

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF TELEPHONE CORPORATIONS For the period ending December 31, 2011

Instructions for this Tab:

- 1 Fill in your name and address below so that this information will carry to other parts of the spreadsheet.
- 2 If the respondent's name is long, the "Year ended December 31, 19__" may over pass the print range. This can be corrected by one of two methods: selecting a smaller font size on the specific sheet, or to delete some spaces on the combined string below.

Please fill in the following:	
Respondent's exact legal name :	Warwick Valley Telephone Company
Address line 1:	
Address line 2:	
For the period starting:	January 1, 2011
For the period ending:	December 31, 2011
Date due:	
For the period starting January 1, 2011 For the period ending December 31, 2011 Year Ended December 31, 2011	

Example
January 1, 1995
December 31, 1995
March 31, 1995

Annual Report of Warwick Valley Telephone Company	For the period ending December 31, 2011
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Please fill in the requested information on Rows 42, 43 and 44.

COMPANY CODE:

TELEPHONE CORPORATIONS

ANNUAL REPORT

OF

Warwick Valley Telephone Company

Exact legal name of reporting telephone corporation

(If name was changed during year, show also the previous name and date change)

(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2011

TO THE

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

Name, title, address and telephone number (including area code), of the person to be contacted concerning this report:

223-92

TABLE OF CONTENTS

Sch (a)	Title of Schedule (b)	Page (c)	Sch (a)	Title of Schedule (b)	Page (c)
	<u>General Information</u>		36	Long Term Debt.....	58-59
1	General Instructions.....	1	37	Capital Stock and Funded Debt Reacquired or Retired During the Year.....	60
2	General Information.....	2-3	38	Other Long Term Liabilities.....	61
3	Officers and Directors (including Compensation).....	4-5	39	Other Deferred Credits.....	62
4	Control over Respondent.....	6	40	Capital Stock.....	63
5	Corporations Controlled by Respondent.....	7	41	Analysis of Entries in Other Capital and Retained Earnings Accounts.....	64
6	Holders of Voting Securities.....	8	42	Operating Revenues.....	65
7	Voting Powers and Election.....	9	43	Reserved.....	66
8	Important Changes During the Year.....	10-11	44	Operating Expenses by Category.....	67-72
	<u>Financial And Accounting Data</u>		45	Taxes Charged During Year.....	73-74
9	Income Available for Return and Calculation of Rate Base.....	12-13	46	Miscellaneous Tax Refunds.....	75
10	Rate of Return and Return on Common Equity.....	14-15	47	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes.....	76
11	Balance Sheet and Notes to Balance Sheet.....	16-19	48	Special Charges.....	77
12	Income and Retained Earnings Statement.....	20-21	49	Other Interest Deductions.....	78
13	Cash Flow Statement.....	22-23	50	Other Nonoperating Income.....	79
14	Analysis of Telecommunications Plant Accounts.....	24-25	51	Extraordinary Items.....	80
15	Telecommunications Plant Under Construction - Short Term.....	26	51A	Contingent Liabilities.....	80
15A	Telecommunications Plant Under Construction - Long Term.....	27	52	Membership Fees and Dues.....	81
16	Property Held for Future Telecommunications Use.....	28	53	Employee Protective Plans.....	82-83
17	Reserved.....	29	54	Analysis of Pension Cost.....	84-85
18	Analysis of Assets Purchased or Sold to Affiliates.....	30-31	55	Analysis of Pension Settlements, Curtailments, and Terminations.....	86-87
19	Analysis of Entries in Accumulated Depreciation.....	32-33	56	Analysis of OPEB Costs, Funding and Deferrals.....	88-91
20	Basis of Charges for Depreciation.....	34-35	57	Reserved.....	92
21	Telecommunications Accounts Receivable and Accounts Receivable Allowance.....	36	58	Reserved.....	93
22	Accounts Receivable From Affiliated Companies and Other Accounts Receivable.....	37	59	General Services and Licenses, Advisory, Management, Engineering or Purchasing Services	94
23	Accounts Receivable Allowance - Affiliated and Other.....	38		<u>Operating Data</u>	
24	Notes Receivable and Notes Receivable Allowance.....	39	60	Lifeline Services.....	95
25	Inventories.....	40	61	Access Lines in Service.....	96
26	Prepaid Taxes and Accruals.....	41-42	62	Telephone Calls.....	97
27	Deferred Income Taxes - Dr.	43-44	63	Statistics Relating to Telephone Service Quality....	98
28	Deferred Income Taxes - Cr. and and Investment Tax Credits.....	45-47	64	Plant Extensions to Serve New Residential Subdivisions.....	99
29	Excess/Deficient Deferred Federal Income Taxes.....	48	65	Distribution of Total Compensation of Employees and Number of Employees.....	100
29A	Temporary Income Tax Differences - SFAS 109....	49		<u>Annual Joint Cost Data</u>	C1-21
30	Investments in Affiliated Companies.....	50-51			
31	Investments.....	52-53			
32	Nonregulated Investments.....	54			
33	Other Deferred Charges.....	55			
34	Accounts Payable.....	56		<u>Index</u>	
35	Notes Payable.....	57		<u>Verification</u>	

1. GENERAL INSTRUCTIONS

1. The completed original of this report shall be filed with the Public Service Commission, Albany, NY, on or before the 31st of March next following the end of the year to which the report applies. At least one additional copy shall be retained in the files of the reporting telephone corporation.
2. If the respondent considers any information requested on a schedule to be of a proprietary nature, as defined in 16 NYCRR, Chapter 1, Section 6-1.3 of Chapter 1 of the Rules of Procedure, the schedule as included in the report forms should be filed as directed by the Commission. However, the respondent is required to file one complete copy of each schedule deemed proprietary, including all detail requested, accompanied by a request for proprietary treatment, with the Records Access Officer, in accordance with the Rules of Procedure of Title 16, NYCRR, Chapter I, Section 6-1.3(b). However, the company must still file such additional "Public" copy as required (one conformed copy) with the proprietary information blocked out and accompanied by a letter stating that this was done.
3. All telephone corporations upon which this report form is served are required by statute to complete and to file the report. The statute further provides that when any such report is defective or believed to be erroneous, the reporting corporation shall be duly notified and given reasonable time within to make the necessary amendments or corrections. All data comprising this report shall be submitted in permanent form, i.e., washable ink or washable reproductions should not be used.
4. All accounting terms and phrases used in this form are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission as set forth in 16 NYCRR, Subchapter E, Article 1 (Case 8579). The Uniform System of Accounts defines Class A companies as those with annual revenues from regulated telecommunications operations of \$100 million or more. Class B are defined as those with annual revenues from regulated telecommunications operations of less than \$100 million. Whenever the term respondent is used, it shall be understood to mean the reporting telephone corporation.
5. Standard accounting procedures will apply in determining the nature of any entry (e.g. Uncollectibles, a revenue item, is normally a debit entry, and should be entered as a "positive" number unless the reported balance is a "credit"). Entries of a reverse or contrary character shall be indicated by parentheses around the number.
6. If the report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover
7. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answer shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report, Where information called for herein is not given, state fully the reason for its omission.
8. The report should not be permanently bound. Extra copies of any page of the report will be furnished on request. If necessary or desirable to insert additional statements for the purpose of further explanation of accounts or schedules, they shall be legibly made on paper of durable quality and shall correspond to this form in size of page and width of margin. Additional sheets, ruled either vertically or horizontally, will be furnished on request. Inserts, if any, should be appropriately identified with the schedules to which they relate.
9. If the telephone corporation conducts operations both within and outside the State of New York, data should be reported so that there will be shown the number of subscribers within this state, and (separately by accounts) the operating revenues from sources within this state, and the plant investment as of the end of the year within this state.
10. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
11. Throughout the report money items shall be shown in units of dollars adjusted to accord footings. Omitting cents does not apply, however, to items in which cents are of significance as, for instance in averages and in unit costs.
12. In the space provided on the upper outside margin of each page there should be inserted (by rubber stamp, if desired), the name of the respondent and the year to which the report relates.

Comment Sheet

Please use this sheet to record any changes you made to this file. If you altered this file in anyway, except by entering data, you must record those changes here. You may also use this sheet to make any comments about this file or the joint cost file.

<u>Item Number</u>	<u>Description</u>	<u>Schedule Number</u>	<u>Page Number</u>

Comments

2. GENERAL INFORMATION

1. Name and title of officer having custody of the general books of account and address of the office where such books are kept.
Ralph Martucci, Vice President, CFO & Treasurer
47 Main Street
Warwick, New York 10990

2. Name of state in which incorporated, date of incorporation, and designation of law under which incorporated. If not incorporated, show type of organization, date organized and the identity of the parties in interest together with the extent of their respective interests.
New York
January 1902
General Transportation Law of 1902

3. If at any time during the year the property of the company was held by a receiver or trustee, give (a) the name of the receiver or trustee, (b) the date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was vested, and (d) the date when possession by receiver or trustee ceased.
Not Applicable

4. State the name of each other state or federal body exercising regulatory jurisdiction over respondent (excepting taxing authorities); and if such jurisdiction is limited, the extent of limitation should be set forth. If such jurisdiction terminated prior to the end of the year, state that fact with reasons for such termination and the effective date thereof.
New Jersey Board of Public Utilities
Securities Exchange Commission
Federal Communications Commission

5. Name all classes of service furnished by respondent.

2. GENERAL INFORMATION (Continued)

6.

Attach herein (following this page) the respondent's latest annual report to stockholders. If such a report is not prepared, but if audited annual financial statements on which a certified public accountant expresses an opinion are regularly prepared and distributed to bondholders, banking institutions or security analysts, submit that.

[Local and Long Distance](#)

If the respondent's annual report to stockholders or audited annual financial statements are prepared on a calendar year basis, the major financial statements contained therein, i.e., Balance Sheet, Income and Retained Earnings Statement and Statement of Cash Flows, shall be reconciled with the corresponding statements in this annual report. The reconciliation shall contain an explanation of all differences in reporting.

If the respondent's annual report to stockholders or audited annual financial statements are prepared on a fiscal year basis, then a statement shall be included stating that, except as noted, the major financial statements are prepared on the same basis as in this annual report to the Commission and are in conformity with this Commission's applicable Uniform system of Accounts.

If reports to stockholders or audited annual financial statements are not prepared, so state below:

3. OFFICERS AND DIRECTORS (including Compensation)

1. Furnish the indicated data with respect to each executive officer and director, whether or not they received any compensation from the respondent.
2. Executive officers include a company's president, secretary, treasurer and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
3. Indicate with an asterisk (*) in column (a) those directors who were members of the executive committee, if any, and by a double asterisk (**) the chairman, if any, of that committee, at the end of the year.

Line No.	Name of Person (a)	Title and Department Over Which Jurisdiction Is Exercised (b)	Term Expired or Current Term Will Expire (c)	Salary	
				Rate at Year End (d)	Paid During Year (e)
1	Duane W. Albro	President,CEO,Director	4/2012	\$270,000	\$270,000
2	Ralph Martucci, Jr.	Exec VP,CFO,Treasurer	4/2012	174,544	174,544
3	David J. Cuthbert	Exec VP,COO	4/2012	115,100	115,100
4	John S. Mercer	Exec VP,CTO	4/2012	180,000	180,000
5	Patrick W. Welsh III	Exec VP,CAO,Secretary	4/2012	180,000	180,000
6	Kenneth H. Volz	Exec VP,CFO,Treasurer	5/2011	141,544	141,544
7	Virginia Quackenbush	President-WVT	4/2012	130,000	130,000
8					
9	Jeffrey D. Alario	Director	4/2012		
10	Douglas B. Benedict	Director	4/2012		
11	Kelly C. Bloss	Director	4/2012		
12	Robert J. DeValentino	Director	4/2012		
13	Thomas H. Gray	Director	6/2011		
14	Douglas J. Mello	Director	4/2012		
15					
16					
17					
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19					
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21					
22					
23					
24					
25					

NOTES:

Please complete the information on this schedule for all copies (paper and electronic version) of the report.

3. OFFICERS AND DIRECTORS (including Compensation - Continued)

4. If any person reported in this schedule received remuneration directly or indirectly other than salary shown in column (e) list the amounts in columns (f) through (k) with the footnotes necessary to explain the essentials of the plan, the basis of determining the ultimate benefits receivable and the payments or provisions made during the year to each person reported herein. If the word "none" correctly states the facts in regard to entries for columns (f) through (k), so state.
5. If any person reported hereunder received compensation from more than one affiliated company or was carried on the payroll of an affiliated company, details shall be given in a note.

Deferred Compensation (f)	Incentive Pay (Bonuses, etc.) (g)	Savings Plans (h)	Stock Options (i)	Life Insurance Premiums (j)	Other (Explain Below) (k)	Total (e thru k) (l)	Line No.
	\$332,029	\$9,112	\$423,264		\$56,557	\$1,090,962	1
	81,499	7,354	17,256		6,421	287,074	2
	46,903	0	0		9,583	171,586	3
	44,010	6,638	76,673		20,550	327,871	4
	50,839	6,638	53,626		0	291,103	5
	0	5,155	234,049		490,072	870,820	6
	38,129	0	53,626		0	221,755	7
						0	8
			38,669		60,429	99,098	9
			34,372		91,227	125,599	10
			35,663		60,268	95,931	11
			40,208		68,457	108,665	12
			28,263		77,850	106,113	13
			25,551		73,480	99,031	14
						0	15
						0	16
						0	17
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						0	25

NOTES:

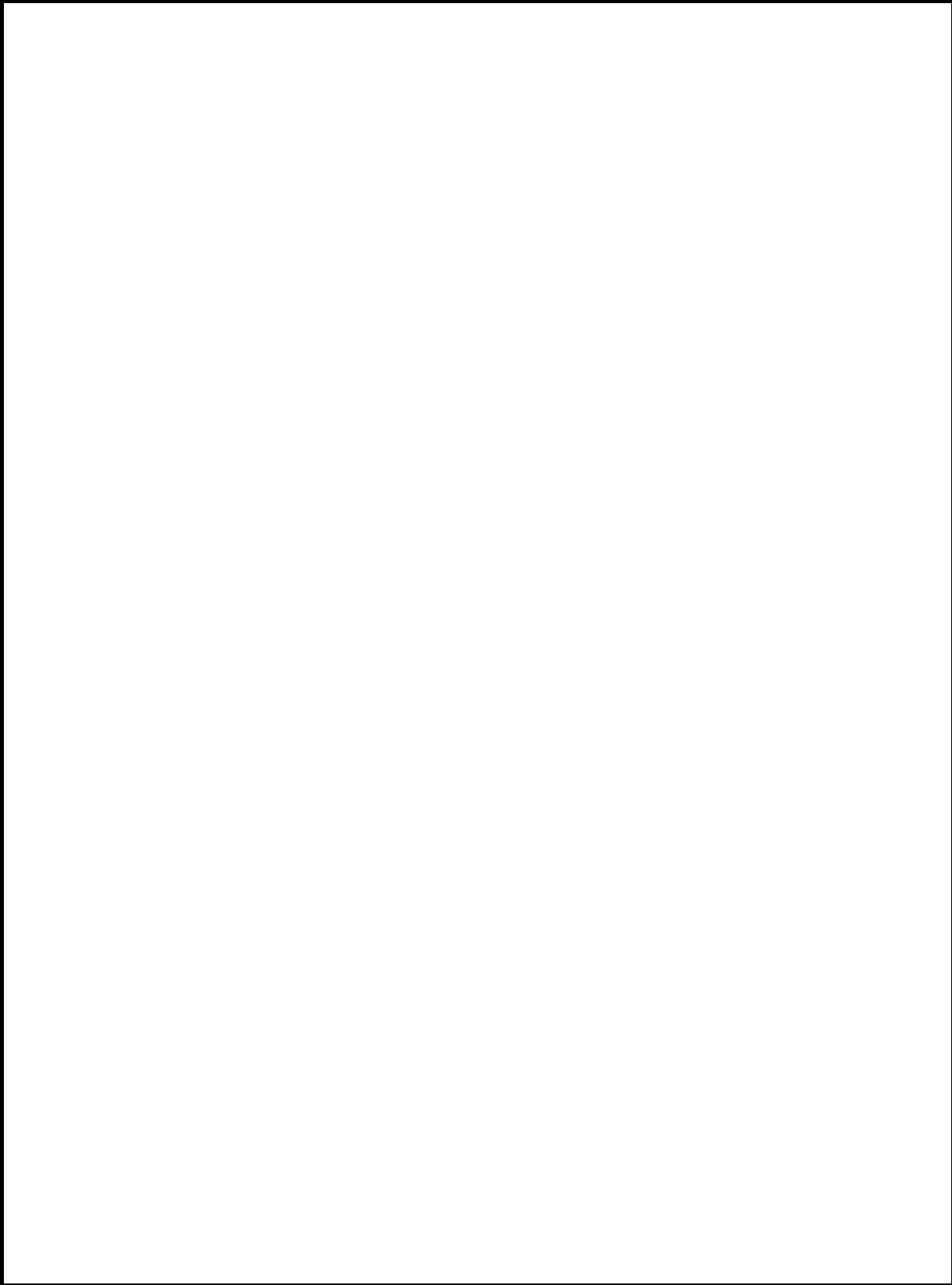
Other includes executives housing and travel expenses. Kenneth Volz severance agreement and all unvested restricted stock awards value are included in other expenses.

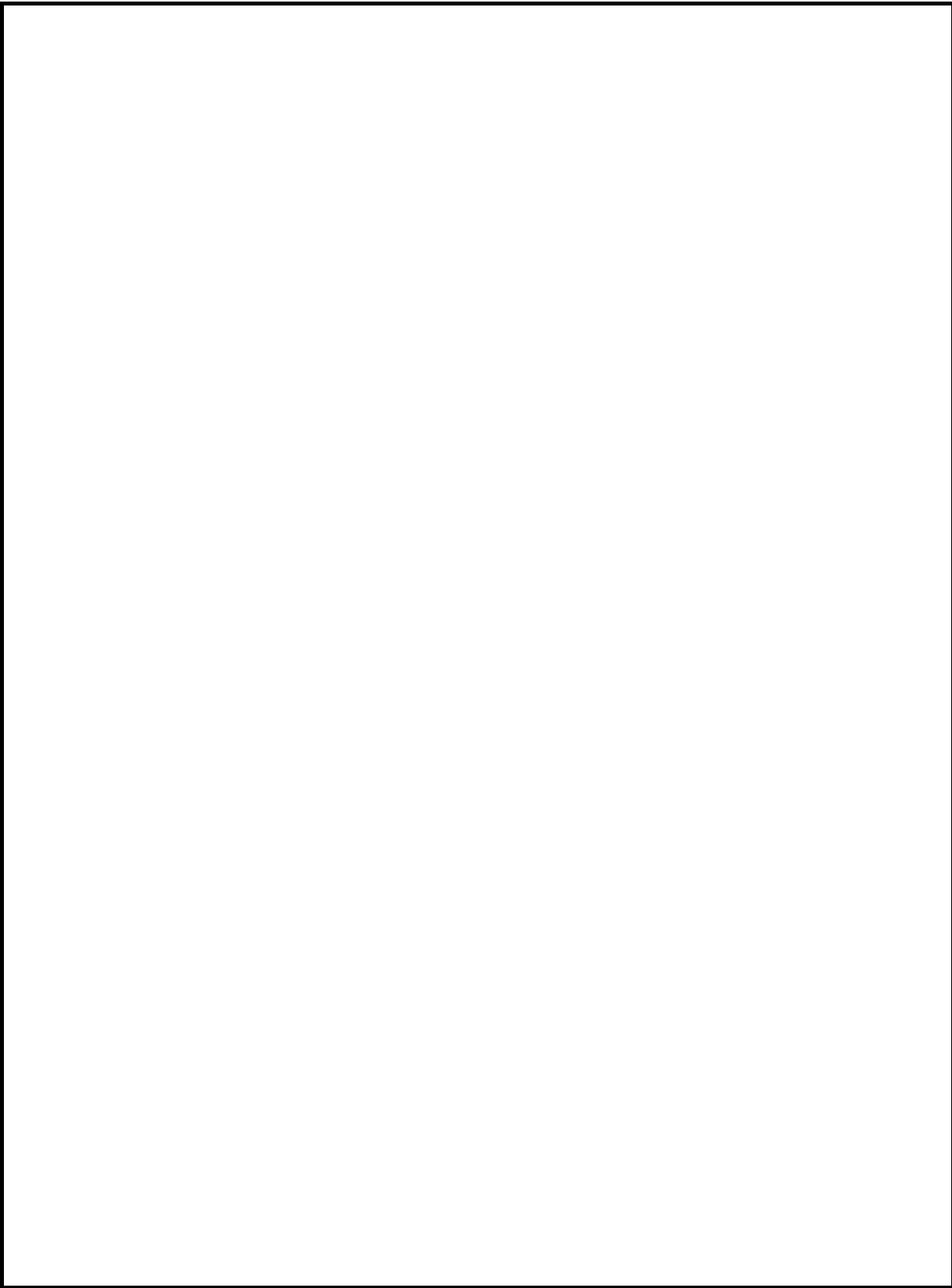
Directors fees are listed under other expenses.

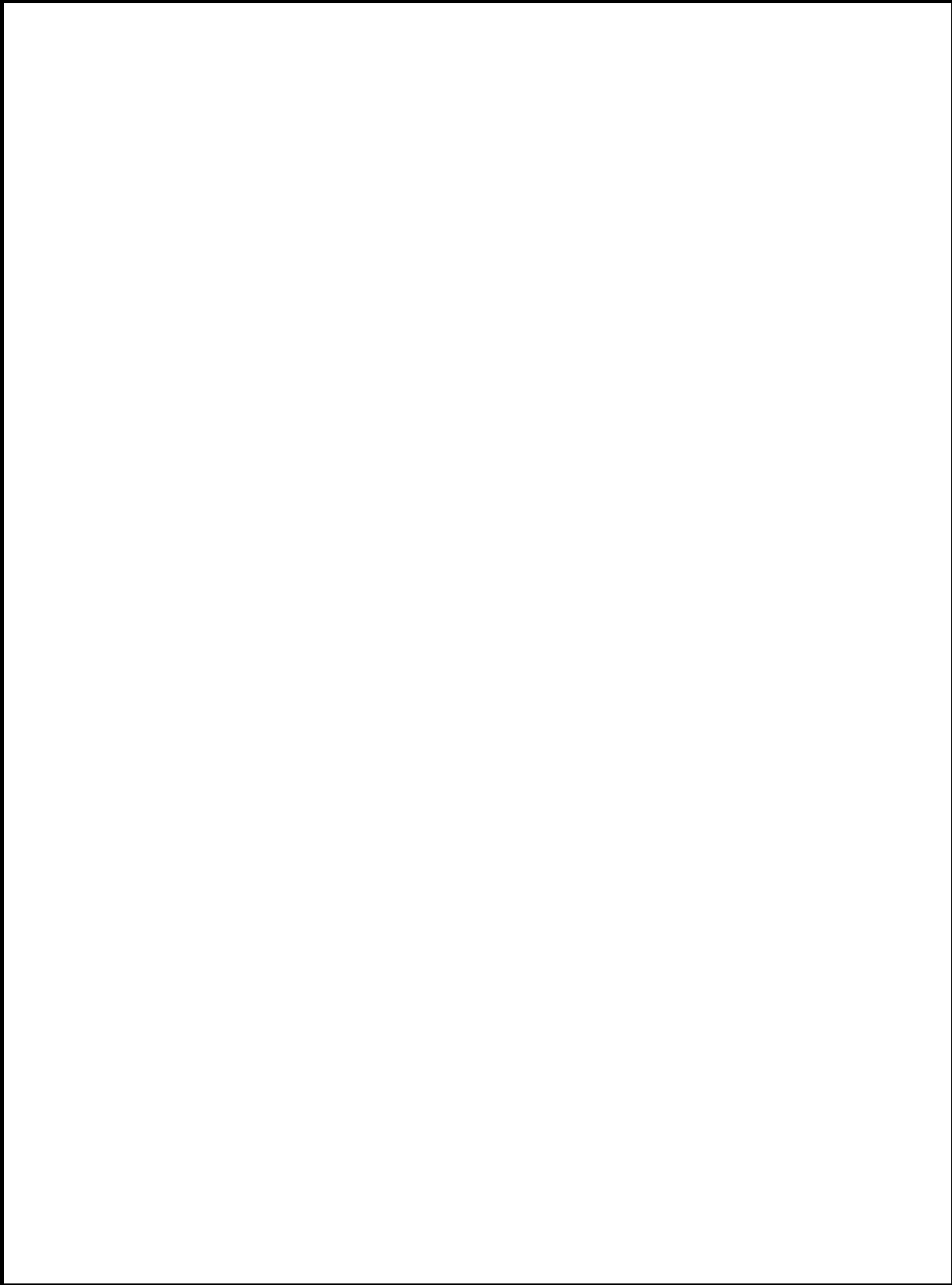
4. CONTROL OVER RESPONDENT

If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by trustee(s), state name of trustee(s), name of beneficiaries for whom trust was maintained, and purpose of the trust. If other companies are controlled by the organization which holds control over the respondent, list the names of such companies and the kind of business each is engaged in.

None







6-C

Print as needed.

5. CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Foot- note Ref. (d)
Warwick Valley Mobile Telephone Company, Inc.	Business VoIP Products	100%	
Warwick Valley Long Distance Company, Inc.	Toll Reseller	100%	
Hometown Online, Inc.	Computer Network Connections	100%	
Warwick Valley Networks, Inc.	Video & Related Services		
	Business VoIP Products	100%	

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

6. HOLDERS OF VOTING SECURITIES

1. Report the requested information for each holder of record of five percent or more of the voting capital or, if there are fewer than ten such holders, the ten who hold the highest voting powers. Data should be the latest available nearest the end of the year. When the holder of record is a trustee, or other intermediate agency (except a corporation), the data should be reported opposite the names of the beneficial owners, designated as such, under a general heading identifying the trustee or other agency. For corporations listed hereunder as holders of voting securities, see the next succeeding schedule. Securities with contingent voting rights may be disregarded.

2. Attach hereto a certified copy of every effective voting trust established under Section 621 of the Business Corporation Law and a certified copy of every other agreement (trustee or otherwise) under which voting securities are held for beneficial owners. If any such agreement has been filed with a previous report, reference to the earlier report will be sufficient provided changes or modification since filing are shown.

Line No.	Name and Address of Security Holder (a)	Number of Votes as of		
		Common Stock (b)	Other (Specify)	
			(c)	(d)
1	Ameriprise Financial, Inc., 145 Ameriprise Financial Center	480,882		
2	Minneapolis, MN 55474			
3				
4				
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7. VOTING POWERS AND ELECTIONS

1. Has each share of stock the right to one vote? YES

2. Are voting rights attached only to stock? YES

(if the answer to either query 1 or 2 is "No", give full particulars in a note.)

3. Is cumulative voting permitted? NO

4. State the place and date of the latest general meeting held prior to the end of the year for the election of directors.

The Harness Racing Museum and Hall of Fame, 350 Main Street, Goshen, New York

5. State the total number of votes cast at such general meeting 4,673,660 and the total number cast by proxy 4,673,660.

6. State the total number of voting security holders N/A and the total of all voting securities N/A as of such date.

7. If any security has preferences, special privileges, or restrictions in the election of directors, trustees or managers, or in the determination of any corporate action, give details.

8. IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated, the report covers. Answers should be numbered in accordance with the inquiries, and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, identification of the other source will be sufficient.

1. Changes in rights to furnish service, i.e. distribution franchises or similar consents: For each franchise surrendered show the name of the municipality, date of grant, and date of surrender. For each franchise acquired, show the grantor, the date, the specific territory covered, the party from whom acquired, and the consideration.
2. Consolidations, mergers and reorganizations: Give names of other companies involved, particulars of each such incident, date, and Commission authorization.
3. Purchase or sale of entire property, or a part of property when service territory is included: Give brief description of each transaction, name of the other party, date, consideration and Commission authorization.
4. Lease of property (to or from another) of the kind covered by the preceding inquiry: To the extent applicable give details corresponding to those required by the preceding inquiry.
5. Securities issued during the year: Identify the securities, give purposes of issuance, date, consideration received and Commission authorization. As here used the term "securities" shall be taken to mean any capital stock or debt, the issuance of which requires prior authorization by this Commission.
6. Changes in rates: Show brief particulars of each intrastate rate change, the estimated increase or decrease in annual revenues by reason of such changes, the service classification, effective date, and date ordered or allowed by the Commission. Give the same information for interstate rate changes.
7. Changes in scales of wages: State the estimated annual effect and nature of any important wage scale changes during the year.
8. Changes in articles of incorporation: Give brief particulars of each change and date.
9. Changes in general officers between end of period covered by this report and date of filing thereof. Give brief particulars.
10. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.
11. Give information on any changes in accounting standards that have occurred during the year.

5. On August 5, 2011, through our wholly-owned subsidiary Warwick Valley Networks Inc., now Alteva, Inc., we purchased substantially all of the assets of Alteva, LLC for cash and stock valued at \$17.8MIL. Through commission case 11-C-0402, issued and effective October 14, 2011, we issued 272,479 shares of our puttable common stock on October 21, 2011.

5 Restricted shares granted per Order in Case 08-C-0489 effective September 3, 2008. Shares granted as compensation to employees as part of a long term incentive plan.

	Beg Balance	Shares granted *	Shares Vested	Shares Forfeited	Ending Balance Shares granted not vested
2011	47,373	61,636	38,447	2003	68,559

* Dates Shares were granted:

6-Jan-11	10,573
2/25/2011	19,861
3/9/2011	25,542
4/29/2011	200
6/15/2011	2,500
8/3/2011	217
8/8/2011	2,000
12/14/2011	743
Total	61,636

Stock options granted per Order in Case 08-C-0489 effective September 3, 2008. Options granted as compensation to employees as part of a long term incentive plan.

	Beg Balance	Options granted*	Exercised	Forfeited	Outstanding
2011	160,733	149,293	103,319	2,843	203,864

* Dates Stock Options were granted:

25-Feb-11	20,673
9-Mar-11	128,620
Total	149,293

6. In 2011, the company raised prices \$2.00 for basic service . The effective date was November 1, 2011.			
Case # 07-C-0349			
Residential - Estimated Annual Revenue impact \$118,027.			
Business - Estimated Annual Revenue impact \$73,290.			

223-88

10

8. IMPORTANT CHANGES DURING THE YEAR (Continued)

6. Continued		
Change in Interstate access rates on 7/1/2011 per tariff 5 of NECA.		
	New	Old
Information Surcharge	0.0494	0.038
Local Switching	0.01347	0.011069
Tandem SW Term	0.00209	0.001232
Tandem SW Facility	0.00402	0.000237

No change in revenues as WVT is in the NECA pool and achieves its interstate revenue requirement through NECA settlements.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

- All columns must be filled in for those companies whose toll settlements are based on actual cost. Companies that receive toll settlements on the basis of average cost need to complete columns (b) through (e).
- The totals as reported on this schedule should conform with amounts reported on corresponding schedules.
- Include in column (g), Part 36 interstate amounts and any reconciliation of New York State amounts.
- Include on Line 27 any adjustments needed for items includable in Earnings Available for Rate of Return calculation purposes which are not includable in the lines above (e.g. tax imputation for imputed interest, etc.) Please identify and explain.

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subject to Separations (e)	New York State (f)	Other (g)
Operating Revenues							
1	Local Network Services	\$3,061,579	\$413,906		\$2,647,673	\$1,647,155	1,000,518
2	Network Access Services	8,169,999	495,031		7,674,968	276,357	7,398,611
3	Long Distance Network Serv.	229,576	2,958		226,618	119,283	107,335
4	Miscellaneous	1,916,467	281,636		1,634,831	945,204	689,627
5	Settlements	0	0		0	0	0
6	Nonregulated Revenues	896,170	896,170		0	0	0
7	Subtotal	14,273,791	2,089,701	0	12,184,090	2,987,999	9,196,091
8	Uncollectibles	165,000	24,156		140,844	34,540	106,304
9	Total Operating Revenues	14,108,791	2,065,545	0	12,043,246	2,953,459	9,089,787
Operating Expenses							
10	Plant Specific	3,466,756	1,634,557		1,832,199	467,760	1,364,438
11	Plant Non-specific	666,205	10,558		655,647	212,036	443,611
12	Marketing	1,009,146	721,789		287,357	126,725	160,633
13	Customer Operations Services	2,400,099	75,046		2,325,053	978,615	1,346,438
14	Access	86,449	0		86,449	54,568	31,881
15	Corporate Operations	6,186,586	1,078,654		5,107,932	1,660,078	3,447,854
16	Subtotal	13,815,241	3,520,604	0	10,294,637	3,499,782	6,794,855
17	Depreciation & Amortization	3,769,571	273,039		3,496,532	1,126,943	2,369,590
18	Total Operating Expenses	17,584,812	3,793,643	0	13,791,169	4,626,724	9,164,445
19	Net Operating Revenues	(3,476,021)	(1,728,098)	0	(1,747,923)	(1,673,265)	(74,658)
Operating Taxes							
20	Operating FIT*	(97,239)	(37,020)		(60,219)	(45,763)	(14,455)
21	Deferred Operating FIT-Net	0	0		0		
22	Operating Investment Tax Credit - Amort (Option 2)	0	0		0		
23	Total Federal Income Taxes	(97,239)	(37,020)	0	(60,219)	(45,763)	(14,455)
24	Other Operating Taxes	1,034,840	21,674		1,013,166	404,608	608,558
25	Total Operating Taxes	937,601	(15,346)	0	952,947	358,844	594,103
26	Other Operating Income and Expenses	(85,137)	0		(85,137)	(85,137)	0
27	Net Operating Income*	(4,498,759)	(1,712,751)	0	(2,786,008)	(2,117,247)	(668,761)
28	Rate Case Adj, if applicable						
29	Net Operating Income after Rate Case Adj	(\$4,498,759)	(\$1,712,751)	\$0	(\$2,786,008)	(\$2,117,247)	(\$668,761)

223-95

12

2011 Results adversely impacted by \$900,000 one time access settlement .

* Net Operating Income on Line 27 will not equal Net operating income on schedule 12, Line 16 Column C. Adjustment is made on Schedule 9 to get operating FIT. Operating FIT allocated based on NOR less other operating taxes should equal Net Operating Income on Sch 12, Line 16, Column C.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subject to Separations (e)	New York State (f)	Other (g)
1	Telephone Plant in Service	\$72,205,930	\$6,443,995	\$0	\$65,761,935	\$21,717,933	\$44,044,002
2	Noninterest Bearing Telephone Plant under Construction	117,043	0	0	117,043	38,653	78,389
3	Telephone Plant Held for Future Use	0	0	0	0	0	0
4	Materials and Supplies	660,526	0	0	660,526	309,775	350,750
5	Prepayments	261,312	0	0	261,312	90,085	171,226
6	Cash Working Capital *	1,167,527	283,940	0	883,587	287,765	595,822
7	RTB Stock	0	0	0	0	0	0
8	Other Rate Base Adjustments, If Applicable	0	0	0	0	0	0
9	Unamortized Deferrals	1,083,303	0	0	1,083,303	377,338	705,965
10	Depreciation Reserve	48,641,763	3,785,704	0	44,856,060	14,313,568	30,542,492
11	Amortization Reserve	0	0	0	0	0	0
12	Accumulated Deferred Income Taxes	408,811	0	0	408,811	135,096	273,715
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)	0	0	0	0	0	0
14	Rate Base (Lines 1-9 minus lines 10-13)	\$26,445,065	\$2,942,231	\$0	\$23,502,834	\$8,372,887	\$15,129,947

All lines except line 6 are balances at beginning of year plus balances at end of year divided by two.

* Allowance based upon collection of revenues and operating expenses:

For Example:

	<u>Amount</u>	<u>Percentage</u>	<u>Lag Days</u>	<u>Weighted Days</u>
1. Advance Billings (Local Service, etc.)	\$40	40.0%	15	6
Arrears Billings (Toll, etc.)	<u>60</u>	<u>60.0%</u>	45	<u>27</u>
	<u>\$100</u>	<u>100.0%</u>		<u>33</u>

2. Weighted Days - 33 divided by 365 days equals 9.04%

3. Operating Expenses minus Depreciation multiplied by 9.04% equals Cash Working Capital

10. Instructions for Rate of Return and Return on Common Equity

RATE OF RETURN AND RETURN ON COMMON EQUITY COMPUTATIONS:

Line 1: Income Available for Return and Calculation of Rate Base
 Column (a): Page 12, Line 29, Column (e)
 Column (b): Page 12, Line 29, Column (f)

Line 2: Income Available for Return and Calculation of Rate Base
 Column (a): Page 13, Line 14, Column (e)
 Column (b): Page 13, Line 14, Column (f)

Line 3: Rate of Return
 Columns (a) and (b): Divide Line 1 by Line 2

Line 4: Return on Common Equity
 Column (a): Line 10, Column (c)
 Column (b): Line 16, Column (c)

CAPITAL STRUCTURE:

Column (a): The amount in Column (a) reflects the average balance in the reporting year for Long-Term Debt (including current maturities), Notes Payable, Customer Deposits, Preferred Stock and Common Equity (Total Stockholder's Equity less Preferred Stock).

Column (b): The structure column reflects the percentage of total capitalization that each component represents.

Column (c): The cost rate column reflects the actual cost of debt, customer deposits and preferred stock preferred stock experienced in the reporting year. The cost rate is derived by dividing the interest expense and/or preferred stock dividends by the respective average debt or preferred stock balance. The return on common equity is a calculated amount.

Column (d): The weighted cost column represents the cost rate of the total capitalization and is equal to the respective rate of returns (Line 3, Column (a) by Column (b)). Once the weighted cost of debt (Long-Term Debt, Notes Payable, Customer Deposits) and preferred stock are totaled and then subtracted from the respective rate of return, the fall out number is the weighted cost of common equity. The return on common equity (Column (c)) is derived by dividing the weighted cost of common equity (Column (d)) by the Common equity percentage of total capitalization (Column (b)).

ALTERNATIVE CAPITAL STRUCTURE

For companies who are required to report their achieved returns to this Commission on a regular basis and companies that use alternative capital structures for ratemaking purposes, report the capital structure used for that purpose herein. Explain the basis for the capital structure used.

Line 5: Required Additional Revenues:

Column (a): Multiply the rate base (Line 2, Column (a)) by the common equity percentage of total capitalization (Line 10, Column (b)). Take this Product and multiply by 1% and then divide the result by 63.5%. The resulting product is the additional revenues.

Column (b): Multiply the rate base (Line 2, Column (b)) by the common equity percentage of total capitalization (Line 16, Column (b)). Take this product and multiply by 1% and then divide the result by 63.5%. The resulting product is the additional revenues.

10. Rate of Return and Return on Common Equity

Line No.	Item	Subject to Separation (a)	Intrastate (b)
1	Net Operating Income after Rate Case Adj	\$ (2,786,008)	\$ (2,117,247)
2	Rate Base	\$ 23,502,834	\$ 8,372,887
3	Rate of Return	-11.85%	-25.29%
4	Return on Common Equity	-13.78%	-28.89%
5	Required Additional Revenues *	\$ 328,971	\$ 117,196

* (To provide an additional 1% Return on Common Equity)

Capital Structure used for Subject to Separations *

Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
6 Long-Term Debt	\$ 569,487	1.62%	2.92%	0.05%
7 Notes Payable	2,800,000	7.96%	3.42%	0.27%
8 Customer Deposits	39,097	0.11%	3.19%	0.00%
9 Preferred Stock	500,000	1.42%	5.00%	0.07%
10 Common Equity	31,245,264	88.88%	-13.78%	-12.25%
11 Total	\$ 35,153,848	100.00%		-11.85%

Capital Structure used for Intrastate*

Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12 Long-Term Debt	\$ 569,487	1.62%	2.92%	0.05%
13 Notes Payable	2,800,000	7.96%	3.42%	0.27%
14 Customer Deposits	39,097	0.11%	3.19%	0.00%
15 Preferred Stock	500,000	1.42%	5.00%	0.07%
16 Common Equity	31,245,264	88.88%	-28.89%	-25.68%
Total	\$ 35,153,848	100.00%		-25.29%

It should be noted that these calculated rates of return and common equity returns are not intended as an evaluation of the reasonableness of the earnings of any utility under the jurisdiction of the Public Service Commission. Also, the computed in a formal rate proceeding. Differences may occur because the data in formal proceeding are analyzed in detail and some adjustments are usually made to booked amounts.

* Use alternative capital structure if applicable.

11. BALANCE SHEET
Assets and Other Debits

Provide total company amounts on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT ASSETS					
1	1130	--	\$700,924	\$10,697,344	(\$9,996,420)
2	1140	--	0	0	0
3	1150	--	0	0	0
4	1160	--	3,638,537	2,636,035	1,002,502
5	1180	36	1,434,959	1,521,542	(86,583)
6	1181	36	160,564	55,158	105,406
7	1190.1	37	47,910,291	31,126,071	16,784,220
8	1190.2	37	318,121	471,764	(153,643)
9	1191	38	0	0	0
10	1200.1	39	0	0	0
11	1200.2	39	0	0	0
12	1201	39	0	0	0
13	1210	--	21,500	49,975	(28,475)
14	1220	40	604,361	678,908	(74,547)
15	1290	--	0	0	0
16	1300	41-42	(49,543)	(58,475)	8,932
17	1310	--	155,558	142,947	12,611
18	1320	--	71,809	72,449	(640)
19	1330	--	127,996	93,664	34,332
20	1350	--	0	0	0
21	1360	43-44	0	0	0
22			54,773,949	47,377,066	7,396,883
NONCURRENT ASSETS					
23	1401.1	50-51	(1,773,288)	2,302,048	(4,075,336)
24	1401.2	52-53	0	0	0
25	1402	52-53		3,599,410	(3,599,410)
26	1406	54	0	0	0
27	1407	58-59	44,715	20,628	24,087
28	1408	--	0	0	0
29	1410	--	2,251,558	4,342,882	(2,091,324)
30	1438	--	0	0	0
31	1439	55	1,223,427	943,179	280,248
32	1500	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
33	1510	43-44	366,056	(77,134)	443,190
34			2,112,468	11,131,013	(9,018,545)
REGULATED PLANT					
35	2001	24-25	73,132,928	71,278,934	1,853,994
36	2002	24-25	0	0	0
37	2003	24-25	151,091	82,994	68,097
38	2004	24-25	0	0	0
39	2005	24-25	0	0	0
40	2006	24-25	0	0	0
41	2007	24-25	0	0	0
42			73,284,019	71,361,928	1,922,091
43	3100-3300	32-33	50,576,212	46,882,002	3,694,210
44	3410-3600	32-33	0	0	0
45			22,707,807	24,479,926	(1,772,119)
46			\$79,594,224	\$82,988,005	(\$3,393,781)

For Notes to Balance Sheet see Page 18.

11. BALANCE SHEET
Liabilities and Other Credits

Provide total company amounts on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT LIABILITIES					
1	4010.1	56	\$31,048,317	\$30,461,486	\$586,831
2	4010.2	56	858,406	735,659	122,747
3	4020.1	57	0	0	0
4	4020.2	57	5,600,000	0	5,600,000
5	4030	--	331,528	332,497	(969)
6	4040	--	32,376	45,818	(13,442)
7	4050	58-59	1,138,974	1,518,633	(379,659)
8	4060	--	0	0	0
9	4070	41-42	919,806	2,369,203	(1,449,397)
10	4080	41-42	163,491	85,416	78,075
11	4100	45-47	0	0	0
12	4110	45-47	0	0	0
13	4120	--	621,821	2,615,531	(1,993,710)
14	4130	--	2,761,795	951	2,760,844
15	Total Current Liabilities		43,476,514	38,165,194	5,311,320
LONG-TERM DEBT					
16	4210	58-59	0	1,138,974	(1,138,974)
17	4220	58-59	0	0	0
18	4230	58-59	0	0	0
19	4240	--	0	0	0
20	4250	--	0	0	0
21	4260	58-59	0	0	0
22	4270	58-59	0	0	0
23	Total Long-Term Debt		0	1,138,974	(1,138,974)
OTHER LIABILITIES AND DEFERRED CREDITS					
24	4310	61	9,914,990	6,554,035	3,360,955
25	4320	45-47	0	0	0
26	4330	45-47	0	0	0
27	4340	45-47	(234,808)	607,253	(842,061)
28	4350	45-47	0	0	0
29	4360	62	234,775	234,775	0
30	4370	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
31	Total Other Liabilities and Def. Credits		9,914,957	7,396,063	2,518,894
STOCKHOLDERS' EQUITY					
32	4510.1	63	62,188	59,975	2,213
33	4510.2	63	500,000	500,000	0
34	4520	63	6,191,102	4,063,355	2,127,747
35	4530	63	6,262,293	4,769,554	1,492,739
36	4540	--	0	0	0
37	4550.1	21	0	0	0
38	4550.2	21	(4,075,338)	(3,241,114)	(834,224)
39	4550.3	21	29,787,094	39,675,112	(9,888,018)
40	Total Stockholders' Equity		26,202,753	36,287,774	(10,085,021)
41	TOTAL LIABILITIES AND OTHER CREDITS		\$79,594,224	\$82,988,005	(\$3,393,781)

For Notes to Balance Sheet see Page 18.

11. NOTES TO BALANCE SHEET

1. The space below and on the page following is provided for important notes regarding the balance sheet or any account thereof.
2. Furnish particulars for material contingent assets or liabilities existing at the end of the year which are reasonably possible in accordance with Statement of Financial standards No.5. For any dividends in arrears at the end of the year on cumulative preferred stock, state the date of the last dividend, the average per share, and the total amount arrearage. List all discounted notes receivable outstanding at the end of the year, stating for each the name of maker, amount and term of note, interest rate, date discounted, and net proceeds realized.
3. Give a concise explanation of any retained earnings restriction and state the amount of retained earnings affected by such restriction.
4. If the notes to balance sheet appearing in the annual report to the stockholders are applicable, such notes (designated as such) may be used in lieu of answers for the foregoing.

NOTES:

ADDITIONAL NOTES TO BALANCE SHEET

11. NOTES TO BALANCE SHEET (Continued)

12. INCOME AND RETAINED EARNINGS STATEMENT

Provide total company amount on the basis of the New York Uniform System of Accounts. Any jurisdictional differences between the FCC and NY PSC should be distributed to each account.

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
INCOME				
TELEPHONE OPERATING INCOME				
1	Operating Revenues.....	65	\$14,273,791	\$15,868,949
2	Operating Expenses.....	72	17,789,953	17,758,675
3	Net Operating Revenues		(3,516,162)	(1,889,726)
OTHER OPERATING INCOME AND EXPENSE				
4	7110 Income from Custom Work.....	--	0	0
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--	0	0
6	7140 Gains and Losses from Foreign Exchange.....	--	0	0
7	7151 Gains or Losses from Disposition of Land and Artworks.....	--	0	0
8	7160 Other Operating Gains and Losses.....	--	(85,137)	8,912
9	Total Other Operating Income and Expenses		(85,137)	8,912
OPERATING TAXES				
10	7210 Operating Investment Tax Credits-Net.....	45-47	0	0
11	7220 Operating Federal Income Taxes.....	73-74	833,430	3,117,273
12	7230 Operating State and Local Income Taxes.....	73-74	0	0
13	7240 Operating Other Taxes.....	73-74	1,034,840	1,088,358
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	0	0
15	Total Operating Taxes		1,868,270	4,205,631
16	Net Operating Income		(5,469,569)	(6,086,445)
NONOPERATING INCOME AND EXPENSES				
17	7310 Dividend Income.....	--	0	0
18	7320 Interest Income.....	--	98,156	132,512
19	7330 Income from Sinking and Other Funds.....	--		0
20	7340 Allowance for Funds Used During Construction.....	--		0
21	7350 Gains or Losses from the Disposition of Certain Property.....	--	77,594	143,261
22	7355 Equity in Earnings of Affiliated Companies.....	50-51	(4,075,338)	(3,241,114)
23	7360 Other Nonoperating Income.....	79	7,930,786	12,616,060
24	7370 Special Charges.....	77	(1,131,423)	428,210
25	Total Nonoperating Income Items and Expenses		2,899,775	9,222,509
NONOPERATING TAXES				
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47	0	0
27	7420 Nonoperating Federal Income Taxes.....	73	0	0
28	7430 Nonoperating State and Local Income Taxes.....	73-74	0	0
29	7440 Nonoperating Other Taxes.....	73-74	0	0
30	7450 Provision for Deferred Nonoperating Income Taxes-Net.....	43-47	0	0
31	Total Nonoperating Taxes		0	0
32	Total Nonoperating Income		2,899,775	9,222,509
33	Income Available for Fixed Charges		(2,569,794)	3,136,064
INTEREST AND RELATED ITEMS				
34	7510 Interest on Funded Debt.....	58-59	161,933	99,231
35	7520 Interest Expense-Capital Leases.....		0	0
36	7530 Amortization of Debt Issuance Expense.....	58-59	0	0
37	7540 Other Interest Deductions.....	78	580	666
38	Total Interest and Related Items		162,513	99,897
39	Income Before Extraordinary Items		(2,732,307)	3,036,167

12. INCOME AND RETAINED EARNINGS STATEMENT (Continued)				
Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
EXTRAORDINARY ITEMS				
40	7610 Extraordinary Income Credits.....	80	0	0
41	7620 Extraordinary Income Charges.....	80	0	0
42	7630 Current Income Tax Effect of Extraordinary Items-Net.....	80	0	0
43	7640 Provision for Def. Income Tax Effect of Extra. Items-Net.....	80	0	0
44	Total Extraordinary Items		0	0
JURISDICTIONAL DIFFERENCES AND NONREG. INCOME ITEMS				
45	7910 Income Effect of Jurisdictional Ratemaking Differences-Net...	--	xxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxx
46	7990 Nonregulated Net Income.....	--		
47	Total Jurisdictional Differences and Extraordinary Items		0	0
48	Net Income		(\$2,732,307)	\$3,036,167
RETAINED EARNINGS				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)..		\$36,433,998	\$37,795,488
50	4550.4 Balance Transferred from Income.....		(2,732,307)	3,036,167
51	4550.5 Appropriations of Retained Earnings.....		0	0
52	4550.6 Dividends Declared-Preferred Stock.....	63	25,000	25,000
53	4550.7 Dividends Declared-Common Stock.....	63	5,769,890	5,198,512
54	4550.8 Adjustments to Retained Earnings.....	64	2,195,045	(825,855)
55	Net Change to Unappropriated Retained Earnings		(10,722,242)	(1,361,490)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		25,711,756	36,433,998
57	4550.1 Appropriated Retained Earnings (End of Period).....		0	0
58	Total Retained Earnings		\$25,711,756	\$36,433,998
UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....		(\$3,241,114)	
60	Equity in Earnings for Period.....	51	(4,075,338)	(3,241,114)
61	Dividends Received.....		(3,241,114)	
62	Other Changes (explain).....			
63	4550.2 Unappropriated Undistributed Affiliate Earnings (end of period).....		(\$4,075,338)	(\$3,241,114)
NOTES TO INCOME AND RETAINED EARNINGS STATEMENT				

13. STATEMENT OF CASH FLOWS			
Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from operating activities:		
1	Net Income	(\$2,732,307)	\$3,036,167
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	3,769,571	4,067,126
3	Amortizations	40,143	18,747
4	Increase (Decrease) in deferred taxes and investment tax credits-net	(842,061)	(1,659,095)
5	Equity (AFUDC)		0
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	345,632	(264,933)
7	Decrease (Increase) in inventory related to operations	74,547	50,294
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	709,578	5,795,975
9	Unbilled revenues	(969)	64,404
10	Increase (Decrease) in current income taxes and other taxes payable	(1,371,322)	3,165,892
11	Increase (Decrease) in interest payable		
12	Equity in loss(earnings) of affiliates	(3,822,340)	(9,336,602)
13	Dividends received from associated and subsidiary companies accounted for under the equity method		
	Other Adjustments:		
14	Increase in Prepaid Expenses	(55,235)	103,203
15	Decrease in Customer Deposits	(13,442)	(56,642)
	(Increase) decrease in dividend receivable	28,475	(18,575)
	Decrease in other deferred asset	(723,438)	(203,390)
16	Increase (decrease) in other liabilities	767,134	(506,921)
17	Total Adjustments	(1,093,727)	1,219,483
18	Net cash provided by (used in) operating activities	(3,826,034)	4,255,650
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)		
20	Common plant	(2,117,896)	(1,079,907)
21	Non-utility plant		
22	Other plant		
	Adjustments to gross additions:		
23	Increase (Decrease) in payables related to construction		
24	Decrease (Increase) in inventory related to construction		
25	Capital leases		
26	Equity AFUDC		
27	Other adjustments		
28	Total cash outflows for construction	(2,117,896)	(1,079,907)
29	Acquisition of other non-current assets (5)(d)		
30	Payments for the acquisition of other debt and equity securities (5)(a)		
31	Investments in and advances to subsidiary and associated companies	(14,604,426)	(4,989,286)
32	Repayments of advances by associated and subsidiary companies		
	Net proceeds from sale or disposition of:		
33	Property, plant and equipment		
34	Investments in subsidiary & associated companies		
35	Other debt and equity investments		
36	Other non-current assets	(11,588)	(11,585)
	Other:		
37	Cash received from non affiliated equity investments	13,600,000	12,577,716
	Temporary Investments	(1,002,502)	(2,636,035)
38	Investment in nonaffiliated company	0	(11,602)
39	Total of any Insert Pages		
40	Net cash provided by (used in) investing activities	(4,136,412)	3,849,301

13. STATEMENT OF CASH FLOWS (Continued)

Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from financing activities:		
	Proceeds from issuing:		
41	Common stock (stock options exercised)	0	72,000
42	Preferred stock		
43	Long-term debt (5)(b)		
44	Net change in short-term debt (5)(c)	5,600,000	
45	Contributions and advances from subsidiary and associated companies		
46	Principal payments under capital leases		
	Payments for retirement of: (-)		
47	Common stock	(321,000)	(21,894)
48	Preferred stock		
49	Long-term debt (5)(b)	(1,518,974)	(1,518,632)
	Dividends paid on: (-)		
50	Common stock	(5,769,000)	(5,198,512)
51	Preferred stock	(25,000)	(25,000)
	Other:(5)(e)		
52			
53			
54			
55			
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	(2,033,974)	(6,692,038)
60	Net increase(decrease) in cash and cash equivalents	(9,996,420)	1,412,913
61	Cash & cash equivalents at the beginning of the year	10,697,344	9,284,431
62	Cash & cash equivalents at the end of the year	\$700,924	\$10,697,344

INSTRUCTIONS

- If the notes to the cash flow statement in the respondent's report to stockholders are applicable to this statement, such notes should be attached below. Information about non-cash investing and financing activities should be provided below. Also, provide below a reconciliation between "Cash and Cash Equivalents at End of Year" with related accounts on the balance sheet.
- "Other" in operating activities should include net changes in deferred debits and credits. In all activities companies should specify significant amounts and group others.
- Operating activities - other: Exclude gains and losses from investing and financing activities on lines 14 through 16. Include these gains or losses in the appropriate investing or financing activities section. Show below the amounts of interest paid (net of amounts capitalized) and income taxes paid.
- Investing activities - Include at "Other" line 37 the net cash flow to acquire other companies that are not associated or subsidiaries. Provide a reconciliation of assets acquired with liabilities assumed below.
- Codes used:
 - Net proceeds or payments.
 - Bonds, debentures and other long-term debt.
 - Include commercial paper.
 - Identify separately in space below such items as investments, fixed assets, intangibles, etc.
 - Show separately, by issue, financing expenses related to issuance and gains or losses resulting from redemptions.

1) Reconciliation in (000s)		(\$000)
Cash and Cash Equivalents per report to shareholders		4,575
Less amounts held by affiliates		(494)
Less amounts in 1160 for JP Morgan bond fund		(2,806)
Less amounts in 1160 for savings account at Walden Savings Bank		(502)
Less LTIP account		(72)
Amount as cash on NYPSC annual report		701

13. STATEMENT OF CASH FLOWS			
Line No.	Items (a)	Current Year (b)	Last Year (c)
	CASH FLOWS FROM OPERATING ACTIVITIES for 2011		
4	Changes in accounts 4340 and 4100		
6	Changes in accounts 1180, 1181, and 1190.2 only. Intercompany receivables are included under cash flows from investments.		
7	Change in account 1220		
8	Changes in account 4010.1 and 4010.2 This includes intercompany activity for affiliate products billed through WVTC;		
9	Change in account 4030		
10	Changes in account 4070 and 4080		
12	Includes pretax earnings from O/P Partnership and income and losses from subsidiaries		
14	Change in account 1330		
15	Change in account 4040		
15A	Change in account 1210		
15B	Changes in accounts 1439 and 1510		
16	Changes in accounts 4120 and 4130		
15B	Changes in accounts 1439 and 1510		
16	Changes in accounts 4120 and 4130		
	CASH FLOWS FROM INVESTING for 2011		
20	Capital expenditures of 1,922,093 plus cost of removal of 195,803		
31	Includes advances to subsidiaries for acquisitions and other intercompany receivables. In past years these intercompany receivables were recorded as operating cash flows but current intercompany receivables are more properly considered advances.		
36	Change in account 1410		
37	Total dividend received from O/P investment pre tax: Note that this is recorded in the Cash flow from Operations section on the Consolidated Cash Flow		
37A	This reflects changes in a JP Morgan bond account; A Walden Savings Bank account; an LTIP account; and CDs held at Provident Bank PLEASE NOTE THAT THE FIRST THREE ITEMS ARE classified as cash equivalents on the Consolidated Balance sheet as opposed to investments on this report. Also note reconciliation to the cash on the Consolidated Balance Sheet.		
	CASH FLOWS FROM FINANCING for 2011		
44	Proceeds from the borrowing for the year was \$9,000K, of which the company repaid \$3,400K, leaving us a short term note payable of \$5,600K.		
47	Note that Line 47 represents purchase of Treasury Stock on Consolidated Cash Flow		
49	On our consolidated cash flow statement the company has \$4,919K, which includes \$3,400K repayment to our Provident line of credit.		
	Remaining activities on consolidated cash flow are repayments of amounts due in connection with business acquisition and repayment of capital leases. These were activities performed by the WVT subsidiary WVT Networks Inc., not by the parent company.		
NOTE:	CASH FLOWS FOR LAST YEAR HAVE BEEN REVISED TO BE CONSISTENT WITH CURRENT YEAR TREATMENT		

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

1. Report in column (c) all amounts relating to purchases of plant accounted for in accordance with instruction 663.2 of the Uniform System of Accounts. Report in column (e) all amounts relating to sales of plant with traffic accounted for in accordance with instruction 663.5(e) of the Uniform System of Accounts.
2. Credits to accounts listed in this schedule relating to property retired and charged to Account 2006 'Nonoperating Plant', shall be included in column (f).
3. Items of a reverse or contrary character should be designated by appropriate symbols.
4. Each transfer or adjustment between accounts listed in this schedule, including account 2005, or between accounts listed in this schedule and other accounts, shall be included in column (g) and explained in a note, except the following which shall be included in the columns (c) through (f), as appropriate:
 - a. transfers and adjustments amounting to less than \$5,000;
 - b. adjustments and corrections of additions and retirements for the current or preceding year;
 - c. transfers involving account 2003 and 2004, the plant accounts, and account 2002 made in connection with the closing of the records of construction work orders or authorizations;
 - d. routine entries relating to the acquisition, sale, retirement, or change in the use of plant, such as transfers among accounts 2111 to 2690, inclusive, 2002 and 2005.

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
2001 Telecommunications Plant in Service								
General Support Assets								
1	2111 Land	\$190,090	\$0	\$0	\$0	\$0	\$0	\$190,090
2	2112 Motor Vehicles	665,232	0	0	0	0	0	665,232
3	2113 Aircraft	0	0	0	0	0	0	0
4	2114 Special Purpose Vehicles	0	0	0	0	0	0	0
5	2115 Garage Work Equipment	0	0	0	0	0	0	0
6	2116 Other Work Equipment	659,942	0	0	0	0	0	659,942
7	2121 Buildings	2,903,323	0	83,616	0	0	0	2,986,939
8	2122 Furniture	680,477	0	8,172	0	0	0	688,649
9	2123 Office Equipment	0	0	0	0	0	0	0
10	.1 Office Support Equipment	117,651	0	0	0	0	0	117,651
11	.2 Company Communications Equipment	383,185	0	0	0	0	0	383,185
12	2124 General Purpose Computers	4,076,868	0	115,231	0	0	0	4,192,099
13	Total General Support Assets	\$9,676,768	\$0	\$207,019	\$0	\$0	\$0	\$9,883,787
Central Office Assets								
14	2211 Analog Electronic Switching	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2212 Digital-Electronic Switching	20,780,517	0	666,975	0	0	0	21,447,492
16	2215 Electro-Mechanical Switching	0	0	0	0	0	0	0
17	.1 Step-by-Step Switching	0	0	0	0	0	0	0
18	.2 Crossbar Switching	0	0	0	0	0	0	0
19	.3 Other Electro-Mechanical Switching	0	0	0	0	0	0	0
20	2220 Operator Systems	0	0	0	0	0	0	0
21	2231 Radio Systems	0	0	0	0	0	0	0
22	.1 Satellite & Earth Station Facilities	0	0	0	0	0	0	0
23	.2 Other Radio Facilities	0	0	0	0	0	0	0
24	2232 Circuit Equipment	9,344,093	0	333,446	0	0	0	9,677,539
25	Total Central Office Assets	\$30,124,610	\$0	\$1,000,421	\$0	\$0	\$0	\$31,125,031

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
Information Org./Term. Assets								
26	2311 Station Apparatus	\$1,052,236	\$0	\$3,509	\$0	\$0	\$0	\$1,055,745
27	2321 Customer Premises Wiring	769,129	0	583	0	0	0	769,712
28	2341 Large Private Branch Exchanges	0	0	0	0	0	0	0
29	2351 Public Terminal Equipment	11,582	0	1,633	0	0	0	13,215
30	2362 Other Terminal Equipment	0	0	0	0	0	0	0
31	Total Information Org./Term. Assets	\$1,832,947	\$0	\$5,725	\$0	\$0	\$0	\$1,838,672
Cable and Wire Facilities								
32	2411 Poles	\$3,170,757	\$0	\$76,892	\$0	\$0	\$0	\$3,247,649
33	2421 Aerial Cable	22,383,521	0	248,359	0	0	0	22,631,880
34	2422 Underground Cable	441,077	0	21,547	0	0	0	462,624
35	2423 Buried Cable	3,402,039	0	221,466	0	0	0	3,623,505
36	2424 Submarine Cable	0	0	0	0	0	0	0
37	2425 Deep Sea Cable	0	0	0	0	0	0	0
38	2426 Intrabuilding Network Cable	0	0	0	0	0	0	0
39	2431 Aerial Wire	120,649	0	18,132	0	0	0	138,781
40	2441 Conduit	126,564	0	54,435	0	0	0	180,999
41	Total Cable and Wire Facilities	\$29,644,607	\$0	\$640,831	\$0	\$0	\$0	\$30,285,438
Amortizable Assets								
42	2681 Capital Leases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43	2682 Leasehold Improvements	0	0	0	0	0	0	0
44	2690 Intangibles	0	0	0	0	0	0	0
45	Total Amortizable Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Telecommunications Plant in Service								
46		\$71,278,932	\$0	\$1,853,996	\$0	\$0	\$0	\$73,132,928
47	2002 Property Held for Future Telecom. Use	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	2003 Telecom. Plt. Under Constr.-Short Term	82,994	0	68,097	0	0	0	151,091
49	2004 Telecom. Plt. Under Constr.-Long Term	0	0	0	0	0	0	0
50	2005 Telecom. Plt. Acquisition Adjustment	0	0	0	0	0	0	0
51	.1 Tel. Plant Acquisition Adjustment	0	0	0	0	0	0	0
52	.2 Other Plant Adjustments	0	0	0	0	0	0	0
53	2006 Nonoperating Plant	0	0	0	0	0	0	0
54	2007 Goodwill	0	0	0	0	0	0	0
55	Total Telecommunications Plant	\$71,361,926	\$0	\$1,922,093	\$0	\$0	\$0	\$73,284,019

15. TELECOMMUNICATIONS PLANT UNDER CONSTRUCTION-SHORT TERM (Account 2003)

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.
2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2003 Telecommunications Plant Under Construction-Short Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	General Support Assets			
1	2111 Land	\$0	\$0	\$0
2	2112 Motor Vehicles	0	0	0
3	2113 Aircraft	0	0	0
4	2114 Special Purpose Vehicles	0	0	0
5	2115 Garage Work Equipment	0	0	0
6	2116 Other Work Equipment	0	0	0
7	2121 Buildings	0	0	0
8	2122 Furniture	0	0	0
9	2123 Office Equipment	0	0	0
10	2124 General Purpose Computers	0	0	0
	Central Office Assets			
11	2211 Analog Electronic Switching	0	0	0
12	2212 Digital Electronic Switching	90,859	0	90,859
13	2215 Electro-Mechanical Switching	0	0	0
14	2220 Operator Systems	0	0	0
15	2231 Radio Systems	0	0	0
16	2232 Circuit Equipment	54,651	498	54,153
	Information Orig/Termination Assets			
17	2311 Station Apparatus	102	0	102
18	2321 Customer Premises Wiring	0	39	(39)
19	2341 Large Private Branch Exchanges	0	0	0
20	2351 Public Telephone Terminal Equip.	0	0	0
21	2362 Other Terminal Equipment	0	0	0
	Cable and Wire Facilities Assets			
22	2411 Poles	0	0	0
23	2421 Aerial Cable	0	0	0
24	2422 Underground Cable	0	0	0
25	2423 Buried Cable	6,956	221	6,735
26	2424 Submarine Cable	0	0	0
27	2425 Deep Sea Cable	0	0	0
28	2426 Intra-building Network Cable	0	0	0
29	2431 Aerial Wire	0	719	(719)
30	2441 Conduit Systems			0
31	Total Plant Accounts	152,568	1,477	151,091
	Other Accounts			
32				0
33				0
34				0
35	Total	\$152,568	\$1,477	\$151,091

15A. TELECOMMUNICATIONS PLANT UNDER CONSTRUCTION-LONG TERM (Account 2004)

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.
2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2004 Telecommunications Plant Under Construction-Long Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	General Support Assets			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings			0
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers			0
	Central Office Assets			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment			0
	Information Orig/Termination Assets			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	Cable and Wire Facilities Assets			0
22	2411 Poles			0
23	2421 Aerial Cable			0
24	2422 Underground Cable			0
25	2423 Buried Cable			0
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intra-building Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems			0
31	Total Plant Accounts	0	0	0
	Other Accounts			0
32				0
33				0
34				0
35	Total	\$0	\$0	\$0

16. PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE

1. Insert in column (a) the titles of the applicable primary accounts for telecommunications plant in service and for each show the corresponding details regarding Property Held for Future Telecommunications Use.
2. If respondent's annual operating revenues exceed \$100 million, list separately items amounting individually to \$50,000 or more; show the aggregate of all other items for each primary account listed.

Line No.	Item (a)	Anticipated In Service Date (b)	Balance at Beg. of Year (c)	Additions During Year (d)	Transfers to Tel.. Plant in Service (e)	Other Retirements During Year (f)	Adjustments During Year Debit or (Credit) (g)	Balance at End of Year (h)
1	NONE							\$0
2								0
3								0
4								0
5								0
6								0
7								0
8								0
9								0
10								0
11								0
12								0
13								0
14								0
15								0
16								0
17								0
18								0
19								0
20								0
21								0
22								0
23								0
24								0
25								0
26								0
27								0
28								0
29								0
30								0
31								0
32								0
33								0
34								0
35								0
36								0
37	Totals		\$0	\$0	\$0	\$0	\$0	\$0

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18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

- 1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
- 2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).

- 3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).

Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	NONE						\$0					
2							0					
3							0					
4							0					
5							0					
6							0					
7							0					
8							0					
9							0					
10							0					
11							0					
12							0					
13							0					
14							0					
15							0					
16							0					
17							0					
18							0					
19							0					
20							0					
21							0					
22							0					
23							0					
24							0					
25							0					
26							0					
27							0					
28							0					
29							0					
30							0					
							\$0					

Notes:

19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

- For the total of accrual reflected in column (c), show in a note the amounts concurrently charged to Accounts 6561, 6562 and to other accounts (specify).
- Include in columns (d), (f), (g) and (h) the amounts on open retirement work orders carried in sub-account 3100.01, Retirement Work in Progress.
- With respect to items in columns (e) and (i), include in a note the contra accounts charged or credited together with an explanation of the entries.

Line No.	Plant Account (a)	Balance at Beginning of Year (b)	Credits During the Year		
			Depreciation Accruals (c)	Salvage Insurance, etc. (d)	Other Credits (e)
	Telecommunications Plant in Service				
	General Support Assets				
1	2112 Motor Vehicles	\$640,211	\$14,738		
2	2113 Aircraft	0			
3	2114 Special Purpose Vehicles	0			
4	2115 Garage Work Equipment	0			
5	2116 Other Work Equipment	659,942	0		
6	2121 Buildings	1,394,323	82,290		
7	2122 Furniture	465,026	33,878		
8	2123 Office Equipment	0			
9	.1 Office Support Equipment	112,368	(4,548)		
10	.2 Company Communications Equipment	256,478	38,156		
11	2124 General Purpose Computers	3,228,359	343,634		
12	Total General Support Assets	6,756,707	508,148	0	0
	Central Office Assets				
13	2211 Analog Electronic Switching	0			
14	2212 Digital Electronic Switching	19,263,148	1,187,981		
15	2215 Electro-Mechanical Switching	0			
16	.1 Step-by Step	0			
17	.2 Crossbar	0			
18	.3 Other Electro-Mechanical Switching	0			
19	2220 Operator Systems	0			
20	2231 Radio Systems	0			
21	.1 Satellite and Earth Station Facilities	0			
22	.2 Other Radio Facilities	0			
23	2232 Circuit Equipment	4,223,790	731,387		
24	Total Central Office Assets	23,486,938	1,919,368	0	0
	Information Orig/Termination Assets				
25	2311 Station Apparatus	754,359	47,501		
26	2321 Customer Premises Wiring	742,486	3,848		
27	2341 Large Private Branch Exchanges	0			
28	2351 Public Telephone Terminal Equip.	1,225	1,171		
28	2362 Other Terminal Equipment	0			
29	Total Information Orig/Termination Assets	1,498,070	52,520	0	0
	Cable and Wire Facilities Assets				
30	2411 Poles	3,491,465	284,115		
31	2421 Aerial Cable	9,759,452	944,117		
32	2422 Underground Cable	184,305	11,846		
33	2423 Buried Cable	1,569,666	135,205		
34	2424 Submarine Cable	0			
35	2425 Deep Sea Cable	0			
36	2426 Intra-building Network Cable	0			
36	2431 Aerial Wire	53,062	7,376		
37	2441 Conduit Systems	82,337	3,300		
38	Total Cable and Wire Facilities Assets	15,140,287	1,385,959	0	0
39	3100 Other - Explain	0			
40	3100 Other - Explain	0			
41	3100 Total Accumulated Depreciation - TPIS	46,882,002	3,865,995	0	0
42	3200 Held for Future Communications Use	0			
43	3300 Nonoperating	0			
44	Total Accumulated Depreciation	46,882,002	3,865,995	0	0
45	3410 Capital Leases	0			
46	3420 Leasehold Improvements	0			
47	Accumulated Amortization - Tangible	0	0	0	0
48	3500 Accumulated Amortization - Intangible	0			
49	3600 Accumulated Amortization - Other	0			
50	Total Accumulated Amortization	0	0	0	0
51	Total Accumulated Depreciation & Amortization	\$46,882,002	\$3,865,995	\$0	\$0

19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Line No.	Debits During the Year				Balance at End of the Year (j)
	Retirements with Traffic (f)	Retirements without Traffic (g)	Cost of Removal (h)	Other Charges (i)	
1				(\$10,282)	\$665,231
2					0
3					0
4					0
5					659,942
6				(3,179)	1,479,792
7			17		498,887
8					0
9				(10,556)	118,376
10			8,727		285,907
11			129		3,571,864
12	0	0	8,873	(24,017)	7,279,999
13					0
14			116,562		20,334,567
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23			10		4,955,167
24	0	0	116,572	0	25,289,734
25			882		800,978
26					746,334
27					0
28			850		1,546
28					0
29	0	0	1,732	0	1,548,858
30			45,087		3,730,493
31			23,084		10,680,485
32					196,151
33			80		1,704,791
34					0
35					0
36					0
36			375		60,063
37				(1)	85,638
38	0	0	68,626	(1)	16,457,621
39					0
40					0
41	0	0	195,803	(24,018)	50,576,212
42					0
43					0
44	0	0	195,803	(24,018)	50,576,212
45					0
46					0
47	0	0	0	0	0
48					0
49					0
50	0	0	0	0	0
51	\$0	\$0	\$195,803	(\$24,018)	\$50,576,212

223-95

20. BASIS OF CHARGES FOR DEPRECIATION

1. Each type of plant for which a separate depreciation rate is determined and applied in the accounts shall be considered as a subclass for the purpose of this schedule.
2. The estimated net salvage factors in columns (c) and (i) shall be shown as a percentage of original cost. Columns (b) and (c) shall be left blank only when two or more subclasses are indicated in Section II.
3. The rate to reported in column (d) with respect to an account for which subclasses are indicated in Section II is the composite rate productive of an amount equal to the sum of the estimated annual charges for the constituent subclasses, produced by applying (actually or in effect) the individual rates set forth in column (j), to the book cost of each subclass.

Section I. Classes of Depreciable Plant

Line No.	Plant Account (a)	Estimated Service Life in Years (b)	Estimated Net Salvage Factor (c)	Annual Composite Rate at End of the Year (d)	Ratio of Depreciation Charges to Ave Monthly Book Cost (e)
General Support Assets					
1	2112 Motor Vehicles	7.5	25.90%	9.88%	9.88%
2	2113 Aircraft				
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment	15	0.00%	6.67%	6.67%
6	2121 Buildings	35.6	0.00%	2.81%	2.81%
7	2122 Furniture	20	0.00%	5.00%	5.00%
8	2123 Office Equipment				
9	.1 Office Support Equipment	15	0.00%	6.67%	6.67%
10	.2 Company Communications Equipment	10	0.00%	10.00%	10.00%
11	2124 General Purpose Computers	5.5	0.00%	18.34%	18.34%
Central Office Assets					
12	2211 Analog Electronic Switching				
13	2212 Digital Electronic Switching			8.04%	8.04%
14	2215 Electro-Mechanical Switching				
15	.1 step-by-step				
16	.2 Crossbar				
17	.3 Other Electro-Mechanical Switching				
18	2200 Operator Systems				
19	2231 Radio Systems				
20	.1 Satellite and Earth Station Facilities				
21	.2 Other Radio Facilities				
22	2232 Circuit Equipment			7.78%	7.78%
Information Origination/Termination Assets					
23	2311 Station Apparatus	10	0.00%	8.70%	8.70%
24	2321 Customer Premises Wiring	10	0.00%	10.00%	10.00%
25	2341 Large Private Branch Exchanges				
26	2351 Public Telephone Terminal Equipment	10.53	0.00%	9.50%	9.50%
27	2362 Other Terminal Equipment				
Cable and Wire Facilities Assets					
28	2411 Poles	31.15	-176.00%	8.86%	8.86%
29	2421 Aerial Cable	25	-15.00%	4.25%	4.25%
30	2422 Underground Cable	35	0.00%	2.86%	2.86%
31	2423 Buried Cable	25	0.00%	3.97%	3.97%
32	2424 Submarine Cable				
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable				
35	2431 Aerial Wire	15	-45.00%	9.67%	9.67%
36	2441 Conduit Systems	50	0.00%	2.00%	2.00%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	7.50%	7.50%
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	7.48%	7.48%
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXX	
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXX	

20. BASES OF CHARGES FOR DEPRECIATION (Continued)

4. Report in column (e) the ratios of the depreciation charge actually included in the accounts to the average monthly book costs of the plant indicated. The average monthly book cost shall be determined by dividing by 12 the sum of the monthly book cost to which the depreciation rates were applied.
5. In column (f) indicate the number of the primary plant account in which the listed subclasses are included.
6. Amounts in columns (k) and (l) shall be reported only to the nearest dollar. Such amounts shall be totaled by primary classes and the appropriate composite rate shall be entered in column (j) opposite the respective totals in order to prove the correctness of the compositing (unless the compositing is by some other process, in which event the procedure used shall be described in a note).

Section II. Subclasses of Depreciable Plant

Line No.	Primary Acct. No. (f)	Name or Description of Subclass (g)	Estimated Service Life in Years (h)	Estimated Net Salvage Factor (i)	Annual Rate End of the Year (j)	Plant Balances Used in Computing Composite Rates (k)	Est. Annual Depreciation for Compositing Purposes (j)x(k) (l)
1	2212	Central Office Digital Switching (New York)	10	13.00%	8.70%	16,151,952	1,405,220
2	2212	Central office Digital Switching (New Jersey)	10	38.10%	6.19%	5,026,830	311,161
3	2212	Total			8.04%	21,178,782	1,716,381
4							
5	2232	Central Office Circuit (New York)	10	13.00%	8.70%	6,023,853	524,075
6	2232	Central Office Circuit (New Jersey)	10	38.10%	6.19%	3,421,550	211,794
7	2232	Total			7.78%	9,445,403	735,869
8							
9	2421	Aerial Cable Metallic	17.57	19.20%	4.60%	14,688,478	675,670
10	2421	Aerial Cable - Drop and Block	17.57	0.00%	5.69%	865,817	49,265
11	2421	Aerial Cable - Fiber Optic	25	19.75%	3.21%	7,216,262	231,642
	2421	Total			4.25%	22,770,557	956,577
12							
13	2423	Buried Cable Metallic	25	0.00%	4.00%	2,650,650	106,026
14	2423	Buried Cable Drop and Block	25	9.25%	3.63%	218,292	7,924
15	2423	Buried Cable - Fiber Optic	27.5	-10.00%	4.00%	637,675	25,507
16	2423	Total			3.97%	3,506,617	139,457
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							

21. TELECOMMUNICATIONS ACCOUNTS RECEIVABLE AND ACCOUNTS RECEIVABLE ALLOWANCE

Line No.	Item (a)	Number of Accounts (b)	Amount at End of the Year (c)
1	Customers and Agents-Receiving Service		\$1,434,959
2	Customers and Agents-Service Discontinued		
3	Total	0	1,434,959
4	Less Reserve for Uncollectible Accounts-Cr.	xxxx	160,564
5	Balance	xxxx	\$1,274,395

Explain in a note the basis used to determine the accruals charged to account 5301.

Line No.	Particulars (a)	Amount (b)
6	Balance at beginning of the year	55,158
7	Accruals charged to account 5301	165,000
8	Collection of amounts previously written off	26,335
9	Other Credits (explain in a note)	
10	Total credits	191,335
11	Uncollectible written off during the year	85,929
12	Other debits (explain in a note)	
13	Total debits	85,929
14	Balance at end of year	\$160,564
15	Total operating revenues for the year	\$14,273,791
16	Net write offs during the year (line 11 minus line 8)	\$59,594
17	Ratio of line 16 to line 15	0.42%
18	Ratio of line 7 to line 15	1.16%
19	Interstate Uncollectible Revenues (Account 5301.1)	
20	Intrastate Uncollectible Revenues (Account 5301.2)	\$34,450

Insert additional pages, if applicable.

**22. ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES AND
OTHER ACCOUNTS RECEIVABLE**

1. List the information for each affiliate and also the ten largest nonaffiliate debtors at end of year. Aggregate all other nonaffiliate receivables.

2. Report in column (f) the average of the twelve month-end balances for each item in column (a).

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)	Average Month-end Balance (f)
	Account 1190.1 Accounts Receivable from Affiliated Companies:					
1	Warwick Valley Long Distance	\$1,676	\$4,046	\$0	\$5,722	\$3,867
2	Hometown Online, Inc	\$23,654,641	\$4,615,341	\$4,547	28,265,435	\$26,006,153
3	Warwick Valley Telephone Company-Clec	\$3,436,454	(\$3,090,038)	\$39,461	306,955	\$4,275,533
4	WVMTC	\$4,033,300	\$3,663,052	\$240,226	7,456,126	\$5,779,468
5	Warwick Valley Networks	0	20,653,832	8,777,779	11,876,053	\$14,313,102
6					0	
7					0	
8					0	
9					0	
10					0	
11					0	
12	Total Accounts Receivable from Affiliated Companies	\$31,126,071	\$25,846,233	\$9,062,013	\$47,910,291	\$50,378,123
	Account 1190.2 Other Accounts Receivable:					
13	Employee Loans	\$163	\$592	\$755	\$0	\$72
14	NECA	427,904	2,945,830	3,190,386	183,348	262,373
15					0	
16					0	
17					0	
18					0	
19					0	
20					0	
21					0	
22					0	
23	Aggregate of all Other Items	43,697	399,088	308,012	134,773	103,451
24	Total Other Accounts Receivable	\$471,764	\$3,345,510	\$3,499,153	\$318,121	\$365,896

23. ACCOUNTS RECEIVABLE ALLOWANCE - AFFILIATED AND OTHER

Line No.	Particulars (a)	Affiliate (b)	Other (c)
1	Balance at beginning of the year	\$0	\$0
2	Accruals charged to account 5302		
3	Collection of amounts previously written off		
4	Other credits (explain in a note)		
5	Total credit	0	0
6	Uncollectibles written off during the year		
7	Other debits is (explain in a note)		
8	Total debits	0	0
9	Balance at end of the year	\$0	\$0

Explain in a note the basis used to determine the accruals charged to account 5302.

NONE

24. NOTES RECEIVABLE AND NOTES RECEIVABLE ALLOWANCE

List the information for each affiliate, and also the ten largest nonaffiliate debtors. Aggregate all other nonaffiliate notes receivable.

Line No.	Name of Debtor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate Per Annum (f)
1	Account 1200.1 Notes Receivable from Affiliated Companies:					%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12	Total				\$0	xxx
13	Account 1200.2 Other Notes Receivable:					
14						
15						
16						
17						
18						
19						
20						
21						
22						
23		Aggregate of all other items				
24	Total				\$0	xxx

Explain in a note the basis used to determine the accruals charged to Account 6790.

Line No.	Particulars (a)	Affiliates (b)	Nonaffiliates (c)
25	Balance at beginning of the year		
26	Accruals charged to account 6790		
27	Collection of amounts previously written off		
28	Other credits (explain in a note)		
29	Total credits	0	0
30	Uncollectibles written off during the year		
31	Other debits (explain in a note)		
32	Total debits	0	0
33	Balance at end of the year	\$0	\$0

25. INVENTORIES

1. Report the amount of inventories at the beginning and at the end of the year under titles which are indicative of the character of the material included.

2. Summarize inventorying practices, indicating particularly the program therefor and the accounting for overages and shortages.

Line No.	Class of Material (a)	Amount at Beginning of Year (b)	Amount at End of Year (c)
	Subaccount 1220.1, Material and Supplies:		
1	COE Stock Items	\$295,185	\$266,233
2	Outside Plant	270,001	233,674
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	Total	\$565,186	\$499,907
	Subaccount 1220.2, Property Held for Sale or Lease:		
13	Station Equipment	15,454	16,086
14	Store Resale	396	396
15	PBX	97,872	87,972
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26	Total	\$113,722	\$104,454
27	Grand Total	\$678,908	\$604,361

26. PREPAID TAXES AND TAX ACCRUALS

1. List in column (a) and furnish appropriate data with respect to each type of tax for which the company was liable on its own behalf during the year. When entries with respect to any type of tax are applicable to more than one year, the required information for all columns shall be shown separately for each such year.
2. Taxes should be grouped so as to show whether the taxes are federal, state or local.

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
1	Federal:								
2	Income Taxes		\$2,430,342	72200	\$875,604	\$2,325,000			\$980,946
3	Excise Tax		(5,677)	40803	142,559	143,789			(\$6,907)
4	Withholding		(24,031)	40801	1,942,450	1,918,419			\$0
5									
6									
7									
8									
9									
10	Social Security		47,645		1,091,656	1,088,990			\$44,979
11									
12									
13	Unemployment		340		8,326	7,219			\$1,447
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27	Subtotal	\$0	\$2,448,619		\$4,060,595	\$5,483,417	\$0	\$0	\$1,020,465

26. PREPAID TAXES AND TAX ACCRUALS (Continued)

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
28	State:								
29	Gross Earnings								
30	Gross Income								
31	Franchise								
32	Unemployment		1,942		92,544	91,944			2,542
33	Disability Insurance								
34	Other: Municipal and Gross Receipts		97,470		20,404	1,000			116,874
35	NYS Sales Tax		(44,740)		418,914	386,377			(12,203)
36	NYS Franchise & Corporation Tax	172,662			332,804	337,051		168,415	
37	MCTMT-NY		944		27,634	26,428			2,150
38	NJ Sales Tax		11,521		156,603	156,855			11,269
39									
40									
41									
42	Local:								
43	Gross Receipts								
44	Property								
45	Other		0		3,341				3,341
46	NY Village-Florida & Warwick	(8,501)			21,176	21,729		(9,054)	
47	School -Warwick,Florida,Goshen								
48	Middletown,GWL	(105,686)			216,444	220,576		(109,818)	
49									
50									
51									
52									
53									
54									
55									
56	Total	\$58,475	\$2,515,756	xxxx	\$5,350,459	\$6,725,377	\$0	\$49,543	\$1,144,438

223-88

27. DEFERRED INCOME TAXES-Dr.

1. Report the details of operating income tax expense related to current and noncurrent items which have been paid in advance but which are expected to be charged to income in a future period as a result of tax normalization accounting.
2. In column (f) respondents shall report the adjustments, debit or (credit), made to the items in column (a). The Adjustment should be explained in a note if the individual item amounts amounts to more than \$100,000 for Class A companies or \$10,000 for Class B companies.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Property Related						
1	Current Deferred Operating Income Taxes-Dr. (Account 1360)	\$0		\$0	\$0	\$0	\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	\$0	7250	\$0	\$0	\$0	\$0
10	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)	(\$77,134)			(\$443,190)		\$366,056
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18	Total	(\$77,134)	7250	\$0	(\$443,190)	\$0	\$366,056
19	Total Property Related Deferred Operating Income Taxes-Dr.	(\$77,134)		\$0	(\$443,190)	\$0	\$366,056
	Nonproperty Related						
20	Current Deferred Operating Income Taxes-Dr. (Account 1360)						\$0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	Total	\$0	7250	\$0	\$0	\$0	\$0

27. DEFERRED INCOME TAXES-Dr. (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Nonproperty Related						
	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)						
29	Benefits	(\$58,849)			(\$285,772)		\$226,923
30	Bad Debt	(18,285)			(157,418)		139,133
31							0
32							0
33							0
34							0
35							0
36	Total	(\$77,134)	7250	\$0	(\$443,190)	\$0	\$366,056
37	Total Nonproperty Related Deferred Operating Income Taxes - Dr.	(\$77,134)		\$0	(\$443,190)	\$0	\$366,056
	Property Related						
	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)						
38			7450				\$0
39							0
40							0
41							0
42	Deferred Income Tax Effect of Extraordinary Items		7640				0
43	Total	\$0		\$0	\$0	\$0	\$0
44	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)		7450				\$0
45							0
46							0
47							0
48	Deferred Income Tax Effect of Extraordinary Items		7640				0
49	Total	\$0		\$0	\$0	\$0	\$0
50	Total Property Related Deferred Nonoperating Income Taxes-Dr.	\$0		\$0	\$0	\$0	\$0
	Nonproperty Related						
	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)						
51			7450				\$0
52							0
53							0
54							0
55	Deferred Income Tax Effect of Extraordinary Items		7640				0
56	Total	\$0		\$0	\$0	\$0	\$0
57	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)		7450				\$0
58							0
59							0
60	Deferred Income Tax Effect of Extraordinary Items		7640				0
61	Total	\$0		\$0	\$0	\$0	\$0
62	Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.	\$0		\$0	\$0	\$0	\$0

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT

1. Report the details of operating income tax expense related to current and noncurrent items which have been paid in advance but which are expected to be charged to income in a future period as a result of tax normalization accounting.
2. In column (f) respondents shall report the adjustments, debit or (credit), made to the items in column (a). The Adjustment should be explained in a note if the individual item amounts amounts to more than \$100,000 for Class A companies or \$10,000 for Class B companies.
3. State below the option selected for the investment tax credit, (1) reduction to rate base, or (2) reduction of cost of service for rate purposes in accordance with Section 46(e) of the Internal Revenue Code.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
Property Related							
Current Deferred Operating Income Taxes-Cr. (Account 4100)							
1							\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	\$0	7250	\$0	\$0	\$0	\$0
Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)							
10	Property, Plant & Equipment	(\$4,697,734)				\$870,372	(\$3,827,362)
11	Investments	162,014				(16,185)	145,829
12	Deferred USF Revenues	(348,562)					(348,562)
13	Prior Year Adjustments	405,402					405,402
14	New Jersey NOL	489,443				197,299	686,742
15	Accrued Benefits	3,256,656				(209,424)	3,047,232
16	Non-Qualified Pension	125,528					125,528
17							0
18	Total	(\$607,253)	7250	\$0	\$0	\$842,062	\$234,809
19	Total Property Related Deferred Operating Income Taxes-Cr.	(\$607,253)		\$0	\$0	\$842,062	\$234,809
Nonproperty Related							
Current Deferred Operating Income Taxes-Cr. (Account 4100)							
20							\$0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	Total	\$0	7250	\$0	\$0	\$0	\$0

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Nonproperty Related						
29	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)						\$0
30							0
31							0
32							0
33							0
34							0
35							0
36	Total	\$0	7250	\$0	\$0	\$0	\$0
37	Total Nonproperty Related Deferred Operating Income Taxes - Cr.	\$0		\$0	\$0	\$0	\$0
	Operating Investment Tax Credit (Account 4320)						
38							\$0
39							0
40							0
41							0
42							0
43							0
44	Total	\$0	7210	\$0	\$0	\$0	\$0
	Property Related						
45	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)		7450				\$0
46							0
47							0
48							0
49							0
50	Deferred Income Tax Effect of Extraordinary Items		7640				0
51	Total	\$0		\$0	\$0	\$0	\$0
	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)		7450				\$0
52							0
53							0
54							0
55							0
56							0
57	Deferred Income Tax Effect of Extraordinary Items		7640				0
58	Total	\$0		\$0	\$0	\$0	\$0
59	Total Property Related Deferred Nonoperating Income Taxes-Cr.	\$0		\$0	\$0	\$0	\$0

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Nonproperty Related						
	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)						
60			7450				\$0
61							0
62							0
63							0
64							0
65	Deferred Income Tax Effect of Extraordinary Items		7640				0
66	Total	\$0		\$0	\$0	\$0	\$0
	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)						
67			7450				\$0
68							0
69							0
70							0
71							0
72	Deferred Income Tax Effect of Extraordinary Items		7640				0
73	Total	\$0		\$0	\$0	\$0	\$0
74	Total Nonproperty Related Deferred Nonoperating Income Taxes - Cr.	\$0		\$0	\$0	\$0	\$0
75	Nonoperating Investment Tax Credit (Account 4330)						
76							\$0
77							0
78							0
79							0
80							0
81	Total	\$0	7410	\$0	\$0	\$0	\$0

29. EXCESS/DEFICIENT DEFERRED FEDERAL INCOME TAX BALANCES *

1. Report below the specified excess/deficient accumulated deferred Federal income taxes as of December 31 of the reporting year.
2. Protected amounts are those accumulated deferred taxes that are depreciation related and are protected from rapid write-back by Section 203 (E) of the Tax Reform Act of 1986.
3. Unprotected amounts are those accumulated deferred taxes that are not subject to Section 203(e) of the Tax Reform Act of 1986.
4. Excess/deficient deferred taxes result when there is a reduction/increase in the statutory income tax rate (e.g. TRA-86 and (Revenue Reconciliation Act of 1993) and the deferred tax balances provided are greater/less than the enacted tax rate, all calculated on a vintage year basis.

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
1	Protected Excess Deferred FIT Balance			\$0			\$0
2	Unprotected Excess Deferred FIT Balance			0			0
3	Total Excess Deferred FIT Balance	\$0	\$0	\$0	\$0	\$0	\$0
	Excess Deferred FIT Balance Related to:						
4	1986 and Prior Vintage Assets			\$0			\$0
5	1987 to Current Vintage Assets			0			0
6	Deficient Deferred FIT Balance			0			0
	Average Remaining Amortization Period for:						
7	Protected Excess Deferred FIT Balance						
8	Unprotected Excess Deferred FIT Balance						
9	Deficient Deferred FIT Balance						
10	Total Embedded Deferred FIT			\$0		(\$234,808)	(\$234,808)

* NOTE: Do not include deferred Federal income taxes recorded purely from the implementation of FAS-109, "Accounting for Income Taxes"

29A. TEMPORARY INCOME TAX DIFFERENCES - SFAS 109

1. Report below the accumulated deferred Federal income tax assets/liabilities, as of December 31 of the reporting year, that result purely from the implementation of SFAS - 109, "Accounting for Income Taxes", and in accordance with the Commission's associated Policy Statement (Issued January 15, 1993) in Case 92-M-1005.

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
	<u>AFUDC</u>						
1	AFUDC - Net of Tax - Plant			\$0			\$0
2	AFUDC - Equity Component - Plant			0			0
3	Other Net of Tax Items (specify)			0			0
				0			0
				0			0
				0			0
				0			0
	<u>Prior Flow-Through Items</u>						
4	Depreciation			0			0
5	Asset Base Difference (non - ITC)			0			0
6	Other (specify)			0			0
				0			0
				0			0
				0			0
				0			0
	<u>ITC</u>						
7	Section 46(f)(1) ITC			0			0
8	Section 46(f)(2) ITC			0			0
	<u>Other Items</u>						
9				0			0
10				0			0
11				0			0
12	Total	\$0	\$0	\$0	\$0	\$0	\$0
13	Gross-up of above amounts for income tax effects, etc.			\$0			\$0

30. Investments in Affiliated Companies

1. List the investments by affiliate company in column (a), and the acquisition cost of the investment in column (c).
2. Data for each investment should continue on the same numbered line on all pages of this schedule.
3. Investments in affiliated companies must be reported using the Equity Method of accounting if the affiliate meets the definition as contained in the Glossary to the USOA at Item 4.
4. Identify the type of security in column (d), by using a (C) for common stock, (P) for preferred, and (L) for long term debt. Additionally, indicate by (*) and describe in a foot note those securities pledged as collateral.
5. Under the cost method, indicate in column (m) any temporary decline in the value of an investment which has been charged to account 4540, Other Capital. A permanent decline in the value of an investment, which has been charged to current period income, should be recorded in column (n).
6. If the respondent considers the information requested on this schedule to be propriety, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

Line No.	Item (A)	Date of Acquisition (B)	Acquisition Cost (C)	Type Of Security (D)	Amount of Inv. Beg of Year (E)	Invests Retired During Year (F)	Gain or loss on disposition (G)
1	Warwick Valley Long Distance Company Incorporated	11/12/1993			\$3,531,559		
2	Hometown Online Incorporated	7/5/1995			290,548		
3	Warwick Valley Mobile Telephone Company, Incorporated	4/24/2009			(1,520,059)		
4	(dated incorporated 9/6/1995 inactive until 2009)						
5	Warwick Valley Networks, Incorporated	8/5/2011			0		
6	(dated incorporated 7/13/1994 inactive until 2011)						
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	Total	XXXXXXXX	\$0	XXXXXXXX	\$2,302,048	\$0	\$0

30. Investments in Affiliated Companies

1. List the investments by affiliate company in column (a), and the acquisition cost of the investment in column (c).
2. Data for each investment should continue on the same numbered line on all pages of this schedule.
3. Investments in affiliated companies must be reported using the Equity Method of accounting if the affiliate meets the definition as contained in the Glossary to the USOA at Item 4.
4. Identify the type of security in column (d), by using a (C) for common stock, (P) for preferred, and (L) for long term debt. Additionally, indicate by (*) and describe in a foot note those securities pledged as collateral.
5. Under the cost method, indicate in column (m) any temporary decline in the value of an investment which has been charged to account 4540, Other Capital. A permanent decline in the value of an investment, which has been charged to current period income, should be recorded in column (n).
6. If the respondent considers the information requested on this schedule to be propriety, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

Line No.	Percent of Ownership (H)	Equity Method			Cost Method			Amount of Investments End of Year (O)
		Equity in Earnings Of Affiliated Companies Account 7355 (I)	Dividends Declared (J)	Other Adjustments and Amortizations (K)	Dividend Income Account 7310 (L)	Decline in Value of Investments		
						Temporary Account 4540 (M)	Permanent (N)	
1	100%	\$1,965						\$3,533,524
2	100%	(992,639)						(702,091)
3	100%	(2,655,706)						(4,175,765)
4								
4	100%	(428,958)						(428,958)
6								0
7								0
8								0
9								0
10								0
11								0
12								0
13								0
14								0
15								0
16								0
17								0
18								0
19								0
20								0
21								0
22								0
23								0
24								0
25								0
26	XXXXXXXX	(\$4,075,338)	\$0	\$0	\$0	\$0	\$0	(\$1,773,290)

31. INVESTMENTS

1. With respect to each account includible in this schedule in which there was reflected an investment at any time during the year, enter in column (b) the description of each security or other investment. The entries for accounts 1401.2 and 1402 should be identified by company, and separately listed by symbols to be indicated in column (a): A-1 Stocks of active telephone companies; A-2 Stocks of inactive telephone companies; A-3 Stocks of other companies; B Long-term securities owned; C Investment advances; D Other. Subtotals for each of the required classifications and totals for each account shall be shown. The aggregate of all deposits of cash amounting individually to less than \$100,000 each in the case of Class A companies, or \$10,000 in case of class B companies, may be shown as a balancing amount on the line immediately preceding the total of account 1402. (By an inactive company is meant one which has been practically absorbed in a controlling company, and which neither operates properly nor administers its financial affairs; if it maintains an organization, it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.)

Line No.	Class	Description of Investment (Including nominal interest rate and term when appropriate)	Book Cost of Investment at Beginning of the Year (c)	Book Cost of Investment Made During the Year (d)
	(a)	(b)		
1		<u>Account 1401.2, Advances to Affiliated Companies:</u>		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18		Total Account 1401.2	\$0	\$0
19		<u>Account 1402, Investments in Nonaffiliated Companies:</u>		
20		Verizon Wireless-OP	3,599,410	10,327,998
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37		Total Account 1402	\$3,599,410	\$10,327,998

31. INVESTMENTS (Continued)

- 2. In column (i), enter an appropriate symbol with respect to each investment that is pledged as security for an obligation of the respondent or is subject to any other restrictions as to disposition, and furnish particulars in a note.
- 3. If the consideration given or received for any investment reported in the schedule was other than cash, give particulars in a note.
- 4. The book cost of investments transferred from other accounts shall be reported in column(d). The book cost of investments transferred to other accounts or the amount by which investments are written down shall be reported in column (e). All such entries shall be explained in notes.

Line No.	Book Cost of Investments Disposed of During the Year (e)	INVESTMENTS AT END OF YEAR		% of Total Voting Rights in Affiliates (h)	Lien References (i)	Gain (G) or Loss (L) from Investments Disposed of (j)	Interest or Dividends Credited to Income During the Year Account 7310, 7320 (k)
		Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)				
1		\$0					
2		0					
3		0					
4		0					
5		0					
6		0					
7		0					
8		0					
9		0					
10		0					
11		0					
12		0					
13		0					
14		0					
15		0					
16		0					
17		0					
18	\$0	\$0				\$0	\$0
19		\$0					
20	13,927,408	0					
21		0					
22		0					
23		0					
24		0					
25		0					
26		0					
27		0					
28		0					
29		0					
30		0					
31		0					
32		0					
33		0					
34		0					
35		0					
36		0					
37	\$13,927,408	\$0				\$0	\$0

32. NONREGULATED INVESTMENTS

1. This account shall include the carrier's investment in nonregulated activities, accounted for as provided in Section 661.14 of the Uniform System of Accounts.

Line No.	Subaccount (a)	Balance Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
	Subaccount 1406.1 Permanent Investment				
1	NONE				\$0
2					0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
	Subaccount 1406.2 Receivable/Payable				
12					0
13					0
14					0
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
	Subaccount 1406.3 Current Net Income or Loss				
23					0
24					0
25					0
26					0
27					0
28					0
29					0
30					0
31					0
32					0
33					0
34	Total	\$0	\$0	\$0	\$0

33. OTHER DEFERRED CHARGES

1. For any deferred charge being amortized, show the period of amortization and the date of Commission authorization.
2. For all other items, except for telephone plant acquired, report the indicated particulars of each item amounting individually to \$100,000 or more for Class A companies, or \$10,000 or more for Class B companies. For telephone plant acquired, list only the aggregate amount.
3. Show the number and aggregate amount of all other items.
4. Where numerous accounts are affected in the disposition of these charges, the designation "various" may be inserted in column (d) for accounts credited.
5. All transactions for telephone plant acquired included in this account, in accordance with Section 663.2, require analysis on Schedule 15, Analysis of Telephone Plant Acquired.

Line No.	Description of Item (a)	Balance at Beg. of Year (b)	Debits (c)	Credits		Balance at End of Year (f)
				Account Credited (d)	Amount (e)	
1	Pension estimate	\$943,179	\$280,248			\$1,223,427
2						0
3						0
4						0
5						0
6						0
7						0
8						0
9						0
10						0
11						0
12						0
13						0
14						0
15						0
16						0
17						0
18						0
19						0
20						0
21						0
22						0
23						0
24						0
25						0
26						0
27	Totals from Insert Pages					0
28	Total	\$943,179	\$280,248		\$0	\$1,223,427

34. ACCOUNTS PAYABLE

1. List the information for each affiliate.
2. List the information for each nonaffiliate creditor whose individual balance is 5% or more of the total Other Accounts Payable balance at year end. Do not report more than ten nonaffiliate creditors.
3. Aggregate all other nonaffiliate creditors.

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
	Account 4010.1 Accounts Payable to Affiliated Companies:				
1	Warwick Valley Long Distance	\$5,425,258	\$587,421	\$592,035	\$5,429,872
2	Hometown Online	21,480,644		3,830,107	25,310,751
3	Warwick Valley Mobile	4,033,300	4,033,300	614	614
4	WVT	(477,716)		784,796	307,080
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13	Total Accounts Payable to Affiliated Companies	\$30,461,486	\$4,620,721	\$5,207,552	\$31,048,317
	Account 4010.2 Other Accounts Payable:				
14	AT&T	\$11,708	\$110,346	\$107,048	\$8,410
15	WithumSmith & Brown	20,550	271,137	291,344	40,757
16	Executive Counsel	22,207	55,488	33,281	0
17	Harter Seacrest	11,425	643,868	632,543	100
18	Warwick Resource	119,000	164,695	181,145	135,450
19	Orange & Rockland	14,584	116,127	110,036	8,493
20	Power & Telephone	48,626	164,838	124,076	7,864
21	ACM	24,925	100,702	75,777	0
22	Liberty Power		77,991	86,169	8,178
23	Hudson Valley Data Net		456,290	500,339	44,049
24					0
25					0
26					0
27	Aggregate of all other items	462,634	3,210,741	3,353,212	605,105
28	Total Other Accounts Payable	\$735,659	\$5,372,223	\$5,494,970	\$858,406

35. NOTES PAYABLE

1. List the information for each affiliate note.
2. List the information for each nonaffiliate note whose balance is 5% or more of the Other Notes Payable balance at year end. Do not include more than the ten largest nonaffiliate creditors.
3. Aggregate all other nonaffiliate notes.

Line No.	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate per Annum (f)
	Account 4020.1 Notes Payable to Affiliated Companies:					
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	Total				\$0	xxxxx
	Account 4020.2 Other Notes Payable:					
17						
18	Provident	Line of credit	8/1/2011	7/31/2012	600,000	2.50%
19	CoBank	Revolving Loan	8/3/2011	8/2/2012	5,000,000	3.80%
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Aggregate of all other items					
31	Total				\$5,600,000	xxxxx

36. Long Term Debt

1. List by balance sheet account debt held in Accounts 4050, 4210, 4260, 4270. Provide the particulars regarding each obligation within those accounts.
2. Explain any interest charged other than to account 7510.1.
3. Explain any debits and credits other than amortizations debited to account 7530, account 7510.2, or credited to account 7510.3.

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
1	Account 4050, Current Maturities - Debt											
2												
3	CoBank ACB			1,138,974	Variable	52,703 109,230	7,248 37,467	0	0	0	0	0
4												
5												
6												
7												
8												
9												
10												
11	Total			\$1,138,974								
12	Account 4210, Funded Debt											
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38	Subtotal			\$0		\$161,933	\$44,715	\$0	\$0	\$0	\$0	\$0

36. Long Term Debt

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
38	Account 4210, Funded Debt (Continued)											
39												
40												
41												
42												
43												
44												
45	Total			\$0								
46												
47	Account 4260, Advances from Affiliated Companies											
48												
49												
50												
51												
52												
53												
54	Total			\$0								
55												
56	Account 4270, Other Long-Term Debt											
57												
58												
59												
60												
61												
62												
63												
64												
65												
66												
67												
68												
69												
70												
71												
72												
73												
74												
75	Total			\$0								
76												
77												
78												
79	Grand Total			\$0		\$161,933	\$44,715	\$0	\$0	\$0	\$0	\$0

37. CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR

1. In column (a) the description of the security should include, as appropriate, the dividend rate (if any) or the interest rate, term and maturity date.
2. In columns (b) and (c) report the cost per unit of the reacquired securities, i.e., the call rate per unit in the case of called securities, the face amount per unit of matured debt, or the average purchase price per unit in the case of other securities required.
3. If securities are reacquired in one year and retired in another, only the data called for in columns (a), (f), and (g) shall be reported for the year in which they are retired.
4. With respect to columns (i) to (n), inclusive: (a) Report disposition of discounts, premiums, and expenses in the year in which the dispositions are made. Do not report normal amortization of amounts includible in accounts 1407, Unamortized Debt Issuance Expense, or 4220, Premium on Long-Term Debt, and 4230, Discount on Long Term Debt, Through charges or credits to accounts 7530, 7510.3 and 7510.2 and (b) if any amounts are to be amortized, state the fact in a note, describe the plan of amortization (including the period thereof), and give references to (1) the public authorities (if any) having jurisdiction over each transaction, (2) their authorization (e.g., case or docket number), and (3) this Commission's approval of the proposed accounting.
5. In the case of securities reacquired or retired in connection with refinancing, identify in a note the year and schedule of the annual report in which the refunding issue is described.

Line No.	Description of Security (a)	REACQUIRED DURING THE YEAR				RETIRED DURING YEAR	
		REACQUISITION COST		Book or Face Amount (d)	No. of Shares of Stock (e)	Book or Face Amount (f)	No. of Shares of Stock (g)
		Per \$100 of Debt (b)	Per Share of Stock (c)				
1	CO Bank Note					\$1,518,632	
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12		Total	xxxxxx	xxxxx	\$0	xxxxx	\$1,518,632

Line No.	Effective Date of Call (if any) (h)	DISPOSITION OF						Remarks (o)
		Unamortized Discount (D) or Premium (P)		Redemption Premium (P) or Discount (D) and Expense		Reacquisition or Redemption Expenses		
		Acct. (i)	Amount (j)	Acct. (k)	Amount (l)	Acct. (m)	Amount (n)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	xxxx	xxxx	\$0	xxxx	\$0	xxxx	\$0	

38. Other Long-Term Liabilities

Show separately, by subsidiary record category, amounts accrued to provide for such items as unfunded pensions, death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere

Line No.	Account (or description of item) (a)	Balance at Beginning of Year (b)	Credits During Year		Debits During Year		Balance at End of Year (g)
			Contra Acct. No. (c)	Amount (d)	Contra Acct. No. (e)	Amount (f)	
1	Post Retirement Health Benefit Internal Reserve-Unfund	\$2,485,258		\$724,087		\$353,550	\$2,855,795
2	Post Benefit Internal Reserve	3,800,556		4,558,468		1,570,202	6,788,822
3	Post Benefit Plan Non Qualified	268,221		2,152			270,373
4							0
5							0
6							0
7							0
8							0
9							0
10							0
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18							0
19							0
20							0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28							0
29							0
30							0
31							0
32							0
33							0
34							0
35							0
36	Totals	\$6,554,035		\$5,284,707		\$1,923,752	\$9,914,990

39. OTHER DEFERRED CREDITS

1. For any deferred credit being amortized, show the period of amortization and the date of Commission authorization.
2. For all other items, report the indicated particulars of each item amounting individually to \$100,000 or more for Class A companies, or \$10,000 or more for Class B companies.
3. Show the number and aggregate amount of all other items.
4. Where numerous accounts are affected in the disposition of these credits, the designation "various" may be inserted in column (c) for accounts debited.

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Debits		Credits (e)	Balance at End at End of Year (f)
			Acct. Dr. (c)	Amount (d)		
1						\$0
2	Curtailment of Pension Benefits	234,775				234,775
3						0
4						0
5						0
6						0
7						0
8						0
9						0
10						0
12						0
13						0
14						0
15						0
16						0
17						0
18						0
19						0
20						0
21						0
22						0
23						0
24						0
25						0
26						0
27						0
28						0
29						0
30		\$234,775	x x x	\$0	\$0	\$234,775

40. CAPITAL STOCK

1. Report below the particulars called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show totals separately for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give particulars concerning shares of any class and series of stock authorized to be issued by the Commission which have not yet been issued.
4. The designation of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. Give particulars of any issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.
6. For columns (g) and (h) indicate by footnote if stock held by respondent is held in sinking or other funds.

Line No.	Class and Series of Stock (a)	Number of shares authorized by Articles of Incorporation (b)	OUTSTANDING PER BALANCE SHEET*				HELD BY RESPONDENT		DIVIDENDS DURING YEAR	
			Number of shares (c)	Par or stated value per share (d)	Amount (e)	Additional Paid in Capital (Acct. 4520) (f)	Shares (g)	Cost (Account 4530) (h)	Declared (i)	Paid (j)
1	<u>Account 4510.1 Capital Stock-Common</u>									
2	Common - .01 Par (has Full voting)	10,000,000	6,218,800	0.01	\$62,188	\$6,191,102	735,391	\$6,262,293	\$5,769,890	\$5,769,890
3										
4										
5										
6										
7										
8										
9	TOTALS (Account 4510.1)	10,000,000	6,218,800	xxxxxxx	\$62,188	\$6,191,102	735,391	\$6,262,293	\$5,769,890	\$5,769,890
10	<u>Account 4510.2 Capital Stock-Preferred</u>									
11	Authorized and Issued	5,000	5,000	\$100	\$500,000				\$25,000	\$25,000
12	Authorized and unissued shares	10,000,000								
13										
14										
15										
16										
17										
18	TOTALS (Account 4510.2)	10,005,000	5,000	xxxxxxx	\$500,000	\$0	0	\$0	\$25,000	\$25,000

41. ANALYSIS OF ENTRIES IN OTHER CAPITAL AND RETAINED EARNINGS ACCOUNTS

1. Report separately by accounts particulars with respect to the major items entered in any of the following accounts during the year: Account 4520, Additional Paid-in Capital; Account 4530, Treasury Stock; Account 4540, Other Capital; and Account 4550.5, Appropriations of Retained Earnings, and Account 4550.8, Adjustments to Retained Earnings.
2. With respect to prior period adjustments included in Account 4550.8, Adjustments to Retained Earnings, show in column (a) a description of the item, the reason for the adjustment, and the amount applicable to each year. (See also Section 661.17,' General Instructions of the Uniform System of Accounts).
For all items in this account cite the date of Commission approval and authorization (e.g.. Case or Docket No.).
3. The aggregate of all other items in each account shall be reported on a separate line immediately preceding the total for the account.

Line No.	Particulars (a)	Account Included In (b)	Debits (c)	Credits (d)
1	Represents amounts from restricted shares granted to employees	45200		96,209
2	Represents sale of stocks through the stock options granted to employees	45200		1,136,588
3	Represents purchase of stocks for tax withholding in association with employee vested stock	45300		30,950
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42. OPERATING REVENUES

Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
	LOCAL NETWORK SERVICES REVENUES		
1	5001 Basic Area	\$2,360,089	\$2,199,606
2	5002 Optional Extended Area Service		0
3	5003 Cellular Mobile		0
4	5004 Other Mobile Services		0
5	5010 Public Telephone		0
6	5040 Local Private Line		0
7	5050 Customer Premises		0
8	5060 Other Local Exchange	701,490	676,142
9	5069 Other Local Exchange Settlements		0
10	Total Local Network Services Revenues	3,061,579	2,875,748
	NETWORK ACCESS SERVICES REVENUES		
11	5081 End User	1,507,830	1,582,603
12	5082 Switched Access	3,648,686	4,584,027
13	5083 Special Access	2,485,176	2,025,822
14	5084 State Access	528,307	1,582,361
15	Total Access Services Revenues	8,169,999	9,774,813
	LONG DISTANCE NETWORK SERVICES REVENUES		
16	5100 Long Distance Message	228,474	231,004
17	5111 Long Distance Inward-Only		0
18	5112 Long Distance Outward-Only		0
19	5121 Subvoice Grade Long Distance Private Network		0
20	5122 Voice Grade Long Distance Private Network		0
21	5123 Audio Program Grade Long Distance Private Network		0
22	5124 Video Program Grade Long Distance Private Network		0
23	5125 Digital Transmission Long Distance Private Network		0
24	5126 Long Distance Private Network Switching		0
25	5128 Other Long Distance Private Network		0
26	5129 Other Long Distance Private Network Settlements		0
27	5160 Other Long Distance	1,102	1,057
28	5169 Other Long Distance Settlements		0
29	Total Long Distance Network Services Revenues	229,576	232,061
	MISCELLANEOUS REVENUES		
30	5230 Directory	850,969	992,559
31	5240 Rent	346,540	325,876
32	5250 Corporate Operations		0
33	5261 Special Billing Arrangements		0
34	5262 Customer Operations		0
35	5263 Plant Operations		0
36	5264 Other Incidental Regulated	11,909	4,417
37	5269 Other Settlements	0	0
38	5270.1 Interstate Billing and Collection	244,830	258,212
39	5270.2 Intrastate Billing and Collection	462,219	463,051
40	5280 Nonregulated	896,171	942,212
41	Total Miscellaneous Revenues	2,812,638	2,986,327
	UNCOLLECTIBLE REVENUES		
42	5301 Uncollectible-Telecommunications	165,000	242,500
43	5302 Uncollectible-Other		0
44	Total Uncollectible Revenues	165,000	242,500
45	TOTAL OPERATING REVENUES	\$14,108,792	\$15,626,449
46	FOOTNOTE: USF Revenues \$.....	4,174,470	3,912,090
47	Recorded in Account:	5082	5082

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44. OPERATING EXPENSES BY CATEGORY

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
<u>Plant Specific Operations</u>				
<u>Network Support Expenses</u>				
1	6112 Motor Vehicle			
2	Clearance			
3	Net Balance	0	0	0
4	6113 Aircraft			
5	Clearance			
6	Net Balance	0	0	0
7	6114 Special Purpose Vehicles			
8	Clearance			
9	Net Balance	0	0	0
10	6115 Garage Work Equipment			
11	6116 Other Work Equipment			
12	Clearance			
13	Net Balance	0	0	0
14	6110 Network Support Expenses	0	0	0
<u>General Support Expenses</u>				
15	6121 Land and Building	65,814	17,233	11,960
16	6122 Furniture and Artworks			
17	6123 Office Equipment			
18	6124 General Purpose Computers			
19	6120 General Support Expenses	65,814	17,233	11,960
<u>Central Office Switching Expenses</u>				
20	6211 Analog Electronic			
21	6212 Digital Electronic	104,497	51,010	0
22	6215 Electro-Mechanical			
23	6210 Central Office Switching Expenses	104,497	51,010	0
24	6220 <u>Operator Systems Expense</u>			
<u>Central Office Transmission Expenses</u>				
25	6231 Radio Systems			
26	6232 Circuit Equipment	42,548	20,803	42,233
27	6230 Central Office Transmission Expenses	42,548	20,803	42,233
<u>Information Origination/Termination Expenses</u>				
28	6311 Station Apparatus	131,344	45,092	0
29	6321 Customer Premises Wiring	524,272	248,448	0
30	6341 Large Private Branch Exchange			
31	6351 Public Telephone Terminal Equipment			
32	6362 Other Terminal Equipment			
33	6310 Information Origination/Termination Expenses	655,616	293,540	0

44. OPERATING EXPENSES BY CATEGORY (Continued)				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<u>Plant Specific Operations</u>				
<u>Network Support Expenses</u>				
6112 Motor Vehicle		0		1
Clearance		0		2
Net Balance	0	0	0	3
6113 Aircraft		0		4
Clearance		0		5
Net Balance	0	0	0	6
6114 Special Purpose Vehicles		0		7
Clearance		0		8
Net Balance	0	0	0	9
6115 Garage Work Equipment		0		10
6116 Other Work Equipment		0		11
Clearance		0		12
Net Balance	0	0	0	13
6110 Network Support Expenses	0	0	0	14
<u>General Support Expenses</u>				
6121 Land and Building	177,742	272,749	443,735	15
6122 Furniture and Artworks		0	0	16
6123 Office Equipment	14,870	14,870	13,995	17
6124 General Purpose Computers	125,581	125,581	111,002	18
6120 General Support Expenses	318,193	413,200	568,732	19
<u>Central Office Switching Expenses</u>				
6211 Analog Electronic		0	0	20
6212 Digital Electronic	260,418	415,925	473,539	21
6215 Electro-Mechanical		0	0	22
6210 Central Office Switching Expenses	260,418	415,925	473,539	23
6220 Operator Systems Expense		0		24
<u>Central Office Transmission Expenses</u>				
6231 Radio Systems		0	0	25
6232 Circuit Equipment	1,075,009	1,180,593	1,538,482	26
6230 Central Office Transmission Expenses	1,075,009	1,180,593	1,538,482	27
<u>Information Origination/Termination Expenses</u>				
6311 Station Apparatus	56,365	232,801	106,572	28
6321 Customer Premises Wiring	17,822	790,542	893,880	29
6341 Large Private Branch Exchange		0	0	30
6351 Public Telephone Terminal Equipment		0	0	31
6362 Other Terminal Equipment		0	0	32
6310 Information Origination/Termination Expenses	74,187	1,023,343	1,000,452	33

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	Plant Specific Operations (cont.)			
	<u>Cable and Wire Facilities Expenses</u>			
34	6411 Poles	1,177	541	0
35	6421 Aerial Cable	197,828	72,586	0
36	6422 Underground Cable	0	0	0
37	6423 Buried Cable	23,863	11,178	0
38	6424 Submarine Cable			
39	6425 Deep Sea Cable			
40	6426 Intrabuilding Network Cable			
41	6431 Aerial Wire	2,205	858	0
42	6441 Conduit Systems			
43	6410 Cable and Wire Facilities Expenses	225,073	85,163	0
44	Total Plant Specific Operations Expense	1,093,548	467,749	54,193
	<u>Plant Nonspecific Operations</u>			
	<u>Other Property, Plant & Equipment Expenses</u>			
45	6511 Property Held for Future Telephone Use			
46	6512 Provisioning	55,384	16,303	0
47	Clearance	55,384	16,303	0
48	Net Balance	0	0	0
49	6510 Total Other Property, Plant & Equipment Expenses	0	0	0
	<u>Network Operations Expenses</u>			
50	6531 Power	0	0	0
51	6532 Network Administration	55,983	3,515	0
52	6533 Testing	166,391	47,378	0
53	6534 Plant Operations Administration	251,762	66,505	0
54	Clearance	202,335	51,112	0
55	Net Balance	49,427	15,393	0
56	6535 Engineering	118,777	35,053	0
57	Clearance	90,927	26,289	0
58	Net Balance	27,850	8,764	0
59	6530 Network Operations Expense	299,651	75,050	0
60	6540 Access Expense	0	0	
	<u>Depreciation & Amortization Expenses</u>			
61	6561 Depreciation-TPIS			
62	6562 Depreciation-Property Held for Future Tel.. Use			
63	6563 Amortization-Tangible			
64	6564 Amortization-Intangible			
65	6565 Amortization-Other			
66	6560 Depreciation & Amortization Expenses			
67	Total Plant Nonspecific Operations Expense	299,651	75,050	0

44. OPERATING EXPENSES BY CATEGORY (Continued)				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
Plant Specific Operations (cont.)				
<u>Cable and Wire Facilities Expenses</u>				
6411 Poles	98,481	100,199	72,323	34
6421 Aerial Cable	28,082	298,496	221,192	35
6422 Underground Cable	(330)	(330)	0	36
6423 Buried Cable	(2,774)	32,267	38,831	37
6424 Submarine Cable		0	0	38
6425 Deep Sea Cable		0	0	39
6426 Intrabuilding Network Cable		0	0	40
6431 Aerial Wire	0	3,063	2,182	41
6441 Conduit Systems		0	0	42
6410 Cable and Wire Facilities Expenses	123,459	433,695	334,528	43
Total Plant Specific Operations Expense	1,851,266	3,466,756	3,915,733	44
<u>Plant Nonspecific Operations</u>				
<u>Other Property, Plant & Equipment Expenses</u>				
6511 Property Held for Future Telephone Use		0		45
6512 Provisioning	11,805	83,492	79,400	46
Clearance	11,805	83,492	79,400	47
Net Balance	0	0	0	48
6510 Total Other Property, Plant & Equipment Expenses	0	0	0	49
<u>Network Operations Expenses</u>				
6531 Power	267,193	267,193	294,907	50
6532 Network Administration	19,158	78,656	207,688	51
6533 Testing	3,940	217,709	251,870	52
6534 Plant Operations Administration	1,903	320,170	412,834	53
Clearance	1,903	255,350	321,072	54
Net Balance	0	64,820	91,762	55
6535 Engineering	4,000	157,830	165,493	56
Clearance	2,787	120,003	123,050	57
Net Balance	1,213	37,827	42,443	58
6530 Network Operations Expense	291,504	666,205	888,670	59
6540 Access Expense	86,449	86,449	0	60
<u>Depreciation & Amortization Expenses</u>				
6561 Depreciation-TPIS	3,769,571	3,769,571	4,067,126	61
6562 Depreciation-Property Held for Future Tel.. Use		0		62
6263 Amortization-Tangible		0		63
6564 Amortization-Intangible		0		64
6565 Amortization-Other		0		65
6560 Depreciation & Amortization Expenses	3,769,571	3,769,571	4,067,126	66
Total Plant Nonspecific Operations Expense	4,147,524	4,522,225	4,955,796	67

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	<u>Customer Operations</u>			\$
	<u>Marketing</u>			
68	6611 Product Management	117,331	26,264	
69	6612 Sales	496,170	144,014	
70	6613 Product Advertising	0	0	
71	6610 Marketing	613,501	170,278	
	<u>Services</u>			
72	6621 Call Completion Services	198,025	58,110	
73	6622.1 Number Services-Directory Assistance			
74	6622.2 Number Services-Directory Publishing	0	0	
75	6623.1 Customer Services-Order Processing & Instruction	586,377	148,360	
76	6623.2 Customer Services-Billing and Collections	658,721	161,781	
77	6623.3 Customer Services-Public Telephone Expenses			
78	6620 Services	1,443,123	368,251	
79	Total Customer Operations Expense	2,056,624	538,529	
	<u>Corporate Operations Expense</u>			
	<u>Executive and Planning</u>			
80	6711 Executive	904,579	419,876	
81	6712 Planning			
82	6710 Executive and Planning	904,579	419,876	
	<u>General & Administrative</u>			
83	6721 Accounting & Finance	773,729	171,967	
84	6722 External Relations	0	0	
85	6723 Human Resources	349,654	(277,340)	
86	6724 Information Management	0	0	
87	6725 Legal	0	0	
88	6726 Procurement			
89	6727 Research and Development			
90	6728 Other General & Administrative	299,292	3,600	
91	6720 General & Administrative	1,422,675	(101,773)	
92	6790 Provision for Uncollectible Notes Receivable			
93	Total Corporate Operations Expenses	2,327,254	318,103	
94	TOTAL OPERATING EXPENSES	\$5,777,077	\$1,399,431	\$54,193

44. OPERATING EXPENSES BY CATEGORY (Continued)					
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.	
<u>Customer Operations</u>					
	\$	\$	\$		
<u>Marketing</u>					
6611	Product Management	19,091	162,686	278,377	68
6612	Sales	68,526	708,710	965,192	69
6613	Product Advertising	137,750	137,750	181,189	70
6610	Marketing	225,367	1,009,146	1,424,758	71
<u>Services</u>					
6621	Call Completion Services	38,900	295,035	360,822	72
6622.1	Number Services-Directory Assistance		0	0	73
6622.2	Number Services-Directory Publishing	203,546	203,546	241,959	74
6623.1	Customer Services-Order Processing & Instruction	14,030	748,767	881,267	75
6623.2	Customer Services-Billing and Collections	332,249	1,152,751	1,110,269	76
6623.3	Customer Services-Public Telephone Expenses		0	0	77
6620	Services	588,725	2,400,099	2,594,317	78
	Total Customer Operations Expense	814,092	3,409,245	4,019,075	79
<u>Corporate Operations Expense</u>					
<u>Executive and Planning</u>					
6711	Executive	91,141	1,415,596	1,484,842	80
6712	Planning		0	0	81
6710	Executive and Planning	91,141	1,415,596	1,484,842	82
<u>General & Administrative</u>					
6721	Accounting & Finance	685,053	1,630,749	1,386,627	83
6722	External Relations	895,997	895,997	636,806	84
6723	Human Resources	128,291	200,605	294,629	85
6724	Information Management	8,883	8,883	11,289	86
6725	Legal	542,268	542,268	415,572	87
6726	Procurement		0	0	88
6727	Research and Development		0	0	89
6728	Other General & Administrative	1,189,596	1,492,488	377,057	90
6720	General & Administrative	3,450,088	4,770,990	3,121,980	91
6790	Provision for Uncollectible Notes Receivable		0		92
	Total Corporate Operations Expenses	3,541,229	6,186,586	4,606,822	93
	TOTAL OPERATING EXPENSES	\$10,354,111	\$17,584,812	\$17,497,426	94

45. TAXES CHARGED DURING YEAR

1. Show the account distribution of total taxes charged to operations and to other final accounts during the year. Taxes charged to Account 7240 must be separated into intrastate and interstate operations.
2. Do not include gasoline and other sales taxes which have been charged to accounts to which was charged the material on which the tax was levied.
3. For taxes charged to telecommunications plant, show only the number of the appropriate balance sheet plant account.

Line No.	Kind of Tax (a)	Total taxes charged during year (b)	Account 7220 (c)	Account 7420 (d)	Account 7630 (e)	Account 7240 Intrastate (f)	Account 7240 Interstate (g)
	Federal Taxes:						
1	Income	833,430	833,430				
2	FICA-Contribution						
3	Unemployment						
4	Other:USF	264,236					264,236
5							
6	Total	\$1,097,666	\$833,430	\$0	\$0	\$0	\$264,236
	State Taxes:						
7	Franchise-Gross Income-186a	\$332,004				\$332,004	
8	Franch.-Gross Inc.-Access Charges						
9	Franchise-Gross Earnings-184						
10	Franchise-Excess Div.-186						
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 (Excess Dividend)						
15	MTA Surcharge						
16	Unemployment Insurance						
17	Disability Insurance						
18	Sales and Use						
19	Other						
20	Total	\$332,004	\$0	\$0	\$0	\$332,004	\$0
	Local Taxes:						
22	Real Estate	\$438,600				\$314,993	\$123,607
23	Special Franchise						
24	Municipal Gross Income						
25	NYC-Spec. Franchise						
26	Motor Vehicle						
27	Other						
28							
29	Total	\$438,600	\$0	\$0	\$0	\$314,993	\$123,607
30	Other (list):						
31							
32							
33	Totals	\$1,868,270	\$833,430	\$0	\$0	\$646,997	\$387,843

45. TAXES CHARGED DURING YEAR (Continued)

- 4. For any tax which it was necessary to apportion to more than one of the accounts shown, state hereunder the basis of apportioning such tax.
- 5. Taxes not includable in the accounts listed below should be itemized in column (l) along with the applicable account to be charged indicated in column (k).
- 6. Itemize significant amounts included under the "Other" caption in column (a). Class A companies must itemize individual charges greater than \$1,000,000, and Class B companies must itemize amounts greater than \$25,000.

Line No.	Kind of Tax (a)	Account 7440 (h)	Account 2003 2004 (i)	Account 2001 (j)	Other	
					Account Number (k)	Amount (l)
	Federal Taxes:					
1	Income					
2	FICA-Contribution					
3	Unemployment					
4	Other					
5						
6	Total	\$0	\$0	\$0	XXXXXXX	\$0
	State Taxes:					
7	Franchise-Gross Income-186a					
8	Franch.-Gross Inc.-Access Charges					
9	Franchise-Gross Earnings-184					
10	Franchise-Excess Div.-186					
11	Temporary Surcharges-					
12	Sec. 186a (Gross Income)					
13	Sec. 184 (Gross Earnings)					
14	Sec. 186 (Excess Dividend)					
15	MTA Surcharge					
16	Unemployment Insurance					
17	Disability Insurance					
18	Sales and Use					
19	Other					
20	Total	\$0	\$0	\$0	XXXXXXX	\$0
	Local Taxes:					
22	Real Estate					
23	Special Franchise					
24	Municipal Gross Income					
25	NYC-Spec. Franchise					
26	Motor Vehicle					
27	Other					
28						
29	Total	\$0	\$0	\$0	XXXXXXX	\$0
30	Other (list):					
31						
32						
33	Totals	\$0	\$0	\$0	XXXXXXX	\$0

46. MISCELLANEOUS TAX REFUNDS

1. Report below particulars concerning all tax refunds received or used as a reduction of taxes payable during the year which are not more than \$1.5 million or do not exceed \$1,000 and 0.2% of the utility's operating revenues. This information is requested in compliance with Section 89.3, Notification Concerning Tax Refunds, of 16 NYCRR. This report shall be inapplicable to ordinary operating refunds that are not attributable to negotiation or to new legislation, adjudication, or rulemaking (such as refunds for overpayment of estimated taxes, and carrybacks of net operating losses and investment tax credits).
2. In determining whether a refund exceeds 0.2% of operating revenues for purposes of this report, the operating revenues of a telecommunication utility shall not include interstate revenues.
3. In determining whether a refund meets the criteria stated in Instruction 1 above, multiple refunds shall be treated as a single refund if they share a common cause such as a common act of negotiation, legislation, adjudication or rulemaking.
4. In this report, the utility also shall either propose a method of distributing to its customers the entire amount refunded or show why it should not make such a distribution.

Line No.	Description of Item (a)	Amount (b)
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2	NONE	
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35	Total	\$0

**47. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

1. Report hereunder a reconciliation of reported net income for the year with taxable income used in computing Federal Income tax accruals and show computation of such tax accruals. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount.
2. If the telecommunication company is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (a)	Amount (b)
1	Net Income for the Year per Income Statement (Schedule 12, line 48)	(\$2,732,307)
	Income Taxes Accrued:	
2	A/C 722 Operating Federal Income Taxes	833,430
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10	Less: Nonregulated Income	
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12		
13		
14	Other reconciling amounts (list first additional income and unallowable deductions, followed by additional deductions and nontaxable income):	xxxxxxxxxxxx
15	Additional Income & Unallowable Deductions:	xxxxxxxxxxxx
16	Vacation Pay	(\$16,853)
17	Bad Debt Adjustment	(98,017)
18	Verizon settlement	900,000
19	Meals and Entertainment	5,665
20	Penalties	127,145
21	123R Expense	198,684
22	Political contributions	5,500
23		
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25	Pension and Postretirement	(\$13,990)
26	Tax Versus Book Depreciation	515,719
27	(Income) Loss OP Partnership	(820,528)
28	Deferred Compensation	2,152
29	Voluntary Termination Incentive	0
30	State Taxes	(2,000)
31	Prepaid Expenses	(84,085)
32		
33	Federal tax net income	(\$374,021)
	Computation of tax:	xxxxxxxxxxxx
34	Tax @ 34%	(\$127,167)
35		
36	True-up from prior Years	(315,186)
37		
38		
39	Computed Federal Income Tax	(\$442,353)

48. SPECIAL CHARGES

Report below all expenditures incurred during the year for the purpose of lobbying (see paragraph (1) of account in USOA); contributions for charitable, social or community welfare purposes; penalties and fines paid on account of violations of statutes; and abandoned construction projects. Amounts of less than \$25,000 may be grouped by subsidiary categories for each of the items for Class A companies and less than \$2,000 for Class B companies.

Line No.	Description of Item (a)	Amount (b)
1	Charitable Donations	\$34,900
2	Political Donations	5,500
3	Tax Penalties	127,145
4	Expenses associated with the LTIP	963,878
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44	Totals from Insert Pages	
45	Total	\$1,131,423

49. OTHER INTEREST DEDUCTIONS

1. From each affiliated company to which interest on debt was incurred during the year show the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, and (e) other debt, and total interest. Explain the nature of the other debt on which interest was incurred during the year.
2. Report the amount and interest rate for each class of debt on which other interest charges were incurred during the year.

Line No.	Description of Item (a)	Amount (b)
	Account 7540.1 Other Interest Deductions-Affiliated Companies	
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11		
12		
13	Total Other Interest Deductions-Affiliated Companies	\$0
	Account 7540.2 Other Interest Deductions	
14	Customer deposit interest	\$580
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	Total Other Interest Deductions	\$580

50. OTHER NONOPERATING INCOME

Give the nature and source of each item recorded in this account, before taxes, and the amount thereof for the year. Amounts of less than \$25,000 may be grouped by subsidiary categories for each of the items for Class A companies and less than \$2,000 for Class B companies.

Line No.	Description of Item (a)	Amount (b)
1	Verizon Wireless Mobile	\$7,897,678
2	CoBank patronage dividend	33,108
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
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22		
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24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Total	\$7,930,786

51. EXTRAORDINARY ITEMS

1. Show in column (a), separately by accounts, a brief description of each item in accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges. Report the applicable income tax effect in column (d).
2. For each item, cite the date of Commission approval and authorization (e.g. Case or Docket No.). Also, see section 661.17 of the Uniform System of Accounts.

Line No.	Particulars (a)	Debit Amounts (b)	Credit Amounts (c)	Tax Effect Incl. in Accounts	
				7630 (d)	7640
1	NONE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18		Totals	\$0	\$0	\$0

51A. CONTINGENT LIABILITIES

1. Describe in column (e) the details of all contingent liabilities.
2. In columns (f) through (i) report the accounts used to record the contingent liabilities and the amounts.
3. For each item, cite the date of Commission approval and authorization (e.g. Case or Docket No.). Also, see section 661.17 of the Uniform System of Accounts.

Line No.	Particulars (e)	Debits		Credits		
		Account (f)	Amount (g)	Account (h)	Amount (i)	
19	NONE		\$0		\$0	
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35		Total	X X X	\$ 0	X X X	\$ 0

52. MEMBERSHIP FEES AND DUES

Line No.	Particulars (a)	NUMBER OF		Amounts (d)
		Organizations (b)	Memberships (c)	
EXPENDITURES CHARGED TO OPERATING EXPENSES				
1	Associations of telecommunications companies	1		\$20,000
2	Trade, technical and professional associations			
3	Other organizations (specify types):			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	Total	1	0	\$20,000
EXPENDITURES CHARGED TO ACCOUNT 7370				
15	Social and athletic clubs			
16	Service clubs			
17	Other organizations (specify type):			
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28	Total	0	0	\$0

53. Employee Protective Plans

Report a summary of each employee program in effect at any time during the year. This schedule is intended to cover pension, profit sharing, group life insurance, accident and sickness, medical, hospital, prescription drugs, guaranteed annual wage, severance pay, and any other plan maintained for employees (or retirees), but it is not intended to cover such a plan required by law, (e.g. social security).

For each plan report:

1. the identity thereof, and the employee group covered (e.g. management, non-management, executive officers, etc.)
2. whether the benefits are provided through an insurance carrier or directly by the company.
3. the total cost for the year.

Note: If any important change is made with respect to any such plan during the year, give brief particulars.

POST RETIREMENT HEALTH BENEFITS

- 1-Post retirement Benefits. Employees full time to retired covered.
- 2-Benefits paid through Warwick Valley Telephone Company
- 3-Cost \$112,000

401K PLANS

- 1-401K Company Contribution Plan All Employees full time covered.
- 2-Benefits paid through Warwick Valley Telephone Company
- 3-Cost: \$403,929

EAP

- 1-Employee Assistance Program. All employees covered.
- 2-Benefits paid through Warwick Valley Telephone Company
- 3-Cost \$4,000

MEDICAL/DENTAL

- 1-Group Medical /Dental All Employees full time covered.
- 2-Benefits through MVP for medical and MetLife for dental
- 3-Cost \$1,500,000

GROUP LIFE INSURANCE

- 1-Group Life Insurance, Accidental Death and Dismemberment and Universal Life. All Employees full time covered.
- 2- Benefits through Mutual of Omaha and Metropolitan Life Insurance.
- 3- Cost \$37,607

PENSION (frozen)

- 1-Warwick Valley Telephone Company Employee's Retirement Plan. All non-management employees hired before May 1, 2003 and all management employees hired before March 1, 2005.
- 2-Benefits paid through Equitable Life Insurance Society of the US and Bank of New York.
- 3- Cost: \$1,953,445

LONG TERM DISABILITY

- 1-Long term disability. All Employees full time covered.
- 2-Benefits paid through Lincoln Insurance
- 3- Cost \$22,286

53. Employee Protective Plans (Continued)

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54. ANALYSIS OF PENSION COST

1. On lines 1-21 report the terms of the Pension Plan for the holding company or parent company; on lines 22-32 report details for the reporting company. If the reporting company has more than one pension plan, report each using separate forms.
2. Report on line 1 the actuarial present value of benefits determined as of a specific date during the calendar year according to the terms of a pension plan and based on employees' compensation and service to that date (salary progression is not considered in making this computation).
3. Report on line 2 the actuarial present value of all benefits attributed to employee service up to a specific date, based on the terms of the plan including salary progression factor for final pay and career average pay plans.
4. Report on line 3 the amount the pension plan could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on line 8 the discount rate which was used to calculate the obligations reported on Lines 1 and 2.
6. Report on Line 9 the expected long-term return on plan assets.
7. Report on line 14 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on line 17.
8. Report on lines 19 thru 21 and lines 29 thru 32 the number of persons covered by the plan at the BEGINNING of the policy year.
9. Report on line lines 21 and 32 the numbers of persons having vested pension rights but who are no longer employed by the company and not yet drawing a pension allowance.
10. On line 22, the term "Minimum Required Contribution" shall mean the payment by the employer to its employees' pension fund necessary to meet the requirement set forth in the Employee Retirement Income Security Act of 1974.
11. On line 24, the term "Maximum Amount Deductible" shall mean the amount of pension expense that is allowable under Section 415 of the Internal Revenue Code.
12. Report on line 26 the dollar amount applicable to the reporting company which has been included in the amount on line 18.
13. Report on line 27 the dollar amount included on line 26 which has been capitalized.

For the above plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each such revision on each of the amounts reported on page 85. Use a separate insert sheet if more space is required.

54. ANALYSIS OF PENSION COST (Continued)		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ 18,556,000
2	Projected Benefit Obligation	\$ 18,556,000
3	Fair Value of Plan Assets	\$ 11,265,000
4	Unrecognized Transition Amount	\$ 0
5	Unrecognized Prior Service Costs	\$ 0
6	Unrecognized Gains or (Losses)	\$ 0
7	Date of Valuation Reported on Lines 1 through 6	12/31/2011
8	Discount Rate	4.25% %
9	Expected Long-Term Rate of Return on Assets	8.00% %
10	Salary Progression Rate (if applicable)	0.00% %
	Net Periodic Pension Cost:	
11	Service Cost	\$
12	Interest Cost	861,000
13	Actual Return on Plan Assets [(Gain) or Loss]	(913,000)
14	Deferral of Asset Gain or (Loss)	0
15	Amortization of Transition Amount	0
16	Amortization of Unrecognized Prior Service Cost	56,000
17	Amortization of Gains or Losses	755,000
18	Total Pension Cost	\$ 759,000
19	Number of Active Employees Covered by Plan	
20	Number of Retired Employees Covered by Plan	40
21	Number of Previous Employees Vested but Not Retired	67
	<u>REPORTING COMPANY</u>	60
22	Minimum Required Contribution	\$ 502,000
23	Actual Contribution*	\$ 529,000
24	Maximum Amount Deductible*	\$ 0
25	Benefit Payments	\$ 926,000
26	Total Pension Cost	\$ 759,000
27	Pension Cost Capitalized	\$ 0
28	Accumulated Pension Asset/Liability at Close of Year	\$ 7,291,000
29	Total Number of Company Employees at Beginning of Policy Year	112
30	Number of Active Employees Covered by Plan.	40
31	Number of Retired Employees Covered by Plan.	67
32	Number of Previous Employees Vested but Not Retired.	60
<p>* Specify in the space below the reason(s) for any difference between the amounts reported on lines 23(b) and 24(b).</p>		

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS

1. Report the amount of gains or losses arising from employee termination benefits or settlements, partial settlements, curtailments or suspensions of pensions or pension obligations during the year. If none have occurred, or they qualified as "small settlements" under SFAS-88 and the company elected not to recognize the gain or loss, state "none" on line 5 and complete the applicable sections on the bottom of the form. Use separate forms to report the effect of each event and, if the event affected more than one plan, use separate forms for each plan. These events include:
 - a. purchases of annuity contracts.
 - b. lump-sum cash payments to plan participants.
 - c. other irrevocable actions that relieved the company or the plan of primary responsibility for a pension obligation and eliminates significant risks related to the obligation and assets.
 - d. an event that significantly reduces the expected of years future service for present employees who are entitled to receive benefits from that plan or that eliminates the accrual of benefits for some or all of the future services of a significant number of those employees.

If this is the first year the company is subject to the reporting requirements of this schedule, complete separate forms for each reportable event having occurred since the company's adoption of SFAS-87 and include those forms in the current Annual Report.

2. In line 1-15 report activities for holding company or parent company; on line 16-18 report details for the reporting company.
3. Report on line 1 the amount of overfunding remaining (excess of plan assets, adjusted for accrued or prepaid pension costs, over the Pension Benefit Obligation), if any, from when the company first complied with SFAS-87. The amount should be adjusted by the year-to-date amortization.
4. Report on line 2 the actuarial gains and losses that occurred in prior fiscal years following compliance with SFAS-87 but have not yet been amortized. The amount should be adjusted by the year-to-date amortization.
5. Report on line 3 the actual return on plan assets (the sum of investment income and appreciation).
6. Report on line 4 the expected return on plan assets (a component of the current-year expense calculation, which should be prorated for the elapsed portion of the current year).
7. Report on line 6 the Pension Benefit Obligation (PBO) updated from the previous year-end figure to the settlement date. This amount should reflect the addition of a pro rata portion of the service cost and interest cost and the subtraction of benefit payments. It should also reflect any plan changes made during the year.
8. Convert the basis points and percentages reported on line 7 and 8 to their decimal equivalents before entering them in the formula on line 9.
9. Report on line 17 the applicable Federal income tax rate. Although no tax is currently payable on the gain and loss, it should be reflected because it represents a reduction of future pretax pension expense.

State separately below for each reportable event having occurred since the company's initial compliance with SFAS-87, and for which amortization of deferred gains or losses was not completed by December 31 of last year, the (1) type of event, e.g. settlement or curtailment, (2) date of occurrence, (3) amount of gain or loss originally deferred, (4) period of amortization specified by beginning and ending dates, and (5) amount of the current year's amortization.

55. ANALYSIS OF PENSION SETTLEMENTS, CURTAILMENTS, AND TERMINATIONS (Continued)

Line No.	ESTIMATE OF SETTLEMENT GAIN OR LOSS (a)	(b)	(c)
PLAN			
1	Unrecognized net asset		1. _____
2	Unrecognized net actuarial gain or (loss)		2. _____
	Year-to-date asset gain or (loss):		
3	Actual return	3. _____	
4	Expected return	4. _____	
5	Gain or (loss): (3)-(4)		5. _____ 0
	Year-to-date liability gain or (loss):		
6	PBO at settlement date	6. _____	
7	Year-to-date increase (or decrease) in actuarial discount rate	7. _____	basis points
8	Percentage decrease in PBO for each 100 basis-point increase in the discount rate	8. _____	
9	Liability gain or (loss): {(6) x (7) x (8)} x 100 -- see instructions		9. _____ 0
	Settlement gain or (loss):		
10	Accounting value of obligation which was settled	10. _____	
11	Settlement cost (e.g., price of purchased annuity contract)	11. _____	
12	Settlement gain or (loss): (10)-(11)		12. _____ 0
13	Total accumulated gain or (loss): (1)+(2)+(5)+(9)+(12)		13. _____ 0
14	Settlement ratio: (10)/(6)		14. _____ 0%
15	Pretax gain recognizable in current income: (13) x (14)		15. _____ 0
REPORTING COMPANY			
16	Portion of amount on line 15 allocated to reporting company		16. _____
	Tax-affected gain:		
17	Tax rate	17. _____ %	
18	Gain or (loss) after provision for income tax: 16 x [100% - (17)]		18. _____ 0

Explain the basis of allocation used to derive the amount reported on line 16 from that reported on line 15:

For the amount reported on line 16 specify:

- a. the amount recorded as income for the current year
- b. the amount deferred on the balance sheet
- c. amortization period for the deferred amount (specify beginning and ending dates).

Briefly describe the event (e.g., settlement, curtailment or termination with short description of the change) and the date of its occurrence.

If the event involves the purchase of an annuity contract(s), state whether they are participating or nonparticipating contracts. If they are participating, explain the terms and state the cost difference between the contract(s) purchased and identical contracts without the participating feature.

If the event qualified as a "small settlement" under SFAS 88, and the company elected not to recognize the gain or loss, state:

- a. number of employees affected
- b. the cost of the settlement
- c. the amount of PBO settled

56. ANALYSIS OF OPEB COSTS, FUNDING, AND DEFERRALS

1. Report on Pages 88 through 91, the requested data concerning Postretirement Benefits Other than Pensions (OPEB). For these schedules, the measurement date, calculation of the data requested, and separate reporting for different types of OPEB plans shall be consistent with the disclosure requirements specified in SFAS-106 (Paragraphs 72-89). If the reporting company's OPEB benefits are provided through a joint plan with its parent company or holding company, report under the columnar heading "Total Company" the data applicable to the total plan (i.e., that of the parent or holding company). The columnar heading "New York State Jurisdiction" refers to the New York State jurisdictional operations of the reporting company, exclusive of amounts applicable to subsidiary companies which are subject to the Commission's jurisdiction but are separately reported.
2. The quantification of amounts reported on Lines 1 - 12 shall be as of the date reported on Line 13.
3. Report on Lines 1 - 3 the actuarial present value of benefits attributed employees' service rendered to the date reported on Line 13.
4. Report on Line 4 the amount the OPEB plan(s) could expect to receive for investments in a sale between a willing buyer and a willing seller, other than in a forced or liquidation sale.
5. Report on Lines 5 and 6, the amounts applicable to OPEB that are recorded in internal reserves, net of their related deferred income tax effect. For New York State Jurisdictional Operations, creation of an internal reserve was required by the Commission's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and OPEB" (issued September 7, 1993).
6. Report on Line 10 the amount of unrecognized net gain or loss (including plan asset gains and losses not yet reflected in the market-related value of the plan assets).
7. Report on Line 11 the amount of unrecognized net asset gain or loss not yet reflected in the market-related value of plan assets.
8. In certain instances, a portion of the New York State Jurisdiction OPEB internal reserve may not be subject to the accrual of interest (e.g. in the company's last rate case a portion of the reserve may have been used to reduce rate base). Report on Line 12 the balance of the reserve, net of its related deferred income tax effect, which is subject to the accrual of interest.
9. Report on Line 14 the discount rate which was used to calculate the obligations reported on Lines 1-3.
10. Report on Line 15 the expected long-term return on plan assets reported on Line 4.
11. Report on Line 21 the net asset gain or loss deferred during the reporting year for later recognition. Do not include in this amount amortization of previously deferred gains or losses as these amounts are to be reported on Line 24.
12. The amount reported on Line 24 is to include the amortization of gains and losses arising from changes in assumptions.

For each plan, specify and explain in the space below any accounting changes or changes in assumptions or elected options made during the reporting year. Quantify the effects of each revision on each of the amounts reported on Page 89. Use a separate insert sheet if more space is necessary.

56A. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

Line No.	Item (a)	Total Company (b)
<u>ANALYSIS OF OPEB COSTS</u>		
	Accumulated Benefit Obligation Attributable to:	
1	Retirees Covered by the Plan	\$ 3,957,275
2	Other Fully Eligible Plan Participants	\$ 0
3	Other Active Plan Participants	\$ 1,186,051
4	Fair Value of Plan Assets Held in an Exterior Fund or Trust	\$ 2,168,000
	Plan Assets Held in an Internal Reserve (net of tax):	0
5	New York State Jurisdiction	\$ 11,482
6	Other	\$ 0
7	Other Plan Assets (Specify)	\$ 0
8	Unrecognized Transition Obligation	\$ 28,379
9	Unrecognized Prior Service Costs	\$ 330,165
10	Unrecognized Gains or (Losses)	\$ 432,268
11	Gains or (Losses) Unrecognized in Market Related Value of Assets	\$ 0
12	NYS Jurisdiction Internal Reserve Balance Subject to Accrual of Interest (net of tax)	\$
13	Date of Valuation for Amounts Reported on Lines 1 - 12.	12/31/11
14	Discount Rate	4.25%
15	Expected Long-Term Rate of Return on Assets (Exterior Fund)	8.00%
16	Interest Rate Applied to NYS Jurisdiction Internal Reserve Balance	0.0%
17	Salary Progression Rate (if applicable)	0.0%
<u>NET PERIODIC OPEB COST</u>		
18	Service Cost	\$ 14,000
19	Interest Cost	238,000
20	Actual Return on Plan Assets [(Gain) or Loss]	(168,000)
21	Deferral of Asset Gain or (Loss)	0
22	Amortization of Transition Amount	28,000
23	Amortization of Unrecognized Prior Service Cost	330,000
24	Amortization of (Gains) or Losses from Earlier Periods	94,000
25	(Gain) or Loss Due to a Temporary Deviation From a Substantive Plan	0
26	Net Periodic OPEB Cost	\$ 536,000

56B. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

1. Report on Line 3 items such as transfers of excess pension funds from the company's pension trust fund to an account set up under Section 401 (h) of the Internal Revenue
2. Report on Line 5 items of income (e.g., dividends and interest).
3. The amount reported on Line 9 should be the same amount as that reported on Line 4 on Page 89.

Line No.	Item (a)	Total Company (b)
EXTERNALLY HELD OPEB DEDICATED FUNDS OR TRUSTS		
1	Fair Value of Plan Assets at Beginning of Period	2,095,133
Contributions to the Fund:		
2	Deposits of Company Funds	192,225
3	Transfers from Pension Related Funds	
4	Other *	
5	Income or (Loss) Earned on Fund Assets	
6	Capital Appreciation or (Depreciation) of Fund Assets	
7	Cost Benefits Paid from the Fund To or For Plan Participants	119,827
8	Other Expenses Paid By the Fund **	
9	Fair Value of Plan Assets at End of the Period	\$2,167,531

* Specify the source of any amount reported on Line 4.

** Specify the type and amount of any expenses reported on Line 8.

56C. ANALYSIS OF OPEB COSTS, FUNDING AND DEFERRALS (Continued)

1. The data requested on Lines 1 through 12 are for the internal reserve, the establishment of which is required by the Commission's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions" (Case 91-M-0890, issued and effective September 7, 1993). The amounts reported below are to be consistent with the definitions and intent contained in that Statement.
2. The "rate allowance" to be reported on Line 2 is the amount which was projected to be charged to expense accounts (i.e., not charged to construction, depreciation, nor the rate base allowance related to capitalized OPEB costs) in the company's latest rate proceeding, adjusted to actual Kwh (etc.) sales as per the above Policy Statement.
3. The amount reported on Line 9 less the amount on Line 10 should total the amount reported on Line 5 of Page 89.
4. In certain instances, a portion of the OPEB internal reserve may not be subject to the accrual of interest (e.g., in the company's last rate case, a portion of the reserve may have been used as a rate base reduction). Report on Line 12 the balance of the reserve, net of its related deferred income tax effect, which is subject to the accrual of interest.
5. The Commission's September 7, 1993 Policy Statement on pensions and OPEB stated that, except under certain circumstances, the difference between 1) the rate allowance for OPEB expense, plus any pension related or other funds or credits the company is directed to use for OPEB purposes, and 2) OPEB expense determined as required therein, are to be deferred for future recovery. Report on Lines 13 through 17 the amounts relating to this requirement.

Line No.	Item (a)	New York State Jurisdiction (b)
	OPEB RELATED ASSETS RECORDED IN AN INTERNAL RESERVE	
1	Balance in Internal Reserve at Beginning of the Period - [(Debit) / Credit]	11,482
2	Amount of the Company's Latest Rate Allowance for OPEB Expense	9.79
3	Amount of OPEB costs actually charged to Construction	
4	Pension Related or Other Funds or Credits this Commission Directed the Company to Use for OPEB Purposes	
5	Interest Accrued on Fund Balance	
6	Cost Benefits Paid to or for Plan Participants	
7	Amount Transferred to an External OPEB Dedicated Fund	
8	Other Debits or Credits to the Internal Reserve *	
9	Balance in Internal Reserve at End of the Period	11,482
10	Balance of Deferred Income Tax Applicable to the Internal Reserve	
11	Interest Rate Applied to Internal Reserve Balances	
12	Internal Reserve Balance Subject to Accrual of Interest (net of tax)	
	ACCUMULATED DEFERRED OPEB EXPENSE	
13	Accumulated Deferred Balance Beginning of Period - [Debit / (Credit)]	
14	Deferral Applicable to Current Year Variation	
15	Amortization of Previous Deferrals	
16	Accumulated Deferred Balance at End of Period	
17	Balance of Deferred Income Tax Applicable to Deferred OPEB Expense at the End of Period	
	* Briefly explain any amounts reported on Line 8.	

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**59. GENERAL SERVICES AND LICENSES,
ADVISORY, MANAGEMENT, ENGINEERING, OR PURCHASING SERVICES**

1. Respondents shall report all services rendered by or provided to affiliated and nonaffiliated companies under a license agreement, a general service contract, or other arrangement for furnishing of general accounting, advisory, engineering, financial, legal, patent, purchasing or other general services of a continuous nature.
2. Report the valuation method used; tariffed rate or cost.
3. Aggregate all Other Company items under \$100,000 for Class A and \$25,000 for Class B Telecommunications Companies.

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
1	Affiliates:				
2	NONE				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	Total Affiliates				0
22	Other Companies:				
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	Aggregate of All Other Items				
42	Total Other Companies				0
43	Total General Services and Licenses				0

60. LIFELINE TELEPHONE SERVICES

1. Show separately, by month, the amount of customers for each Lifeline service.
2. The total shown in column (d) is the total customers receiving Lifeline services, column (a)+(b)+(c).

	Number of Customers				
	Flat Rate (a)	Basic Message Rate (b)	Locality Waivers (c)	Total Lifeline (d)	Link-Up Customers (e)
January	93			93	
February	92			92	
March	94			94	
April	99			99	
May	97			97	
June	95			95	
July	94			94	
August	94			94	
September	92			92	
October	90			90	
November	92			92	
December	92			92	

61. ACCESS LINES IN SERVICE

1. Access lines are any and all facilities appearing at a customer's premises for which an access line charge is made as provided for in company tariffs.
2. Multi-line business access lines shall include all access lines provided to businesses with two or more lines on the same premises (i.e., two line service, key telephone system services, PBX system services).
3. Public access lines shall include all access lines provided to serve public coin telephones, semi-public coin telephones, customer owned coin operated telephones (COCOTS) and credit card telephones.
4. Private Line Circuits are telephone facilities furnished under contracts providing exclusive service, i.e., service not requiring central office switching operations.

Line No.	Division of Territory (a)	Number of Access Lines			
		At Beginning of the Year (b)	During the Year		At End of the Year (e)
			Added (c)	Discontinued (d)	
1	Warwick, NY	6,009		404	5,605
2	Florida, NY	2,059		153	1,906
3	Pine Island, NY	829		50	779
4	Vernon, NJ	4,698		552	4,146
5	Upper Greenwood Lake, NJ	931		135	796
6	NY CLEC	718		92	626
7	NJ CLEC	179	4		183
8					0
9					0
10		15,423	4	1,386	14,041

NUMBER AT END OF THE YEAR

Line No.	Access Lines Classified by Type						Mobile Access Lines (l)	Private Circuits (Instr. 4) (m)
	Business		Public	Residential				
	Single Line (f)	Multi-Line (Instr. 2) (g)	(Instr. 3) (h)	One Party (i)	Two Party (j)	Four or More Parties (k)		
1	511	1,562	8	3,521	2	1	0	0
2	222	618	0	1,065	1	0	0	0
3	87	156	1	535	0	0	0	0
4	234	639	1	3,272	0	0	0	0
5	57	68	2	669	0	0	0	0
6	549	0	3	74	0	0	0	0
7	89	0	0	94	0	0	0	0
8								
9								
10	1,749	3,043	15	9,230	3	1	0	0

62. TELEPHONE CALLS

1. Show the particulars called for concerning telephone calls originating from respondent's stations in each of the general divisions of territory in which telephone service is given by the respondent within the State of New York. Divisions of territory lying wholly outside the State of New York may be grouped under one heading.
2. The numbers shown in column (c) may be based on an actual count taken periodically during the year. Describe in a note the general characteristics of the methods employed in arriving at the numbers shown.
3. As used in this schedule, a "local call" means one between two points, both of which are within the local service area of the calling telephone; and a "toll call" means one to a point outside of the local service area of the calling telephone.

NUMBER OF CALLS ORIGINATING FROM COMPANY PROVIDED SWITCHED ACCESS LINES									
Line No.	State or Territory (a)	Total Local Calls (b)	IntraLATA Intrastate Toll Calls		InterLATA Intrastate Toll Calls		InterLATA Interstate Toll Calls		Total Calls (i)
			Messages (c)	Billed Minutes (d)	Messages (e)	Billed Minutes (f)	Messages (g)	Billed Minutes (h)	
1	Warwick, NY	560,924	820,928	2,644,193	576,426	2,684,238	662,247	3,794,419	2,620,525
2	Florida, NY		525,121	1,682,221	224,376	908,686	258,750	1,252,306	1,008,247
3	Pine Island, NY		156,453	537,271	88,543	372,945	127,640	731,393	372,636
4									0
5									0
6	Warwick is the host office of Florida and Pine Island for total local calls								0
7									0
8									0
9									0
10		560,924	1,502,502	4,863,685	889,345	3,965,869	1,048,637	5,778,118	4,001,408

63. STATISTICS RELATING TO TELEPHONE SERVICE QUALITY

1. To calculate the Average for the Year for column (b) below, add together each of the monthly company-wide results and divide by 12.
2. Measurement Opportunities are the total number of monthly measurements for the year taken at the appropriate entity reporting level (e.g., central office entity for Customer Trouble Report Rate; Maintenance Center for Percent Out-of-Service Over 24 Hours, etc.).
3. "Objective Level", "Weakspot Level", and "Surveillance Level Failure" are defined in the Commission's Telephone Service Standards (Section 603 of 16NYCRR). Certain smaller companies may not be required to report on all of the following service measurements. Please refer to the Service Standards before completing the following schedule.
4. For Business Office Answer, Repair Service Answer, Directory Assistance Answer, Intercept Answer, and Toll & Assistance Answer specify which of the two alternative standards the company used during the year. (See Section 603.12 (d) of 16 NYCRR.)

Line No.	Service Measurement (a)	TOTAL COMPANY SERVICE QUALITY DATA						Number of Surveillance Level Failures (h)
		Average for the Year (b)	Cumulative Annual Total (c)	Measurement Opportunities		At Weakspot Level		
				At Objective Level Number (d)	Percent (e)	Number (f)	Percent (g)	
1	Customer Trouble Report Rate Per 100 Access Lines	98%	2,742					
2	Percent Missed Repair Appointments							
3	Percent Out-of-Service Over 24 Hours		65*					
4	Percent Regular Orders Installed Within 5 Days		881					
5	Percent Installation Appointments Not Met							
6	Business Office Answer (Standard: _____)							
7	Repair Service Answer (Standard: _____)							
8	Directory Assistance Answer (Standard: _____)							
9	Intercept Answer (Standard: _____)							
10	Toll and Assistance Answer (Standard: _____)							
11	Dial Tone Speed							
12	Blockages and Failures							
13	Orders for Regrades Held Over 30 Days							
14	TOTAL		3623	0		0		0
15	<p>Number of Customer Complaints to the Public Service Commission During the Year 1 * Due to Hurricane Irene in August 2011 and a major snowstorm in October 2011.</p>							

64. PLANT EXTENSIONS TO SERVE NEW RESIDENTIAL SUBDIVISIONS

Report on telephone facilities constructed during the year to serve new residential subdivisions pursuant to 16 NYCRR Part 604.

Line No.	Underground Plant Constructed Within Subdivisions (a)	Amount (b)
	A. Direct Buried (Plowed) Lines	
1	Total Length	<u>650</u> ft.
2	Cost of Plowing Only	<u>\$3,695.00</u>
3	Average Cost of Plowing Only	<u>5.68</u> /ft.
	B. Sole Occupancy Trenched Lines	
4	Total Length	<u>0</u> ft.
5	Cost of Trenching Only	<u>\$0.00</u>
6	Average Cost of Trenching Only	<u> </u> /ft.
	C. Shared Occupancy Trenched Lines	
7	Total Length	<u>5,426</u> ft.
8	Cost of Trenching (telephone portion) Only	<u>\$7,885.00</u>
9	Average Cost of Trenching (telephone portion) Only	<u>\$1.45</u> /ft.
II. Plant Constructed To Connect Subdivisions To The Existing Telephone Distribution System		
	A. Facilities Placed Underground	
10	Total Length	<u>0</u> ft.
11	Total Cost	<u>0</u>
12	Average Total Cost	<u> </u> /ft.
	B. Facilities Placed Overhead	
13	Total Length	<u>0</u> ft.
14	Total Cost	<u>0</u>
15	Average Total Cost	<u> </u> /ft.

65. DISTRIBUTION OF TOTAL COMPENSATION OF EMPLOYEES

Line No.	Account Group (a)	Amount (b)
1	Operating Expenses	\$6,365,803
2	Telecommunications Plant In Service	0
3	Telecommunications Plant Under Construction	262,695
4	Accumulated Depreciation	0
5	Other (specify):	
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$6,628,498
65A. NUMBER OF EMPLOYEES		
21	Officials and Managerial Assistants	65
22	Professional and Semiprofessional Employees	4
23	Business Office and Sales Employees	14
24	Clerical Employees	18
25	Operators	0
26	Construction, Installation and Maintenance Employees	4
27	Central Office Crafts Employees	0
28	Installation and Exchange Repair Crafts Employees	8
29	Line, cable and conduit crafts employees	4
30	Building, Supplies and Motor Vehicle employees:	2
31	All Other Employees Not Elsewhere Classified	20
32	Total Employees	139

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STATE OF NEW YORK
Public Service Commission
5 Year Book Data
Warwick Valley Telephone Company
For the period ending December 31, 2011

Annual Report of Warwick Valley Telephone Company

For the period ending C

COMPARATIVE BALANCE SHEET

	Annual Report Source	
CURRENT ASSETS	Sch 11, Pg 16 (C)	
1 Cash and Temporary Cash Investments	L1-4	\$4,339,461
2 Accounts Receivable (Net)	L(5,7,8) - L(6,9)	49502807
3 Current Deferred Income Taxes	L21	0
4 Other Current Assets	(Formula)	931681
5 Total Current Assets	L22	54773949
NON-CURRENT ASSETS		
6 Investments	L23-26	-1773288
7 Unamortized Debt Issuance Costs	L27	44715
8 Deferred Charges	L30-31	1223427
9 Other Jurisdictional Assets - Net	L32	
10 Non-Current Deferred Income Taxes	L33	366056
11 Other Non-Current Assets	(Formula)	2251558
12 Total Non-Current Assets	L 34	2112468
REGULATED PLANT		
13 Total Telecommunications Plant	L42	73284019
14 Less: Accumulated Depreciation and Amort.	L43-44	50576212
15 Net Regulated Plant	(Formula)	22707807
16 Total Assets & Other Debits	(Formula)	79594224

CURRENT LIABILITIES		Source	
		Sch 11, Pg 17 (C)	
17	Accounts Payable	L1-2	31906723
18	Notes Payable	L3-4	5600000
19	Advanced Billings	L5	331528
20	Customer Deposits	L6	32376
21	Current Maturities - Long-Term Debt	L7-8	1138974
22	Current Deferred Income Taxes	L11-12	0
23	Other Current Liabilities	(Formula)	4466913
24	Total Current Liabilities	L15	43476514
LONG-TERM DEBT			
25	Long-Term Debt	L23	0
OTHER LIAB. & DEFERRED CREDITS			
26	Unamortized ITC	L25-26	0
27	Non-Current Deferred Taxes	L27-28	-234808
28	Other Deferred Credits	L29	234775
29	Other Jurisdictional Differences - Net	L30	
30	Other Liabilities	(Formula)	9914990
31	Total Other Liab. and Def. Credits	L31	9914957
STOCKHOLDER'S EQUITY			
32	Common Stock	L32	62188
33	Preferred Stock	L33	500000
34	Other Paid in Capital	L34-36	-71191
35	Retained Earnings	Formula	25711756
36	Total Stockholder's Equity	L40	26202753
37	Total Liab. and Stockholder's Equity	(Formula)	\$79,594,224

INCOME STATEMENT

OPERATING REVENUES		Source	
		Sch 42, Pg 65 (b)	
1	Local Network Services	L10	\$3,061,579
2	Network Access Services	L15	8,169,999
3	Long Distance Network Services	L29	229,576
4	Miscellaneous Revenues	L41	2,812,638
5	Less: Uncollectible Revenues	L44	165,000
6	Total Operating Revenues	(Formula)	14,108,792
OPERATING EXPENSES		Sch 44, Pg 67 (F)	
7	Network Support Expenses	L14	0
8	General Support Expenses	L19	413,200
9	Central Office Switching	L23	415,925
10	Operator Systems Expense	L24	0
11	Central Office Transmission	L27	1,180,593
12	Info. Origination/Termination	L33	1,023,343
13	Cable & Wire Facilities	L43	433,695
14	Total Plant Specific Operations	(Formula)	3,466,756
		Sch 44, Pg 69 (F)	
15	Other Plant, Property & Equipment	L49	0
16	Network Operations	L59	666,205
17	Access Expense	L60	86,449
18	Depreciation and Amortization	L66	3,769,571
19	Total Plant Non-Specific Operations	(Formula)	4,522,225
		Sch 44, Pg 71 (F)	
20	Marketing Expense	L71	1,009,146
21	Services Expense	L78	2,400,099
22	Total Customer Operations	(Formula)	3,409,245
		Sch 44, Pg 73 (F)	
23	Executive & Planning	L82	1,415,596
24	General & Administrative	L91	4,770,990
25	Provision - Uncollectible Notes Rec.	Less L92	0
26	Other		
27	Total Corporate Operations	(Formula)	6,186,586
28	Total Operations Expense	(Formula)	17,584,812
		Sch 12, Pg 20 (C)	
29	Other Operating Income & Expenses	L9	(85,137)
30	State & Local Income Taxes	L12	0
31	Other Taxes	L13	1,034,840
32	Net Operating Income Before FIT	(Formula)	(4,595,997)
33	Investment Tax Credits - Net	L10	0
34	Federal Income Taxes	L11	833,430
35	Provision - Def. Operating Income Taxes - Net	L14	0
36	Net Operating Income	(Formula)	(\$5,429,427)

INCOME STATEMENT

	Source	
1 Net Operating Income	From Above	(\$5,429,427)
NON-OPERATING INCOME & EXPENSES		Sch 12, Pg 20 (C)
2 Dividend Income	L17	0
3 Interest Income	L18	98,156
4 Income - Sinking and Other Funds	L19	0
5 Allowance for Funds Used During Construction	L20	0
6 Gains/Losses - Disposal of Property	L21	77,594
7 Equity in Earnings of Affiliated Companies	L22	(4,075,338)
8 Other Non-Operating Income	L23	7,930,786
9 Special Charges	L24	(1,131,423)
10 Total Non-Operating Income & Expenses	(Formula)	5,162,621
NON-OPERATING TAXES		Sch 12, Pg 20 (C)
11 Federal Income Taxes	L26+L27+L30	0
12 Other	L28+L29	0
13 Total Non-Operating Taxes	(Formula)	0
14 Income Available Before Interest Charges	(Formula)	(266,806)
INTEREST CHARGES		
15 Interest on Funded Debt	L34	161,933
16 Other Interest Expense	(Formula)	580
17 Total Interest Charges	L38	162,513
18 Income Before Extraordinary & Nonregulated Items	(Formula)	(429,319)
Extraordinary & Nonregulated Items		Sch 12, Pg 21 (C)
19 Extraordinary Items	L44	0
20 Nonregulated Revenues	L46	0
21 Total Extraordinary & Nonregulated Items	(Formula)	0
22 Net Income	(Formula)	(\$429,319)

RETAINED EARNINGS STATEMENT**Sch 12, Pg 21 (C)**

Unappropriated Retained Earnings:		
23 Beginning Year Balance	L49	\$36,433,998
24 Transferred from Income	L50	(2,732,307)
25 Appropriations	L51	0
Dividends Declared:		
26 Preferred Stock	L52	25,000
27 Common Stock	L53	5,769,890
28 Adjustments	L54	2,195,045
29 Ending Year Balance	(Formula)	30,101,846
30 Appropriated/Undistributed Affiliated Retained Earnings	L57+L60-L61+L62)	(4,075,338)
31 Total Retained Earnings	(Formula)	\$26,026,508

CASH FLOW STATEMENT

	Source	
Cash Flows from Operating Activities		
1 Net Income	Formula	(\$429,319)
Non-Cash Items Included in Net Income		
	Sch 13, Pg 22 (B)	
2 Depreciation, Depletion & Amortization	L2+L3	3,809,714
3 Changes in Accumulated Deferred Income Taxes	L4	(842,061)
4 Changes in Working Capital	L6+L7+L8+L10+L11	(241,565)
5 Capitalized AFDC - Equity	L5	0
6 Other	(Formula)	(3,819,815)
7 Total Non-Cash Items	L17	(1,093,727)
8 Net Cash Provided by (Used In) Operating Activities	(Formula)	(1,523,046)
Cash Flows from Investing Activities		
	Sch 13, Pg 22 (B)	
9 Cash Flows from Construction	L28	(2,117,896)
10 Purchase of Other Investments	L29+L30+L31+L32	(14,604,426)
11 Sale of Other Investments	L33+L34+L35+L36	(11,588)
12 Other	L37+L38+L39	12,597,498
13 Net Cash Provided by (Used In) Investing Activities	(Formula)	(4,136,412)
Cash Flows from Financing Activities		
	Sch 13, Pg 23 (B)	
Net Proceeds (Payments)		
14 Long-Term Debt	L43+L49	(1,518,974)
15 Common Stock	L41+L47	(321,000)
16 Preferred Stock	L42+L48	0
17 Short-Term Debt	L44	5,600,000
18 Dividends Paid	L50+L51	(5,794,000)
19 Other Financing	(Formula)	0
20 Net Cash Provided by (Used In) Financing	L59	(2,033,974)
21 Net Increase (Decrease) in Cash & Equivalents	(Formula)	(7,693,432)
22 Cash & Equivalents at Beginning of Year	L61	10,697,344
23 Cash & Equivalents at End of Year	(Formula)	\$3,003,912

DISTRIBUTION OF TELEPHONE REVENUES

1	Revenues	Source Formula Sch 61	\$14,108,792
2	Access Lines	Pg 96, L10 (e)	14041

DOLLAR AMOUNTS

3	Wages and Benefits	Sch 44 Pg 71, L94 (b) (c)	\$7,176,508
4	Depreciation and Amortization	(Formula)	3769571
5	Other Operations Expense	(Formula)	6638733
6	Total Operation Expenses	(Formula)	17584812
7	Income Taxes - Operating Taxes	(Formula)	833430
8	Other Taxes - Operating Taxes	(Formula)	1034840
9	Capital Costs	(Formula)	-5344290
10	Total	(Formula)	\$14,108,792

PERCENT OF REVENUES

11	Wages and Benefits	(Formula)	50.9
12	Depreciation and Amortization	(Formula)	26.7
13	Other Operations Expense	(Formula)	47.1
14	Income Taxes - Operating Taxes	(Formula)	5.9
15	Other Taxes - Operating Taxes	(Formula)	7.3
16	Capital Costs	(Formula)	(37.9)
17	Total	(Formula)	100.0

DOLLARS PER ACCESS LINE

18	Wages and Benefits	(Formula)	511.11
19	Depreciation and Amortization	(Formula)	268.47
20	Other Operations Expense	(Formula)	472.81
21	Income Taxes - Operating Taxes	(Formula)	59.36
22	Other Taxes - Operating Taxes	(Formula)	73.70
23	Capital Costs	(Formula)	(380.62)
24	Total	(Formula)	1,004.83

TELECOMMUNICATIONS PLANT AND SELECTED RATIOS

		Source
		Sch 14, Pg 24, 25
Plant In Service		
1 General Support Assets	L13	\$9,883,787
2 Central Office Assets	L25	31,125,031
3 Information Origination/Termination	L31	1,838,672
4 Cable And Wire Facilities	L41	30,285,438
5 Amortizable Assets	L45	0
6 Total Plant In Service	(Formula)	73,132,928
7 Property Held For Future Use	L47	0
Plant Under Construction -		
8 Short & Long Term	L48,49	151,091
9 Telecommunications Plant Adjustment:		
10 Tel. Acquisition	L51	0
11 Other Plant	L52	0
12 Nonoperating Plant	L53	0
13 Goodwill	L54	0
14 Total Telecommunications Plant	(Formula)	73,284,019
15 Less Acc. Prov. For Depreciation & Amort.	(Formula)	50,576,212
16 Net Total Utility Plant	(Formula)	\$22,707,807

SELECTED RATIOS AND STATISTICS

17	Current Assets / Current Liabilities	(Formula)	1.26
18	Total Capitalization	(Formula)	\$32,941,727
	<u>Percent Of Capitalization (Incl. S-T- Debt)</u>		
19	Long-Term Debt	(Formula)	0.0%
20	Preferred Stock	(Formula)	1.5%
21	Common Stock & Retained Earnings	(Formula)	78.0%
22	Short-Term Debt	(Formula)	20.5%
23	Pretax Coverage of Interest Expense	(Formula)	3.49
24	Com. Stock Dividends as a % of Earnings	(Formula)	-1270.0%
25	Return on Common Equity	(Formula)	-1.8%
	Internal Cash Generated as a % of		
26	Cash Outflows for Construction	(Formula)	-71.9%
27	CWIP as a % of Plant	(Formula)	0.2%
	Number of Employees	(Formula)	139
	Source		
	Current Assets	(Formula)	54773949
	Current Liabilities	(Formula)	43476514
	Total Capitalization	(Formula)	32941727
	Long-Term Debt	(Formula)	0
	Preferred Stock	(Formula)	500000
	Common Stock and Retained Earnings (Excl. Preferred Stock)	(Formula)	25702753
	Short-Term Debt	(Formula)	6738974
	Pretax Income	See Below	566624
	Interest Expense	(Formula)	162513
	Common Dividends Paid	(Formula)	5769890
	Net Income (Excl. Preferred Stock Dividends)	See Below	-454319
	Internal Cash	(Formula)	-1523046
	Cash Outflows for Construction	(Formula)	-2117896
	CWIP	(Formula)	151091
	Total Plant	(Formula)	73284019
	Shares Outstanding	Pg. 63, Ln 9 (c)	6218800
	Number of Employees	Pg. 100, Ln 32	139
	<u>Additional Calculations</u>		
	Data used for "Pretax Income":	NOI Before FIT	-4595997
		Non-Oper. Inc. & Exp.	5162621
		Non-Oper. Tax - Other	0
		Total	\$566,624
	Data used for "Net Income":	Net Income	-429319
		Pref. Dividends	25000
		Total	-454319