



4004

ANNUAL REPORT

OF

Name: INDIANHEAD TELEPHONE COMPANY

Principal Office: 211 MAIN ST S
P.O. BOX 428
HECTOR, MN 55342-0428

For the Year Ended: DECEMBER 31, 2002

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. The annual report due date is April 1 of the following year. (Example: The 2001 report is due April 1, 2002.) 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.** Go to the Public Service Commission of Wisconsin's web page at <http://psc.wi.gov>, click on Telecommunications and click on Annual Report for Incumbent Local Exchange Carriers (LECs).
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-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.
5. 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.
6. 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.
7. Numeric items are limited to digits (0-9). 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. Please report all dollar amounts to the nearest whole dollar.
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. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The LEC annual report program incorporates provisional confidentiality capability for selected items, based on the Commission's confidentiality determination dated February 5, 2002.
13. It is not necessary to sign the signature page.
14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files;
Filing the Completed Report:**

GENERAL RULES FOR REPORTING

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 pscrcs@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.

15. Name Changes:

If a name change 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 www.wdfi.org; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

While the electronic annual report filing may detail the name change (i.e., date of the change and the affected entities with their respective four-digit Commission utility identification numbers), 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.

16. Changes to the Annual Report Subsequent to Filing:

If making revisions to the report subsequent to filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

SIGNATURE PAGE

I LINDA J. KRAMER of
(Person responsible for accounts)

INDIANHEAD 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.

LINDA J. KRAMER 03/25/2003
(Person responsible for accounts) (Date)

TREASURER
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

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

ABBREVIATIONS USED IN ANNUAL REPORTS

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

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: INDIANHEAD TELEPHONE COMPANY**Utility Location:** 211 MAIN ST S
P.O. BOX 428
HECTOR, MN 55342-0428**Utility Web Site Address:** www.indianheadtel.net/**When was utility organized?:** 12/31/1958**Report any change in name and the effective date:****Telephone numbers for potential customers to contact company:**

Business Customers: (715) 353 - 2434 Ext:

Residential Customers: (715) 353 - 2434 Ext:

Officer in charge of correspondence concerning this report

Name: MRS LINDA J . KRAMER
Title: TREASURER**Office Address:** 211 MAIN STREET
P.O. BOX 428
HECTOR , MN 55342-0428**Fax Number:** (320) 848 - 2323**Telephone Number:** (320) 848 - 6611**Email Address:** lkramer@hcctel.net

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

Name:
Title:**Office Address:****Fax Number:****Telephone Number:****Email Address:**

Person responsible for financial information contained in report

Name: MRS LINDA J . KRAMER
Title: TREASURER**Office Address:** 211 MAIN STREET
P.O. BOX 428
HECTOR , MN 55342-0428**Fax Number:** (320) 848 - 2323**Telephone Number:** (320) 848 - 6611**Email Address:** lkramer@hcctel.net

IDENTIFICATION AND OWNERSHIP

Person responsible for statistical information contained in report

Name: MR MATT SPARKS
Title: OPERATIONS MANAGER

Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR , MN 55342-0428
Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611
Email Address: msparks@hcctel.net

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: HECTOR COMMUNICATIONS CORPORATION
Address: PO BOX 428
HECTOR , MN 55342-0428

Number of Shares Held: 829
Beneficial Owner: NONE

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

Company Name: PINE ISLAND TELEPHONE COMPANY
Form of Interest: OWNERSHIP
Extent Of Interest: 31.6%

OFFICERS AND DIRECTORS

**Name, Title/Occupation
and Business Address**

<p>Name: CURTIS A. SAMPSON Title/Occupation: CHAIRMAN OF THE BOARD Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342</p>	<p>1</p>
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<p>Name: LINDA J. KRAMER Title/Occupation: SECRETARY/TREASURER Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342</p>	<p>2</p>
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<p>Name: PAUL N. HANSON Title/Occupation: VICE PRESIDENT - FINANCE / DIRECTOR Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342</p>	<p>3</p>
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<p>Name: STEVEN H. SJOGREN Title/Occupation: PRESIDENT / DIRECTOR Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342</p>	<p>4</p>
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INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	2,636,263	3,183,993	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	416,809	356,497	2
Plant Nonspecific Operations Expense	1,012,602	1,062,523	3
Customer Operations Expense (6610-6620)	116,903	107,780	4
Corporate Operations Expense (6710-6790)	402,328	367,941	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	215,576	459,554	7
Total Operating Expenses	2,164,218	2,354,295	8
Net Operating Income	472,045	829,698	9
Other Income			
Nonoperating Income and Expense (7300)	204,327	215,286	10
Nonoperating Taxes (7400)	58,002	83,795	11
Interest and Related Items (7500)	288,613	281,695	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	62,044	82,719	14
Total Nonoperating Income	(80,244)	(67,485)	15
Net Income	391,801	762,213	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)
-
2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.
-
3. 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.

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)*	3,937,439	3,764,228	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	3,937,439	3,764,228	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	43,043	41,462	6
Accounts Receivable Allowance-Telecom (1181)*	3,970	2,517	7
Net: Telecommunications Accounts Receivable	39,073	38,945	
Other Accounts Receivable (1190)*	2,230,140	1,976,012	8
Accounts Receivable Allowance--Other (1191)*	13,596	0	9
Net: Other Accounts Receivable	2,216,544	1,976,012	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	35	70	12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	2,255,652	2,015,027	
SUPPLIES			
Inventories (1220)*	51,306	58,036	13
TOTAL SUPPLIES	51,306	58,036	
PREPAYMENTS			
Total Prepayments (1280)*	38,772	32,570	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	38,772	32,570	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	0	20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	6,283,169	5,869,861	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	1,343,423	1,223,901	21
RTB Class B Stock (1402)*	98,550	98,550	22
Other Investments in Nonaffiliated Companies (1402)*	35,001	39,945	23
Nonregulated Investments (1406)*	49,367	43,490	24
Unamortized Debt Issuance Expense (1407)*	0	0	25

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Sinking Funds (1408)*	0	0	26
Other Noncurrent Assets (1410)*	0	0	27
TOTAL INVESTMENTS	1,526,341	1,405,886	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	28
Deferred Maintenance and Retirements (1438)*	0	0	29
Deferred Charges (1439)*	0	0	30
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	1,526,341	1,405,886	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	11,924,432	11,193,493	31
Less: Accumulated Depreciation (3100)*	7,955,519	7,119,546	32
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	33
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0	0	34
Less: Accumulated Amortization--Intangible (3500)*	0	0	35
NET TELECOMMUNICATIONS PLANT IN SERVICE	3,968,913	4,073,947	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	37
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	38
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	39
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	10,984	134,487	40
TOTAL TPUC	10,984	134,487	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	41
Less: Accumulated Amortization--Other (3600)*	0	0	42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	3,979,897	4,208,434	
TOTAL ASSETS AND OTHER DEBITS	11,789,407	11,484,181	

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

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	216,082	179,872	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	0	0	3
Customer Deposits (4040)*	0	0	4
Current Maturities--Long-Term Debt (4050)*	389,400	361,600	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	0	0	7
Other Taxes--Accrued (4080)*	0	0	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	96,533	117,477	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES	702,015	658,949	
LONG-TERM DEBT			
Funded Debt (4210)*	5,342,457	5,473,988	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	5,342,457	5,473,988	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	0	0	20
Unamortized Operating ITC--Net (4320)*	4,433	8,158	21
Unamortized Nonoperating ITC--Net (4330)*	15	52	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	109,572	103,920	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	0	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	114,020	112,130	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	33,180	33,180	28
Additional Paid-in Capital (4520)*	0	0	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	5,597,735	5,205,934	32
TOTAL STOCKHOLDERS' EQUITY	5,630,915	5,239,114	
TOTAL LIABILITIES AND OTHER CREDITS	11,789,407	11,484,181	

IMPORTANT CHANGES DURING THE YEAR

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.
-
2. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

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)	
Hector Communications Corporation	HCC	1
Other	OTH	2
Pine Island Telephone Company	PITC	3

AFFILIATED INTEREST TRANSACTIONS

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

Particulars (a)	(b)	(c)	(d)	(e)
Docket	4860ATF100			
Name of Affiliate	HCC			1
Designate whether billed to or from:	FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C			3
Total Dollar Activity	321,843			4
Percent of affiliate's business billed to all affiliated regulated utilities				5
If cost based, rate of return on equity or markup incorporated in billings	0.00			6
Footnotes	J			

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1200, Notes Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 1408, Sinking Funds; 4010, Accounts Payable; 4020, Notes Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
Pine Island Telephone Company	1401	1,343,423	1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	7,328	0	1
Motor Vehicles	2112	241,230	20,120	2
Aircraft	2113	0	0	3
Special Purpose Vehicles	2114	0	0	4
Garage Work Equipment	2115	0	0	5
Other Work Equipment	2116	213,185	0	6
Buildings	2121	637,516	9,431	7
Furniture	2122	16,611	0	8
Office Equipment	2123	10,338	0	9
General Purpose Computers	2124	15,811	0	10
TOTAL--GENERAL SUPPORT ASSETS:		1,142,019	29,551	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0	0	11
Digital Electronic Switching	2212	1,628,330	42,095	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0	0	14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	2,407,682	63,397	16 A
TOTAL--CENTRAL OFFICE ASSETS:		4,036,012	105,492	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	3,284	0	17
Customer Premises Wiring	2321	0	0	18
Large Private Branch Exchanges	2341	0	0	19
Public Telephone Terminal Equipment	2351	0	0	20
Other Terminal Equipment	2362	0	0	21
TOTAL--INFORMATION ORIG/TERM ASSETS:		3,284	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	1,704	0	22
Aerial Cable	2421	2,057	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	6,008,417	631,857	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0	0	27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0	0	29
Conduit Systems	2441	0	0	30
TOTAL--CABLE WIRE FACILITIES ASSETS:		6,012,178	631,857	
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			7,328	1
2112	26,504		234,846	2
2113			0	3
2114			0	4
2115			0	5
2116			213,185	6
2121			646,947	7
2122			16,611	8
2123	0	0	10,338	9
2124			15,811	10
	26,504	0	1,145,066	
2211			0	11
2212	0	(5,533)	1,664,892	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	5,533	2,476,612	16 A
	0	0	4,141,504	
2311			3,284	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	3,284	
2411			1,704	22
2421	0	0	2,057	23
2422	0	0	0	24
2423	9,457	0	6,630,817	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			0	30
	9,457	0	6,634,578	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
AMORTIZABLE ASSETS				
Leasehold Improvements	2682	0	0	32
Intangibles	2690	0	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0	
TOTAL TELECOM. PLANT IN SERVICE	2001	11,193,493	766,900	
Less: Allocation to Nonregulated Activity - EOY	2001			34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001			

Explain all amounts shown in column (g).

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

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	35,961	0	11,924,432	
2001			0	34
			11,924,432	

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	3,412	0	1
Company Communications Equipment	2123.2	6,926	0	2
Software	2212.1	501,037	42,095	3
Digital Switching - Central Office	2212.2	1,127,293	0	4 A
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	2,109,831	63,397	10 A
Analog Circuit Equipment	2232.2	0	0	11
Light Wave Circuit Equipment	2232.3	297,851	0	12 A
Aerial Cable - Nonmetallic	2421.1	0	0	13
Aerial Cable - Metallic	2421.2	2,057	0	14
Underground Cable - Nonmetallic	2422.1	0	0	15
Underground Cable - Metallic	2422.2	0	0	16
Buried Cable - Nonmetallic	2423.1	1,301,791	0	17
Buried Cable - Metallic	2423.2	4,706,626	631,857	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			3,412	1
2123.2			6,926	2
2212.1			543,132	3
2212.2		(5,533)	1,121,760	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1		3,652	2,176,880	10 A
2232.2			0	11
2232.3		1,881	299,732	12 A
2421.1			0	13
2421.2			2,057	14
2422.1			0	15
2422.2			0	16
2423.1			1,301,791	17
2423.2	9,457		5,329,026	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	193,755	25.0	31,123	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	98,558	10.0	15,900	5
Buildings	2121	238,267	3.33	21,407	6
Furniture	2122	15,753	10.0	858	7
Office Equipment	2123	8,905	20.0	683	8
General Purpose Computers	2124	14,766	25.0	1,045	9
Total-- GENERAL SUPPORT ASSETS		570,004		71,016	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	1,067,956	5.07	167,029	11A
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	2,078,857	14.29	262,627	15A
Total-- CENTRAL OFFICE ASSETS		3,146,813		429,656	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	3,283	14.29	0	16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
Total-- INFORMATION ORIG/TERM ASSETS		3,283		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	1,534	6.66	0	21
Aerial Cable	2421	1,852	5.88		22
Underground Cable	2422	0			23
Buried Cable	2423	3,396,060	5.88	371,742	24
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	0			28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	26,504				198,374	1
2113					0	2
2114					0	3
2115					0	4
2116					114,458	5
2121					259,674	6
2122					16,611	7
2123	0				9,588	8
2124					15,811	9
	26,504	0	0	0	614,516	
2211					0	10
2212	0			(5,533)	1,229,452	11 A
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0			5,533	2,347,017	15 A
	0	0	0	0	3,576,469	
2311					3,283	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	3,283	
2411					1,534	21
2421	0				1,852	22
2422	0				0	23
2423	9,457	480			3,757,865	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	0			29
Total-- CABLE WIRE FACILITIES ASSETS		3,399,446		371,742	0
Total Accumulated Depreciation	3100	7,119,546		872,414	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				872,414	0

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					0	29
	9,457	480	0	0	3,761,251	
3100	35,961	480	0	0	7,955,519	
3100					0	30
3100					7,955,519	

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	1,979	20.0	683		1
Company Communications Equipment	2123.2	6,926	20.0	0		2
Software	2212.1	469,172	50.0	42,389		3
Digital Switching - Central Office	2212.2	598,784	11.11	124,640		4 A
Digital Switching - Remote	2212.3	0				5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	0				8
Other Radio Facilities	2231.2	0				9
Digital Circuit Equipment	2232.1	1,928,116	14.29	218,196		10 A
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	150,741	14.29	44,431		12 A
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	1,852	5.88			14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	0				16
Buried Cable - Nonmetallic	2423.1	414,299	5.88	76,576		17
Buried Cable - Metallic	2423.2	2,981,761	5.88	295,166		18
Submarine Cable - Nonmetallic	2424.1	0				19
Submarine Cable - Metallic	2424.2	0				20
Intrabuilding Cable - Nonmetallic	2426.1	0				21
Intrabuilding Cable - Metallic	2426.2	0				22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					2,662	1
2123.2					6,926	2
2212.1					511,561	3
2212.2				(5,533)	717,891	4 A
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1				3,652	2,149,964	10 A
2232.2					0	11
2232.3				1,881	197,053	12 A
2421.1					0	13
2421.2					1,852	14
2422.1					0	15
2422.2					0	16
2423.1					490,875	17
2423.2	9,457	480			3,266,990	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	5,205,934	4,443,721	1
Changes:			
Balance Transferred from Income	391,801	762,213	2
Dividends Declared:			
Common	0	0	3
Preferred	0	0	4
Total Dividends Declared	0	0	
Miscellaneous Debits to Retained Earnings	0	0	5
Miscellaneous Credits to Retained Earnings	0	0	6
Balance--End of Year	<u>5,597,735</u>	<u>5,205,934</u>	

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

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	1,154,168	1,421,897	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	1,154,168	1,421,897	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	169,046	102,187	11 F
Switched Access Revenue (5082)*	780,250	1,081,488	12 G
Special Access Revenue (5083)*	83,298	70,231	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,032,594	1,253,906	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	293,254	321,685	15
Special Access Revenue (5084.3)*	35,990	38,147	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	329,244	359,832	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	2,500	10,619	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	2,500	10,619	

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

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	23,019	27,365	30
Rent Revenue (5240)*	57,066	53,318	31
Corporate Operations Revenue (5250)*	0	0	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	15,762	8,462	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	15,762	8,462	
Interstate Billing and Collection Revenue*	11,064	17,267	39
Intrastate Billing and Collection Revenue*	31,309	35,677	40
Total Carrier Billing and Collection Revenue (5270)*	42,373	52,944	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	138,220	142,089	
GROSS OPERATING REVENUES	2,656,726	3,188,343	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	20,463	4,350	42 H
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	20,463	4,350	
TOTAL OPERATING REVENUES	<u>2,636,263</u>	<u>3,183,993</u>	

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

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Total Network Support Expense (6110)	0	0	1
Less: Nonregulated	0	0	2
Net Regulated	0	0	3
Total General Support Expense (6120)	48,780	33,893	4
Less: Nonregulated	0	0	5
Net Regulated	48,780	33,893	6
Total Central Office Switching Expense (6210)	93,557	93,475	7
Less: Nonregulated	0	0	8
Net Regulated	93,557	93,475	9
Total Operator Systems Expense (6220)	0	0	10
Less: Nonregulated	0	0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	32,602	16,330	13
Less: Nonregulated	0	0	14
Net Regulated	32,602	16,330	15
Total Information Orig. / Term. Expense (6310)	0	0	16
Less: Nonregulated	0	0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	241,870	212,799	19
Less: Nonregulated	0	0	20
Net Regulated	241,870	212,799	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	416,809	356,497	
Less: Nonregulated	0	0	
Net Regulated	416,809	356,497	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	0	0	22
Less: Nonregulated	0	0	23
Net Regulated	0	0	24
Total Network Operations Expense (6530)	114,374	114,264	25
Less: Nonregulated	0	0	26
Net Regulated	114,374	114,264	27
Access Expense (6540)	25,814	13,149	28
Less: Nonregulated	0	0	29
Net Regulated	25,814	13,149	30
Total Depreciation and Amortization Expense (6560)	872,414	935,110	31
Less: Nonregulated	0	0	32
Net Regulated	872,414	935,110	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	1,012,602	1,062,523	
Less: Nonregulated	0	0	
Net Regulated	1,012,602	1,062,523	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	7,104	8,748	34
Less: Nonregulated	0	0	35
Net Regulated	7,104	8,748	36
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Total Services (6620)	109,799	99,032	37
Less: Nonregulated	0	0	38
Net Regulated	109,799	99,032	39
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TOTAL CUSTOMER OPERATIONS EXPENSE	116,903	107,780	
Less: Nonregulated	0	0	
Net Regulated	116,903	107,780	
<hr/>			
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	130,820	105,751	40
Less: Nonregulated	0	0	41 D,J
Net Regulated	130,820	105,751	42
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Total General and Administrative (6720)	271,508	262,190	43
Less: Nonregulated	0	0	44
Net Regulated	271,508	262,190	45
<hr/>			
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47
Net Regulated	0	0	48
<hr/>			
TOTAL CORPORATE OPERATIONS EXPENSE	402,328	367,941	
Less: Nonregulated	0	0	
Net Regulated	402,328	367,941	
<hr/>			
TOTAL EXPENSES	1,948,642	1,894,741	
Less: Nonregulated	0	0	
Net Regulated	1,948,642	1,894,741	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)	0	0	1
Provisioning Expense (6512)	0	0	2
Total: Reported in Account 6510	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	872,414	935,110	3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0	4
Amortization Expense--Tangible (6563)	0	0	5
Amortization Expense--Intangible (6564)	0	0	6
Amortization Expense--Other (6565)	0	0	7
Total: Reported in Account 6560	872,414	935,110	

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	2,656,726	1
Plus: Collection of amounts previously written off	5,819	2
Less: Uncollectibles written off during the year	11,365	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	2,651,180	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,154,168	1
Plus: Total Intrastate Access Revenues (5084)	329,244	2
Plus: Total Long Distance Network Services Revenue	2,500	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	9,229	5
Plus (or Less) Other (please specify): NONE	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	1,495,141	

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)	
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Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>2,651,180</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
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Plus: Total Long Distance Network Services Revenue	2,500	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	9,229	5
Plus (or Less) Other (please specify): NONE	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>1,495,141</u>	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)	0	0	1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)	(3,762)	(3,762)	2
Operating Federal Income Taxes (7220)	91,307	282,336	3
Operating State and Local Income Taxes (7230)	25,758	72,495	4
Operating Other Taxes (7240)	102,273	108,485	5
Provision for Deferred Operating Income Taxes--Net (7250)	0	0	6
TOTAL OPERATING TAXES (7200)	215,576	459,554	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	13,104	12,426	7
Interest Income (7320)	51,327	111,409	8
Income from Sinking and Other Funds (7330)	0	0	9
Allowance for Funds Used During Construction (7340)	11,827	5,857	10
Gains or (Losses) from the Disposition of Certain Property (7350)	0	0	11
Other Nonoperating Income (7360)	128,437	85,996	12
Special Charges (7370)	368	402	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	204,327	215,286	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	58,002	83,795	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	288,613	281,695	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)	0	0	16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	62,044	82,719	17

NONREGULATED ACTIVITIES

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

Nonregulated Activity	
(a)	
Installations, lease, sale, and repair of CPE, CPW.	1
Internet	2
Public Telephone Term. Equipment	3

EMPLOYEE DATA - END OF YEAR

Report employee data based on primary allocation of respective wages and salaries.

Particulars (a)	Employees (b)	
Plant Operations		
Supervisory & Management	1	1
Central Office	1	2
Outside Plant	4	3
Building & Service	0	4
Other	0	5
Customer Operations		
Supervisory & Management	0	6
Operators	0	7
Business Office	3	8
Other	0	9
Corporate Operations		
Executive & General Management	0	10
Accounting & Finance	0	11
External Relations	0	12
Human Resources	0	13
Information Management	0	14
Legal	0	15
Procurement	0	16
Research & Development	0	17
Other	0	18
Other		
All Other Employees, Not Listed Above		19
Total Employees	9	
Part-Time Employees	1	20
Full-Time Employees	8	21
Total Part-Time and Full-Time Employees	9	

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	311	1,507	1
Extended Area Service	25	72	2
Extended Community Calling	55	416	3
Other Local-Undefined	0	0	4
Total Local	391	1,995	
TOLL			
Toll	123	452	5
Total Toll	123	452	
Total Local & Toll	514	2,447	

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.	3	0	0	0	2
Feature Group B -- Orig.	0	0	0	0	3
Feature Group B -- Term.	0	0	0	0	4
Feature Group C -- Orig.	0	0	0	0	5
Feature Group C -- Term.	0	0	0	0	6
Feature Group D -- Orig.	3,147	854	1,427	0	7
Feature Group D -- Term.	3,998	1,208	249	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	129	1
Strand miles of plant - fiber optics	3,117	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

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

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	129	1
Strand miles of plant - fiber optics	3,117	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	4	8	1
56 kbps	4	1	2
64 kbps (DS0)	0	0	3 E
1.54 Mbps (DS-1)	7	0	4 E
45 Mbps (DS-3)	0	0	5 E
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	242	249	3
2 Party	0	0	4
4 Party	0	0	5
PBX Trunks/System Trunks	0	0	6
Centrex Trunks	0	0	7
Centrex Lines	0	0	8
Key System Trunks	0	0	9
Mobile (Utility Provided Service)	0	0	10
Paging (Utility Provided Service)	0	0	11
FX-Out (Switched)	0	0	12
Pay Telephone	15	16	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Other	108	72	16
Total Business Lines	365	337	17
Residential (Incl. Emp. Concess.)			
1 Party	1,997	2,036	19
2 Party	0	0	20
4 Party	0	0	21
FX-Out (Switched)	0	0	22
Other	0	0	23
Total Residential Lines	1,997	2,036	24
Total Bus & Res Lines	2,362	2,373	25
Company Used Lines	30	30	26
Total Lines Used	2,392	2,403	27

SERVICE DATA (cont.)

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

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	0	0	3
WATS Lines - 800 Service	0	0	4
FX-In-intraLATA	3	3	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	57	9	7
Special Access-interLATA			8
(expressed in equiv. access lines)	175	176	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	456	480	13
TSPS - Trunks	20	20	14
EAS - Trunks	118	118	15
Cellular Trunks (Pub. Sw. Net.)	0	0	16
Video Distance Learning	1	1	17
- discounted (special tariff)			18
Customers			
Lifeline Customers	41	46	20
Linkup Customers	2	3	21
Other			
Total Company Square Miles	399	399	23
Total Company Route Miles	679	679	24
Footnotes			25

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	1820	4460	5820		1
Business					2
1 Party	60	101	88		3
2 Party	0	0	0		4
4 Party	0	0	0		5
PBX Trunks/System Trunks	0	0	0		6
Centrex Trunks	0	0	0		7
Centrex Lines	0	0	0		8
Key System Trunks	0	0	0		9
Mobile (utility provided service)	0	0	0		10
Paging (utility provided service)	0	0	0		11
FX-Out (Switched)	0	0	0		12
Pay Telephone	2	7	7		13
Coin-Operated Pay Telephone	0	0	0		14
Independent Pay Telephone Provider	0	0	0		15
Other	24	24	24		16
Total Business Lines	86	132	119	0	17
Residential (Incl. Emp. Concess.)					18
1 Party	565	814	657		19
2 Party	0	0	0		20
4 Party	0	0	0		21
FX-Out (Switched)	0	0	0		22
Other	0	0	0		23
Total Residential Lines	565	814	657	0	24
Total Bus & Res Lines	651	946	776	0	25
Company Used Lines	3	9	18		26
Total Lines Used	654	955	794	0	27

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	1820	4460	5820		1
Miscellaneous					2
WATS Lines - OutWATS	0	0	0		3
WATS Lines - 800 Service	0	0	0		4
FX-In-intraLATA	0	3	0		5
Special Access-intraLATA (equiv. access lines)	2	3	4		6 7
Special Access-interLATA (equiv. access lines)	4	145	27		8 9
Feature Group A Lines	0	0	0		10
Feature Group B Trunks	0	0	0		11
Feature Group C Trunks	0	0	0		12
Feature Group D Trunks	96	144	240		13
TSPS - Trunks	0	0	20		14
EAS - Trunks	11	11	96		15
Cellular Trunks (Pub. Sw. Net.)	0	0	0		16
Video Distance Learning - discounted (special tariff)	0	0	1		17 18
Other					19
Exchange Square Miles	170	133	96		20
Exchange Route Miles	219	255	205		21
Footnotes					22

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

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

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EQUIPMENT ABBREVIATIONS

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

CENTRAL OFFICE DATA - END OF YEAR

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

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	EXELAND	RADISSON	WEYERHAEUSER		1
PSCW Exchange ID	1820	4460	5820		2
Central Office Name	EXELAND	RADISSON	WEYERHAEUSER		3
PSCW Central Office ID	1	1	1		4
Central Office CLLI Code	EXLDWIXA943	RDSNWIXA945	WYHRWIXA353		5
Manufacturer of COE (Page 54)	NTI	NTI	NTI		6
Year COE Installed	1991	1991	1991		7
Type of Equipment (Page 54)	D	D	D		8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R	H		9
Remote Host PSCW Exchange ID	5820	5820			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	501.3	501.3	501.3		12
SS7?	Yes	Yes	Yes		13
9-1-1?	Yes	Yes	Yes		14
Access Lines - In Use	654	955	794		15
- Equipped	800	1,080	962		16
- Wired	1,216	1,216	1,280		17
Trunks - In Use	96	144	408		18
- Equipped	120	144	864		19
- Wired	144	144	1,248		20
ISDN Available?	Yes	Yes	Yes		21
ISDN Lines - In Use (BRI)	5	5	5		22
- In Use (PRI)	0	0	0		23
XDSL Available?	Yes	Yes	Yes		24
- In Use (# lines)	3	9	2		25
Switched 56 Service?	No	No	No		26
Switched 56 lines in use	0	0	0		27
Digital Transmission Facilities: DS-1 - In Use	8	23	74		28
DS-3 - In Use	1	2	1		29
Advanced Data Service Available:					
Packet Switching?	No	No	No		30
SMDS?	No	No	No		31
Frame Relay?	No	No	No		32
ATM (Asynchronous Trans. Mode)?	No	No	No		33
Video Information - Service Available?	No	No	No		34
- In Use (# lines) ¹	0	0	0		35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	68	44	108		36
No. of fiber strands working (LIT) in C.O.	10	14	28		37
No. of fiber strands for interoffice use	6	10	16		38
Miles of fiber sheath in wire center	38	52	39		39
Access Tandem Serving this C.O.:					
- C.O. Name	ELK LAKE	ELK LAKE	ELK LAKE		40
- PSCW C.O. ID	1740-01	1740-01	1740-01		41
Does this C.O. do access tandem switching?	No	No	No		42
Footnotes					43

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Schedule Line Footnotes

- A)** Transfers were made in 2002 to properly classify equipment, as follows:
\$5,533 was transferred out of Acct 2212.2, Digital Electronic Switching
- B)** Increase in CO Transmission Expenses, Acct 6230, due to maintenance and repair expenses for Sub CSR and Lightwave.
- C)** Increase in access expense acct 6540 - Indianhead first began making payments to USAC for the High Cost Fund in July, 2002. Payment was not required in 2001.
Also an increase in payment to "Teach" due to increase of intrastate gross revenues.
- D)** Total Executive and Planning Expense, Acct 6710, increased for 2002. Part of the increase is due to accruing higher dollars for executive bonuses than in prior years. Previously, too little had been accrued.

Also, costs coming down from Hector Communications Corporation (HCC) are allocated based on access lines. Indianhead had a higher percentage of total access lines of companies managed by HCC in 2002 than in 2001.
- E)** 45 Mbps (DS3) - We have 1 circuit under special tariff for Video Distance Learning
- F)** The increase to End User Revenue - Acct 5081 - is due to the increase of interstate end user common line rates.
- G)** The decrease to Interstate Switched Access Revenue - Acct 5082 - is due to the decrease in interstate access rates.
- H)** Uncollectible revenue - Acct 5300 - \$13,462.60 of uncollectible revenue is due to the Global Crossing and Worldcom bankruptcy filings.
- I)** Increase of expense to Acct 6120 - General Support Expense - Repair of and moving of generators.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

J) Indianhead Telephone Company (ITC) is a wholly owned subsidiary of Hector Communications Corporation (HCC). HCC has a wholly-owned or majority-owned interest in eleven local exchange telephone companies, including ITC. 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 the Wisconsin Public Service Commission (Notice 4860-AT-100). Under the agreement, charges from HCC to the subsidiaries are at cost. HCC does not earn any profit for providing these services.

Services provided by HCC to ITC 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 ITCs customer base, toll and CABS data management and processing, and rating. HCC generates bills for all of ITCs customers (end-users or IXCs). HCC also provides management information service support for other ITC data processing requirements.

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

Human resources. HCC provides, or negotiates with other supplies 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.