes	(544,789)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(544,789)	
NONPROPERTY RELATED		
Other Current Assets (1350)	1,637	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	0	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	1,637	

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

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250	0	0	0	0	1
7250	0	0	0	0	2
	(6)	0	0	7	3
7250	0	0	0	0	4
7250	(102,973)	0	1,027	(646,723)	5
	(11,525)	0	0	13,195	6
	11,544	0	0	(13,201)	7
	(102,960)	0	1,027	(646,722)	
	0	0	0	0	8
	(102,960)	0	1,027	(646,722)	
7250	0	0	(1,397)	240	9
7250	0	0	0	0	10
	0	0	0	0	11
7250	0	0	0	0	12
7250	471	0	(1,040)	(569)	13
	0	0	0	0	14
	0	0	0	0	15
	471	0	(2,437)	(329)	

NOTES PAYABLE (ACCT. 4020)

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

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)	
Affiliated:					
Telecommunications Technologies Fund, Inc.	07/01/1997	07/01/1998	9.0000	1,437,000	1
Total Affiliated				<u>1,437,000</u>	
Total Notes Payable				<u><u>1,437,000</u></u>	

LONG-TERM DEBT

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

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
REA/RTB	06/16/1967-01/23/1976	03/16/1999-01/23/2005	2.0000	1
REA/RTB	02/25/1977-05/06/1996	02/25/2009-02/26/2028	6.3500-7.5000	2
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
2.0000	0	0	91,819	18,811	110,630	1
6.7125	0	0	2,148,190	56,489	2,204,679	2
	0	0	2,240,009	75,300	2,315,309	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

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

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
	3,650	100.00	1
TOTAL COMMON STOCK	3,650		
TOTAL	<u>3,650</u>		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares (e)	Amount (f)	Shares (g)	Amount (h)	
COMMON STOCK:					
	1,400	140,000	0	0	1
	1,400	140,000	0	0	
TOTAL	<u>1,400</u>	<u>140,000</u>	<u>0</u>	<u>0</u>	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	2,872,525	2,720,680	1
Changes:			
Balance Transferred from Income	333,637	251,847	2
Dividends Declared:			
Common	100,000	100,002	3
Preferred	0		4
Total Dividends Declared	100,000	100,002	
Miscellaneous Debits to Retained Earnings	0		5
Miscellaneous Credits to Retained Earnings	0		6
Balance--End of Year	<u>3,106,162</u>	<u>2,872,525</u>	

DISTRIBUTION OF TAXES

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

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	241,984	41,293	163,981	1
Nonoperating Taxes (Accts. 7410 - 7450)		357	1,499	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		656	2,599	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
TOTAL	<u>241,984</u>	<u>42,306</u>	<u>168,079</u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
2,349					449,607	1
					1,856	2
					0	3
					3,255	4
					0	5
					0	6
					0	7
					0	8
					0	9
2,349	0	0	0	0	454,718	

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

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*			1
Basic Area Revenue (5001)	1,154,366	1,022,841	2
Optional Extended Area Revenue (5002)	0	0	3
Cellular Mobile Revenue (5003)	0	0	4
Other Mobile Services Revenue (5004)	3	0	5
Public Telephone Revenue (5010)	3,098	9,939	6 K
Local Private Line Revenue (5040)	20,263	20,396	7
Customer Premises Revenue (5050)	133	200	8
Other Local Exchange Revenue (5060)	302,317	182,278	9 L
Other Local Exchange Revenue Settlements (5069)	0	0	10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	1,480,180	1,235,654	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	335,577	301,181	11
Switched Access Revenue (5082)*	1,216,974	970,525	12 M
Special Access Revenue (5083)*	0	0	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,552,551	1,271,706	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	502,163	379,813	15 N
Special Access Revenue (5084.3)*	151,812	112,867	16 O
TOTAL INTRASTATE ACCESS REVENUES (5084)	653,975	492,680	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	0	0	17
Long Distance Inward-Only Revenue (5111)	0	0	18
Long Distance Outward-Only Revenue (5112)	0	0	19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)	0	0	20
Voice Grade Revenue (5122)	0	0	21
Audio Program Grade Revenue (5123)	0	0	22
Video Program Grade Revenue (5124)	0	0	23
Digital Transmission Revenue (5125)	0	0	24
Switching Revenue (5126)	0	0	25
Other Revenue (5128)	0	0	26
Other Revenue Settlements (5129)	0	0	27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)	0	0	28
Other Long Distance Revenue Settlements (5169)	0	0	29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	0	0	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	192,077	177,798	30
Rent Revenue (5240)*	924	0	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*			33
Special Billing Arrangements Revenue (5261)	3,726	0	34
Customer Operations Revenue (5262)	0	0	35
Plant Operations Revenue (5263)	0	0	36
Other Incidental Regulated Revenue (5264)	3,415	(4,839)	37 P
Other Revenue Settlements (5269)	1,645	1,442	38
Total Miscellaneous Revenue (5260)	8,786	(3,397)	
Interstate Billing and Collection Revenue*	66,218	87,811	39 Q
Intrastate Billing and Collection Revenue*	94,102	64,699	40 R
Total Carrier Billing and Collection Revenue (5270)*	160,320	152,510	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	362,107	326,911	
GROSS OPERATING REVENUES	4,048,813	3,326,951	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*			42
Uncollectible Revenue--Telecommunications (5301)	6,189	2,324	43
Uncollectible Revenue--Other (5302)	0	(50)	44
TOTAL UNCOLLECTIBLE REVENUE (5300)	6,189	2,274	
TOTAL OPERATING REVENUES	4,042,624	3,324,677	

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

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	9,444	9,633	975	1
Less: Nonregulated	0	0	0	2
Net Regulated	9,444	9,633	975	3
Total General Support Expense (6120)	75,641	104,490	6,826	4
Less: Nonregulated	0	0	0	5 D
Net Regulated	75,641	104,490	6,826	6
Total Central Office Switching Expense (6210)	52,513	71,983	7,082	7
Less: Nonregulated	0	0	0	8 E
Net Regulated	52,513	71,983	7,082	9
Total Operator Systems Expense (6220)	0	0	0	10
Less: Nonregulated	0	0	0	11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	12,885	21,266	5,658	13
Less: Nonregulated	0	0	0	14 F
Net Regulated	12,885	21,266	5,658	15
Total Information Orig. / Term. Expense (6310)	1,093	1,129	196	16
Less: Nonregulated	0	0	0	17
Net Regulated	1,093	1,129	196	18
Total Cable and Wire Fac. Expense (6410)	92,853	140,341	51,546	19
Less: Nonregulated	0	0	0	20 G
Net Regulated	92,853	140,341	51,546	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	244,429	348,842	72,283	
Less: Nonregulated	0	0	0	
Net Regulated	244,429	348,842	72,283	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	(7,187)	10,357	5,255	22
Less: Nonregulated		0	0	23 H
Net Regulated	(7,187)	10,357	5,255	24
Total Network Operations Expense (6530)	251,040	282,593	89,334	25
Less: Nonregulated	0	0	0	26
Net Regulated	251,040	282,593	89,334	27
Access Expense (6540)	0	76,165	0	28
Less: Nonregulated	0	0	0	29 I
Net Regulated	0	76,165	0	30
Total Depreciation and Amortization Expense (6560)	611,109	656,359		31
Less: Nonregulated		0		32
Net Regulated	611,109	656,359		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	854,962	1,025,474	94,589	
Less: Nonregulated	0	0	0	
Net Regulated	854,962	1,025,474	94,589	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	502	0	31,356	(23,200)	1
	0	0	0	0	2
	502	0	31,356	(23,200)	3
6120	4,269	50,224	43,171	0	4
	0	0	0	0	5 D
	4,269	50,224	43,171	0	6
6210	4,964	0	59,937	0	7
	0	0	0	0	8 E
	4,964	0	59,937	0	9
6220	0	0	0	0	10
	0	0	0	0	11
	0	0	0	0	12
6230	3,863	0	11,745	0	13
	0	0	0	0	14 F
	3,863	0	11,745	0	15
6310	140	0	793	0	16
	0	0	0	0	17
	140	0	793	0	18
6410	36,051	3,654	49,090	0	19
	0	0	0	0	20 G
	36,051	3,654	49,090	0	21
	49,789	53,878	196,092	(23,200)	
	0	0	0	0	
	49,789	53,878	196,092	(23,200)	
6510	2,765	0	2,337	0	22
	0		0	0	23 H
	2,765		2,337	0	24
6530	44,545	0	193,360	(44,646)	25
	0	0	0	0	26
	44,545	0	193,360	(44,646)	27
6540	0	0	76,165	0	28
	0	0	0	0	29 I
	0	0	76,165	0	30
6560			656,359		31
			0		32
			656,359		33
	47,310	0	928,221	(44,646)	
	0	0	0	0	
	47,310	0	928,221	(44,646)	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	180,903	207,780	23,901	34
Less: Nonregulated	0	0	0	35
Net Regulated	180,903	207,780	23,901	36
Total Services (6620)	583,595	711,933	100,161	37
Less: Nonregulated		0	0	38 J
Net Regulated	583,595	711,933	100,161	39
TOTAL CUSTOMER OPERATIONS EXPENSE	764,498	919,713	124,062	
Less: Nonregulated	0	0	0	
Net Regulated	764,498	919,713	124,062	
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	127,053	124,834	34,817	40
Less: Nonregulated	0	0	0	41
Net Regulated	127,053	124,834	34,817	42
Total General and Administrative (6720)	495,228	583,156	16,364	43
Less: Nonregulated	0	0	0	44
Net Regulated	495,228	583,156	16,364	45
Provision for Uncollectible Notes Receiv. (6790)		0		46
Less: Nonregulated		0		47
Net Regulated	0	0		48
TOTAL CORPORATE OPERATIONS EXPENSE	622,281	707,990	51,181	
Less: Nonregulated	0	0	0	
Net Regulated	622,281	707,990	51,181	
TOTAL EXPENSES	2,486,170	3,002,019	342,115	
Less: Nonregulated	0	0	0	
Net Regulated	2,486,170	3,002,019	342,115	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	7,325	450	176,104	0	34
	0	0	0	0	35
	7,325	450	176,104	0	36
6620	48,438		563,334	0	37
	0		0	0	38 J
	48,438		563,334	0	39
	55,763	450	739,438	0	
	0	0	0	0	
	55,763	450	739,438	0	
6710	12,953		77,064	0	40
	0		0	0	41
	12,953		77,064	0	42
6720	8,398		558,394	0	43
	0		0	0	44
	8,398		558,394	0	45
6790			0		46
			0		47
			0		48
	21,351	0	635,458	0	
	0	0	0	0	
	21,351	0	635,458	0	
	174,213	54,328	2,499,209	(67,846)	
	0	0	0	0	
	174,213	54,328	2,499,209	(67,846)	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0	0	1
Provisioning Expense (6512)	(7,187)	10,357	5,255	2
Total: Reported in Account 6510	(7,187)	10,357	5,255	
Depreciat. Exp.--Tele. Plant in Service (6561)	610,761	655,630		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	348	345		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	384		7
Total: Reported in Account 6560	611,109	656,359		

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

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511	0		0	0	1
6512	2,765		2,337	0	2
	2,765		2,337	0	
6561			655,630		3
6562			345		4
6563			0		5
6564			0		6
6565			384		7
			656,359		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

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

Description (a)	This Year (b)	
Gross Operating Revenues	4,048,813	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)	1,200	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify):		8
<hr/>		
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	4,050,013	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,480,180	1
Plus: Total Intrastate Access Revenues (5084)	653,975	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify):		
NONE	0	5
<hr/>		
Assessable Revenues for Universal Service Fund Assessment Purposes	2,134,155	

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	4,048,813	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)	1,200	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify):		8
<hr/>		
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>4,050,013</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,480,180	1
Plus: Total Intrastate Access Revenues (5084)	653,975	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus (or Less) Other (please specify):		
NONE	0	5
<hr/>		
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,134,155</u>	

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

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	0	0	1
Return from Nonregulated Use of Regulated Facilities (7130)*	1,200	1,092	2
Gains and (Losses) from Foreign Exchange (7140)	0	0	3
Gains or (Losses) from the Disposition of Land and Artworks (7150)	0	0	4
Other Operating Gains and (Losses) (7160)*	0	0	5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	1,200	1,092	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(1,176)	(4,519)	6
Operating Federal Income Taxes (7220)*	82,464	11,768	7
Operating State and Local Income Taxes (7230)*	21,485	7,870	8
Operating Other Taxes (7240)*	244,333	194,290	9
Provision for Deferred Operating Income Taxes--Net (7250)*	102,501	130,804	10
TOTAL OPERATING TAXES (7200)*	449,607	340,213	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	145	150	11
Interest Income (7320)*	23,875	38,046	12
Income from Sinking and Other Funds (7330)*	0	0	13
Allowance for Funds Used During Construction (7340)*	3,060	129	14
Gains or (Losses) from the Disposition of Certain Property (7350)*	0	0	15
Other Nonoperating Income (7360)*	0	745	16
Special Charges (7370)*	14,124	12,693	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	12,956	26,377	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*	0	0	18
Nonoperating Federal Income Taxes (7420)*	1,499	3,803	19
Nonoperating State and Local Income Taxes (7430)*	357	933	20
Nonoperating Other Taxes (7440)*	0	0	21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	0	0	22
TOTAL NONOPERATING TAXES (7400)*	1,856	4,736	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	152,567	148,047	23
Interest Expense--Capital Leases (7520)*	0	0	24
Amortization of Debt Issuance Expense (7530)*	1,761	157	25
Other Interest Deductions (7540)*	137,922	137,063	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	292,250	285,267	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			27
Extraordinary Income Credits (7610)	0	0	28
Extraordinary Income Charges (7620)	0	0	29
Current Income Tax Effect of Extraordinary Items--Net (7630)	0	0	30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)	0	0	31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	22,589	16,087	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	574,114	1
Less: Cost of Goods Sold	364,625	2
Net Sales	209,489	3
Expenses (Acct. 7990.2)	186,900	4
Nonregulated Net Income	<u>22,589</u>	5

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

Nonregulated activities include the sale, leasing, installation and maintenance of 1 & 2 line phones, key systems, PBXs, data modems and Direct Broadcast Satellite (DBS). In addition, nonregulated activities include sales and leasing of mobile and pager equipment where the tariff allows.

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

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	342,115	1
Nonregulated Expense	60,609	2
Plant Accounts	46,377	3
Accumulated Depreciation Accounts	0	4
All Other Accounts	110,219	5
Total Salaries and Wages	559,320	6

EMPLOYEE DATA

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

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	.00			1
Supervision and Other Management	2.00	2.00	115,898	2
Other Employees	12.00	12.00	419,871	3
Total	14.00	14.00	535,769	

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	342,115	1
Nonregulated Expense	60,609	2
Plant Accounts	46,377	3
Accumulated Depreciation Accounts	0	4
All Other Accounts	110,219	5
Total Salaries and Wages	559,320	6

EMPLOYEE DATA

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

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	.00			1
Supervision and Other Management	2.00	2.00	115,898	2
Other Employees	12.00	12.00	419,871	3
Total	14.00	14.00	535,769	

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
Extended Area Service	0	0	2
Extended Community Calling	0	0	3
Other Local-Undefined	0	0	4
Total Local	0	0	
TOLL			
Operator Handled: State--intraLATA	0	0	5
Operator Handled: State--interLATA	0	0	6
Operator Handled: Interstate	0	0	7
Customer Dialed: State--intraLATA	0	439	8
Customer Dialed: State--interLATA	0	1,064	9
Customer Dialed: Interstate	0	1,832	10
WATS	0	0	11
Other Toll-Undefined	0	0	12
Total Toll	0	3,335	
Total Local & Toll	0	3,335	

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.	0	0	0	0	2
Feature Group B -- Orig.	13	1	0	0	3
Feature Group B -- Term.	1	0	1	0	4
Feature Group C -- Orig.	0	0	0	0	5
Feature Group C -- Term.	0	0	0	0	6
Feature Group D -- Orig.	14,223	7,958	2,589	3	7
Feature Group D -- Term.	6,311	3,974	2,331	1	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	20	1
Sheath miles of plant - buried	153	2
Sheath miles of plant - fiber optics	42	3
Strand miles of plant - fiber optics	631	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	15	17	1
56 kbps	15	8	2
64 kbps (DS0)	1	0	3
1.54 Mbps (DS-1)	6	6	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	20	1
Sheath miles of plant - buried	153	2
Sheath miles of plant - fiber optics	42	3
Strand miles of plant - fiber optics	631	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	15	17	1
56 kbps	15	8	2
64 kbps (DS0)	1	0	3
1.54 Mbps (DS-1)	6	6	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

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

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	992	866	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	0		6
Centrex Trunks	0		7
Centrex Lines	581	868	8
Key System Trunks	325	338	9
Mobile (Utility Provided Service)	0		10
Paging (Utility Provided Service)	0	1	11
FX-Out (Switched)	2	2	12
Pay Telephone	0	29	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Pay Stations - Public	25	0	16
- Semi-Public	4	0	17
- Cust. Owned	0	0	18
Other	0	0	19
Total Business Lines	1,929	2,104	20
Residential (Incl. Emp. Concess.)			
1 Party	4,558	4,878	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	12	11	25
Other	2	4	26
Total Residential Lines	4,572	4,893	27
Total Bus & Res Lines	6,501	6,997	28
Company Used Lines	85	94	29
Total Lines Used	6,586	7,091	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	2	2	3
WATS Lines - 800 Service	0	0	4
FX-In-intraLATA	32	0	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	100	169	7
Special Access-interLATA			8
(expressed in equiv. access lines)	72	175	9
Feature Group A Lines	0	0	10
Feature Group B Trunks	0	0	11
Feature Group C Trunks	0	0	12
Feature Group D Trunks	336	432	13
TSPS - Trunks	20	10	14
EAS - Trunks	431	734	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		20
Business - 4 Party Customers	0		21
Residential - 2 Party Customers	0		22
Residential - 4 Party Customers	0		23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	8,170,058	8,935,113	26
Total Company Square Miles	60	63	28
Total Company Route Miles	163	173	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	5670				1
Business					
1 Party	866				2
2 Party					3
4 Party					4
PBX Trunks/System Trunks					5
Centrex Trunks					6
Centrex Lines	868				7
Key System Trunks	338				8
Mobile (utility provided service)					9
Paging (utility provided service)	1				10
FX-Out (Switched)	2				11
Pay Telephone	29				12
Coin-Operated Pay Telephone	0				13
Independent Pay Telephone Provider	0				14
Pay Stations - Public	0				15
- Semi-Public	0				16
- Cust. Owned	0				17
Other	0				18
Total Business Lines	2,104	0	0	0	19
Residential (Incl. Emp. Concess.)					
1 Party	4,878				20
2 Party					21
4 Party					22
FX-Out (Switched)	11				23
Other	4				24
Total Residential Lines	4,893	0	0	0	25
Total Bus & Res Lines	6,997	0	0	0	26
Company Used Lines	94				27
Total Lines Used	7,091	0	0	0	28

SERVICE DATA - END OF YEAR (cont.)

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

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	5670				1
Miscellaneous					2
WATS Lines - OutWATS	2				3
WATS Lines - 800 Service	0				4
FX-In-intraLATA	0				5
Special Access-intraLATA					6
(equiv. access lines)	169				7
Special Access-interLATA					8
(equiv. access lines)	175				9
Feature Group A Lines	0				10
Feature Group B Trunks	0				11
Feature Group C Trunks	0				12
Feature Group D Trunks	432				13
TSPS - Trunks	10				14
EAS - Trunks	734				15
Cellular Trunks (Pub. Sw. Net.)	0				16
Video Distance Learning					17
- discounted (special tariff)	0				18
Customers					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical					26
location of plant)	8,935,113				27
Exchange Square Miles	63				28
Exchange Route Miles	173				29
Footnotes					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	WAUNAKEE				1
PSCW Exchange ID	5670				2
Central Office Name	WAUNAKEE				3
PSCW Central Office ID	1				4
Manufacturer of COE (Page 54)	ATT				5
Year COE Installed	1995				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote	S				8
Remote Host PSCW Exchange ID					9
Remote Host PSCW Central Office ID					10
COE Generic Software Release No.	SE11				11
SS7?	Yes				12
9-1-1?	Yes				13
Access Lines - In Use	7,091				14
- Equipped	8,576				15
- Wired	8,576				16
Trunks - In Use	984				17
- Equipped	1,248				18
- Wired	1,577				19
ISDN Available?	Yes				20
ISDN Lines - In Use (BRI)	44				21
- In Use (PRI)	3				22
Switched 56 Service?	No				23
Switched 56 lines in use	0				24
Digital Transmission Facilities: DS-1 - In Use	58				25
DS-3 - In Use	3				26
Advanced Data Service Available:					
Packet Switching?	Yes				27
SMDS?	No				28
Frame Relay?	No				29
ATM (Asynchronous Trans. Mode)?	No				30
Video Information - Service Available?	No				31
- In Use (# lines) ¹	0				32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	90				33
No. of fiber strands working (LIT) in C.O.	38				34
No. of fiber strands for interoffice use	22				35
Miles of fiber sheath in wire center	42				36
Access Tandem Serving this C.O.:					
- C.O. Name	MADISON				37
- PSCW C.O. ID	3080-01				38
Does this C.O. do access tandem switching?	No				39
Equal Access: InterLATA (1+)?	Yes				40
Equal Access: IntraLATA (1+)?	Yes				41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**General Footnote****Schedule Footnotes****Telephone Calls and Minutes of Use Per Month Footnote. Page 47**

This schedule has been completed to the best of our ability. The information requested by number of telephone calls in column (b) is not available due to a change in our companys method of tracking call traffic. We no longer track by the number of calls. Numbers in column (c), lines 8 through 10, contain both customer dialed and operator handled minutes of use. Further breakdown is not available.

Schedule Line Footnotes

- A)** Contact Gerald Ringlund at (608) 664-4554 with questions on page 47, page 48, page 49 Special Access Circuits only, page 50, page 51 lines 1-9, page 52 and page 53 lines 1-9. Contact Dave Esser at (608) 664-4530 with questions on page 49 Outside Plant only, page 51 lines 10-30, page 53 lines 10-30 and page 55.
- B)** Amounts in columns (g) and (k) are reclasses between accounts or transfers with affiliates.
- C)** No data entered in columns (g) and (k) for this account.
- D)** General support expense increased in 1997 due to renting business office space starting in the fourth quarter 1996.
- E)** Central office switching expense is up in 1997 due to increased AT&T retrofit charges.
- F)** Central office transmission expenses are up in 1997 due to increased circuit equipment costs.
- G)** Cable and wire facilities expense is up in 1997 due to a write off of exempt material in 1996, and also due to the use of a contractor for cable locating services starting in 1997.
- H)** Other property, plant and equipment expense increased in 1997 due primarily to increased provisioning labor and benefit costs.
- I)** Access expense increased in 1997 due to paying a cellular provider to route their traffic through Waunakees switch rather than a major LECs switch.
- J)** Services expenses are up in 1997 due to increased customer service charges from corporate affiliates.
- K)** Public telephone revenue decreased in 1997 due to the deregulation of public telephone equipment 4-15-97.
- L)** Other local exchange revenue increased due to billing of direct inward dial central office trunks in 1997.
- M)** Interstate switched access revenue increased in 1997 due to a 40% increase in Interstate access minutes of use.
- N)** Intrastate switched access revenue increased in 1997 due to an increase in Intrastate access minutes of use.
- O)** Intrastate special access revenue increased in 1997 due to an increase in the number of special access circuits.
- P)** Other incidental regulated revenue increased in 1997 due to a reconciliation of balance sheet accounts in 1996 which reduced revenues.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- Q)** Interstate billing and collection revenues decreased in 1997 due to decreased program development charges billed to a major IXC.
- R)** Intrastate billing and collection revenue increased in 1997 due to billing a major LEC for Intra/Intra bill rendering messages starting the first quarter of 1997.
- S)** Balance consists primarily of leased phones and business systems net of depreciation. This leased investment is depreciated with a rate of 33.33% per year. Individual leases are not tracked separately.
- T)** Accumulated depreciation is greater than the asset balance because per the PSC we are allowed to depreciate this account group more than 100%.
- U)** TDS Corp Chicago and TDS Corp Madison were merged 4/1/96. All charges from TDS Corp Madison after 4/1/96 are included in the TDS Corp column.