

Instructions

Do not include this sheet in the Annual Report you send to the Commission

We have included general instructions below to assist you in completing the report.

General Information

There are three Excel files that make up the annual report. The files are called TELCOAR.XLS, AJCDR.XLS and TCMR.XLS, respectively. TELCOAR.XLS is the main body of the report and is broken down into three sections: General Information; Financial and Accounting Information; and Operating Data. AJCDR.XLS is a supplementary report which contains Annual Joint Cost Data Report. TCMR.XLS is the Commission's Telecommunication Competition Monitoring Report and replaces the Transitional Monitoring Report.

The pages/schedules in each file are separated by Tabs. The names of the Tabs in TELCOAR.XLS are arranged by Schedule Number. The names of the Tabs in AJCDR.XLS and TCMR.XLS are arranged by page number. A Table of Contents is provided in TELCOAR.XLS and TCMR.XLS. (Tab called Table).

Each file includes a tab called a Data Sheet. The completion of the Data Sheet will automatically transfer your company's name and year of the report to each page of the annual report. There are numerous formulas and cell references in both files. The cells that contain the formulas and cell references have been protected. To unprotect these cells, the following instructions should be used: Format/Cells/Protection and uncheck "Locked" (Please use caution after unprotecting cells).

We have checked the accuracy of the formulas and cell references in the file. However, all corrections may not have been made because the file was slightly revised this year. If you feel that certain formulas or cell references in the file are incorrect, unprotect the incorrect cell and input the correct number, and describe the change made on the "Comment" sheet provided.

Insert Pages

Due to a large amount of data, some companies will be required to file additional pages to complete certain schedules. If you are required to prepare insert pages, insert pages have been provided in the workspace below the applicable schedule. The totals of the insert pages should be inputted on the related schedule. The print function will not print the insert pages. As a result, you will have to print these schedules manually.

Printing Individual Schedules on the File

To print a schedule, select the schedule you want by clicking on the tab for that schedule. Then click on File/Print in the menu bar. In the "Print what" portion of the resulting "Print" dialogue box select "Active sheet(s)", and then click on "OK."

Saving the File

As stated above, the name of the two files are TELCOAR.XLS, AJCDR.XLS and TCMR.XLS. It is advised that you call up the file and then immediately save it using the assigned file names as shown below.

Print the Entire Report

When you have completed the report, you may want to print out the entire report. To do this, follow the instructions above for printing individual schedules except, in the "Print what" portion of the "Print" dialogue box, select "Entire workbook".

<u>Company Name</u>	<u>TELCOAR.XLS</u> <u>File Name to Save</u>	<u>AJCDR.XLS</u> <u>File Name to Save</u>	<u>TCMR.XLS</u> <u>File Name to Save</u>
ALLTEL	ALLTAR.XLS	ALLTJCD.XLS	ALLTCMR.XLS
Armstrong	ARMSAR.XLS	ARMSJCD.XLS	ARMSTCMR.XLS
Berkshire	BERKAR.XLS	BERKJCD.XLS	BERKTCMR.XLS
Cassadaga	CASSAR.XLS	CASSJCD.XLS	CASSTCMR.XLS
Champlain	CHAMAR.XLS	CHAMJCD.XLS	CHAMTCMR.XLS
Chautauqua & Erie	CHAUTAR.XLS	CHAUTJCD.XLS	CHAUTCMR.XLS
Chazy & Westport	CHAZYAR.XLS	CHAZYJCD.XLS	CHAZYCMR.XLS
Citizens Tel of Hammond	CITTHAR.XLS	CITTHJCD.XLS	CITTHCMR.XLS
Citizens Tel of New York	CITTNAR.XLS	CITTNJCD.XLS	CITTNCMR.XLS
Crown Point	CRPTAR.XLS	CRPTJCD.XLS	CRPTCMR.XLS
Delhi	DELHIAR.XLS	DELHIJCD.XLS	DELHICMR.XLS
Deposit	DEPAR.XLS	DEPJCD.XLS	DEPTCMR.XLS
Dunkirk & Fredonia	D&FAR.XLS	D&FJCD.XLS	D&FTCMR.XLS
Edwards	EDWAR.XLS	EDWJCD.XLS	EDWTCMR.XLS
Empire	EMPAR.XLS	EMPJCD.XLS	EMPTCMR.XLS
Fishers Island	FISHAR.XLS	FISHJCD.XLS	FISHTCMR.XLS
Frontier of Ausable Valley	FRTAVAR.XLS	FRTAVJCD.XLS	FRTAVCMR.XLS
Frontier of New York (Highland)	FRTNYAR.XLS	FRTNYJCD.XLS	FRTNYCMR.XLS
Frontier of Seneca-Gorham	FRTSGAR.XLS	FRTSGJCD.XLS	FRTSGCMR.XLS
Frontier of Sylvan Lake	FRTSLAR.XLS	FRTSLJCD.XLS	FRTSLCMR.XLS
Germantown	GERMAR.XLS	GERMJCD.XLS	GERMCMR.XLS
Hancock	HANCAR.XLS	HANCJCD.XLS	HANCTCMR.XLS
Margaretville	MARGAR.XLS	MARGJCD.XLS	MARGTCMR.XLS
Middleburgh	MIDAR.XLS	MIDJCD.XLS	MIDJTCMR.XLS
New York (Bell Atlantic/NYNEX)	NYNEXAR.XLS	NYNEXJCD.XLS	NYNEXCMR.XLS
Newport	NEWPAR.XLS	NEWPJCD.XLS	NEWPTCMR.XLS
Nicholville	NICHAR.XLS	NICHJCD.XLS	NICHTCMR.XLS
Ogden	OGDENAR.XLS	OGDENJCD.XLS	OGDENCMR.XLS
Oneida County Rural	ONCRAR.XLS	ONCRJCD.XLS	ONCRCMR.XLS
Ontario	ONTARAR.XLS	ONTARJCD.XLS	ONTARCMR.XLS
Oriskany Falls	ORISFAR.XLS	ORISFJCD.XLS	ORISFCMR.XLS
Pattersonville	PATTAR.XLS	PATTJCD.XLS	PATTCMR.XLS
Port Byron	PTBNAR.XLS	PTBNJCD.XLS	PTBNCMR.XLS
Rochester (Frontier Comm.)	RTCAR.XLS	RTCJCD.XLS	RTCTCMR.XLS
State	STATEAR.XLS	STATEJCD.XLS	STATECMR.XLS
Taconic	TACAR.XLS	TACJCD.XLS	TACTCMR.XLS
Township	TOWNAR.XLS	TOWNJCD.XLS	TOWNCMR.XLS
Trumansburg Home	TRUAR.XLS	TRUJCD.XLS	TRUTCMR.XLS
Vernon	VERNAR.XLS	VERNJCD.XLS	VERNTCMR.XLS
Warwick Valley	WARWAR.XLS	WARWJCD.XLS	WARWTCMR.XLS

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF TELEPHONE CORPORATIONS For the period ending December 31, 2018

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 : The Hancock Telephone Company

Address line 1: P.O. Box 608, 34 Read Street

Address line 2: Hancock, NY 13783

For the period starting: January 1, 2018

For the period ending: December 31, 2018

Date due: March 31, 2019

Example

January 1, 1995

December 31, 1995

March 31, 1995

For the period starting January 1, 2018
For the period ending December 31, 2018
Year Ended December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

COMPANY CODE:

TELEPHONE CORPORATIONS

ANNUAL REPORT

OF

The Hancock Telephone Company

Exact legal name of reporting telephone corporation

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

P.O. Box 608, 34 Read Street

Hancock, NY 13783

(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2018

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:

Robert C. Wrighter, Sr. President

P.O. Box 608, 34 Read Street

Hancock, NY 13783 607-637-9911

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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
- and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes). If the books are not closed as of that date the data in the report should nevertheless be complete, and the amounts reported should be supported by information set forth in, or as part of, the books of account.
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.

Robert C. Wrighter, Sr.
The Hancock Telephone Company
34 Read Street, P.O. Box 608
Hancock, NY 13783

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 State
31-May-01
Transportation Corporation Law

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.

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.

Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission

5. Name all classes of service furnished by respondent.

Business - One Party
Residence - One Party

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.

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.

[See Attached Financial Statements](#)

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:

**THE HANCOCK TELEPHONE COMPANY
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**



**Flaherty
Salmin** CPAs

Straight Answers. Trusted Solutions.



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Hancock Telephone Company and Subsidiaries
Hancock, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Hancock Telephone Company and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2018 and 2017, and the related consolidated statements of operations, retained earnings and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Hancock Telephone Company and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Flaherty Salmin LLP

Flaherty Salmin LLP
Rochester, New York

April 1, 2019

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 412,105	\$ 342,121
Accounts receivable:		
Customers, net of allowance for uncollectibles of \$5,488 and \$6,131 in 2018 and 2017, respectively	56,115	32,157
Other	399,005	297,503
Refundable income taxes	18,526	59,526
Materials and supplies	43,152	43,489
Prepaid expenses	<u>74,293</u>	<u>67,821</u>
	<u>1,003,196</u>	<u>842,617</u>
Other investments and long-term assets:		
Note receivable - officer	307,228	291,899
Cash surrender value of life insurance	1,855,233	1,762,506
Noncurrent deferred income taxes	154,778	206,651
Nonregulated investments	<u>54,606</u>	<u>46,571</u>
	<u>2,371,845</u>	<u>2,307,627</u>
Property, plant and equipment:		
Plant in service	6,807,635	6,611,928
Plant under construction	793,485	306,842
Plant adjustments	<u>72,459</u>	<u>72,459</u>
	7,673,579	6,991,229
Less: Accumulated depreciation	<u>5,889,690</u>	<u>5,694,747</u>
	<u>1,783,889</u>	<u>1,296,482</u>
	<u>\$5,158,930</u>	<u>\$4,446,726</u>

The accompanying notes are an integral part
of the consolidated financial statements.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2018 AND 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>2018</u>	<u>2017</u>
Current liabilities:		
Line of credit	\$ 172,225	\$ 113,516
Accounts payable and accrued expenses	159,199	177,090
Current maturities - long-term debt	56,295	51,345
Advance billings	90,351	49,604
Accrued deferred compensation	<u>101,617</u>	<u>116,034</u>
	<u>579,687</u>	<u>507,589</u>
Long-term debt, net of current maturities	<u>503,577</u>	<u>-</u>
Deferred credits and other liabilities:		
Advance billings	172,875	18,750
Accrued deferred compensation	310,192	310,192
Other deferred credits	<u>585,561</u>	<u>708,179</u>
	<u>1,068,628</u>	<u>1,037,121</u>
Shareholders' equity:		
Common stock	60,000	60,000
Retained earnings	<u>3,897,790</u>	<u>3,792,768</u>
	<u>3,957,790</u>	<u>3,852,768</u>
Less: Treasury stock, at cost	<u>950,752</u>	<u>950,752</u>
	<u>\$5,158,930</u>	<u>\$4,446,726</u>

The accompanying notes are an integral part
of the consolidated financial statements.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
Local service	\$ 409,691	\$ 421,887
Access and long distance service	811,340	840,577
Miscellaneous	84,619	68,363
Non-regulated	<u>1,566,493</u>	<u>1,531,644</u>
	<u>2,872,143</u>	<u>2,862,471</u>
Operating expenses:		
Plant specific	663,314	663,065
Depreciation	223,612	268,552
Customer operations	751,358	699,612
Corporate operations	1,031,014	991,969
Operating taxes	<u>109,138</u>	<u>97,129</u>
	<u>2,778,436</u>	<u>2,720,327</u>
Operating income	<u>93,707</u>	<u>142,144</u>
Interest and related charges	(9,290)	(14,423)
Other revenue (expense), net	<u>32,266</u>	<u>43,279</u>
	<u>22,976</u>	<u>28,856</u>
Income before income taxes	<u>116,683</u>	<u>171,000</u>
Federal income taxes:		
Current	41,000	97,000
Deferred	<u>(29,339)</u>	<u>(51,105)</u>
	<u>11,661</u>	<u>45,895</u>
Net income	<u>\$ 105,022</u>	<u>\$ 125,105</u>

The accompanying notes are an integral part
of the consolidated financial statements.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Balance, January 1	\$3,792,768	\$3,667,663
Net income	<u>105,022</u>	<u>125,105</u>
Balance, December 31	<u>\$3,897,790</u>	<u>\$3,792,768</u>

The accompanying notes are an integral part
of the consolidated financial statements.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 105,022	\$ 125,105
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	223,612	268,552
Increase in cash surrender value of life insurance	(92,727)	(93,305)
Equity in (earnings) losses from investments	(8,035)	782
Deferred income taxes	(40,040)	(51,105)
Changes in assets and liabilities:		
Accounts receivable	(125,460)	(189,696)
Refundable income taxes	41,000	72,000
Materials and supplies	337	(193)
Prepaid expenses	(6,472)	2,163
Accounts payable and accrued expenses	(17,891)	(1,672)
Advance billings	194,872	23,750
Accrued deferred compensation	(14,417)	(13,312)
Other deferred credits	(30,705)	(46,182)
Net cash from operating activities	<u>229,096</u>	<u>96,887</u>
Cash flows from investing activities:		
Increase in note receivable - officer	(15,329)	(14,562)
Purchase of property, plant and equipment	(711,019)	(214,509)
Net cash to investing activities	<u>(726,348)</u>	<u>(229,071)</u>
Cash flows from financing activities:		
Line of credit, net	58,709	113,516
Proceeds from long-term debt	571,745	78,254
Repayment of long-term debt	(63,218)	(28,092)
Net cash from financing activities	<u>567,236</u>	<u>163,678</u>
Net increase in cash and cash equivalents	69,984	31,494
Cash and cash equivalents - beginning of year	<u>\$ 342,121</u>	<u>310,627</u>
Cash and cash equivalents - end of year	<u>\$ 412,105</u>	<u>\$ 342,121</u>

The accompanying notes are an integral part
of the consolidated financial statements.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

(1) Summary of Significant Accounting Policies

Nature of Operations

The Hancock Telephone Company and Subsidiaries (The Company) operates in the communications services industry, providing landline telecommunications services, cable television services, and internet access and related services in areas within the states of New York and Pennsylvania.

General

The accounting policies of the Company are in conformity with accounting principles generally accepted in the United States of America, and where applicable, conform to the accounting principles as prescribed by the New York State Public Service Commission (PSC) and Financial Accounting Standards Board Accounting Standards Codification 980 (FASB ASC 980), Regulated Operations. Where applicable, this accounting recognizes the economic effects of rate regulation by recording costs and a return on investment as such amounts are recovered through rates authorized by regulatory authorities. The Company annually reviews the continued applicability of FASB ASC 980 based on the current regulatory and competitive environment. Effective in 2018, the Company adopted the provisions of Accounting Standards update 2015-17 which requires deferred tax liabilities and assets be classified as noncurrent in the consolidated balance sheet. This change did not have a significant impact on the consolidated financial statements.

Basis of Presentation

The consolidated financial statements include the accounts of The Hancock Telephone Company and its wholly owned subsidiaries HTC Technologies, Inc. and Hancel, Inc. Intercompany balances and transactions have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Other Deferred Credits

The Company has recorded certain regulatory liabilities in prior years at the direction of the PSC. There was a deferral required for the intrastate portion of the gain attributable to the redemption of Rural Telephone Bank stock. The Company has been granted permission by the PSC to dispose of a portion of this deferral by offsetting with certain plant construction as well as a basic local service rate credit. The remaining balance of this deferral will continue to accrue interest until the deferral is fully disposed. In 2018, the Company was ordered by the PSC to preserve any excess accumulated deferred income taxes from the Tax Cuts & Jobs Act (TCJA) and begin amortizing over the remaining lives of the property that gave rise to the excess. The Company also has a regulatory liability still awaiting disposition by the PSC. The regulatory liabilities at December 31, 2018 and 2017 were \$585,561 and \$708,179, respectively.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(1) Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are stated at original cost. Maintenance and repairs are charged to expense as incurred; expenditures that extend an asset's life are capitalized. Upon retirement, the cost is removed from the asset account and the accumulated depreciation reserve. Cost of removal of telephone property, plant and equipment, net of salvage, is charged to the accumulated depreciation reserve.

The Company reviews its property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in 2018 or 2017.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Materials and Supplies

Inventories of materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the moving weighted average method.

Revenue Recognition

Telephone and network access revenues are primarily derived from usage of the Company's network facilities. Landline local service revenues as well as network access revenues are recognized as the corresponding services are rendered to customers. Revenues from other sources, such as long distance, internet and cable television are recorded monthly as the services are provided.

The Company's interstate network access revenues are subject to a settlement process, whereby similar revenues from other telephone companies are pooled on a nationwide basis and are then apportioned back to the companies based upon their cost to provide services. The Company's intrastate network access revenues are treated on a bill and keep basis.

These computations of settlements are adjusted for previous periods on a routine basis. When calculations are changed the companies are notified of a "retroactive" settlement, which applies to previously reported periods. Retroactive settlements may have a material effect on current net income.

It is industry practice to record retroactive settlements in the year discovered rather than restating previous year's net income. There are no known material unrecorded retroactive settlements as of December 31, 2018.

Sales and Excise Taxes

The Company charges non-exempt customers New York State Sales Tax and Federal Excise Taxes on certain types of communication services, which it then remits to the applicable government agency. The Company does not include these amounts in its revenues or its operating expenses.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(1) Summary of Significant Accounting Policies (continued)

Federal Income Taxes

The Company uses the normalization method of accounting for timing differences in the recognition of certain income and expenses between its tax returns and financial statements. These differences result mainly from accelerated tax depreciation and amortization. Other tax versus financial statement timing differences are recorded on the flow-through method.

The Company follows the provisions of FASB ASC 740-10 pertaining to accounting for uncertainty in income taxes. Management is not aware of any uncertain tax positions requiring measurement or disclosure in these financial statements.

The TCJA made significant changes to the federal tax structure, which impacted the tax liabilities of New York's utilities, as well as the associated deferred tax ratemaking. The most significant being a reduction of the corporate federal income tax rate to 21%. Changes in previously established deferred tax assets and liabilities resulting from the reduction in tax rates due to TCJA have been normalized and will be amortized over the remaining lives of the assets generating the deferral commencing in 2018 for the regulated entity (see other deferred credits footnote). For affiliated entities, the flow-through method was utilized.

Accounts Receivable

Accounts receivable are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projection of trends coupled with management's review at the current status of existing receivables.

Advertising

Advertising costs are expensed as incurred.

Statement of Cash Flows

The Company considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Supplemental disclosure of cash flow information:

	<u>2018</u>	<u>2017</u>
Cash paid during year for interest	\$ <u>55,612</u>	\$ <u>14,433</u>
Cash paid during year for income taxes	\$ <u>20,406</u>	\$ <u>34,555</u>

The TCJA lowering of the corporate federal income tax rate resulted in an adjustment to deferred taxes. This non-cash transaction amounting to \$91,913 has been removed from the Statement of Cash Flows.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(2) Nonregulated Investments

New York Access Billing, LLC

The Company has a 4.82% membership interest in New York Access Billing, LLC. New York Access Billing, LLC was established to provide billing services for local network interconnection access charges pertaining to intrastate switched services for New York telephone companies. The operating results of this investment are accounted for using the equity method of accounting.

SOLIX, Inc.

The Company owns 1,000 shares of common stock in SOLIX, Inc. (formerly NECA Services, Inc.) at \$10 per share, which it is carrying at cost. Over the past few years, the National Exchange Carrier Association, Inc. (NECA) has introduced a number of nonregulated services to the industry. SOLIX, Inc. was organized to supplement NECA's traditional core tariff and pooling services. SOLIX, Inc. will be responsible for development and implementation of new business ventures on a for-profit basis.

(3) Property, Plant and Equipment

The major classes of property, plant, and equipment in service as of December 31, 2018 and 2017 are:

	<u>2018</u>	<u>2017</u>
Land	\$ 151,810	\$ 151,810
Motor vehicles and work equipment	304,222	297,888
Buildings	550,369	552,339
Furniture and office equipment	609,630	600,693
Station equipment	38,761	38,761
Customer premise wiring	24,616	24,616
Telephone central office equipment	1,296,204	1,278,753
Poles, cables and wires	2,328,915	2,194,156
CATV headend equipment	561,767	531,571
CATV distribution equipment	<u>941,341</u>	<u>941,341</u>
	<u>\$6,807,635</u>	<u>\$6,611,928</u>

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(3) Property, Plant and Equipment (continued)

The Company provides for depreciation on a straight-line basis at annual rates which will amortize the depreciable property over its estimated useful life. Individual depreciation rates are as follows:

Motor vehicles - small	15.53%
Motor vehicles - large	7.01%
Other work equipment	6.67%
Buildings	2.30%
Furniture	5.00%
Office equipment	6.12%
Other communications equipment	10.00%
Digital switching equipment	6.74%
Circuit equipment	7.66%
General purpose computers	14.88%
Poles	5.87%
Aerial cable	5.90%
Underground cable	3.01%
Buried and submarine cable	4.00%
Aerial wire	19.28%
Conduit systems	2.00%
Headend - equipment	9.09%
Trunk and distribution system	10.00%

The Company has not mechanized continuing property records or performed a related depreciation reserve study, which may affect the net carrying value of the telephone plant in service. The Company does not anticipate a material adjustment resulting therefrom.

(4) Long-Term Debt

Following is a summary of outstanding long-term debt:

	<u>2018</u>	<u>2017</u>
<u>NBT</u>		
5% construction note maturing June 1, 2027	\$ 559,872	\$ 51,345
Less: current maturities	<u>56,295</u>	<u>51,345</u>
	<u>\$ 503,577</u>	<u>\$ -</u>

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(4) Long-Term Debt (continued)

The current maturities of long-term debt for the following five years are: 2019 - \$56,295; 2020 - \$59,176; 2021 - \$62,203; 2022 - \$65,386 and 2023 - \$68,731.

The interest rate on the NBT note is subject to change based on the terms of the agreement.

Total interest expense incurred in 2018 was \$55,612 of which \$46,322 was capitalized.

Substantially all of Hancock Telephone Company and Subsidiaries' assets are pledged as collateral for the long-term debt owed to the NBT. The note is also personally guaranteed by the shareholders of the Company.

The NBT debt agreement contains certain restrictions on common stock dividends and stock redemptions as well as certain financial covenants. The Company was in compliance with all restrictions and covenants at December 31, 2018 and 2017.

(5) Commitments and Contingencies

The Company has a deferred compensation agreement with an officer/shareholder who is fully vested. Upon eligible retirement, the officer/shareholder is to receive retirement benefits payable in 180 equal monthly installments. The Company also has a deferred compensation agreement with a former officer/shareholder who began receiving retirement benefits, payable in 153 equal monthly installments, on October 1, 2011. However, because this liability is due on demand, it has been classified as current in the financial statements at December 31, 2018 and 2017.

The Company has entered into a consulting agreement with a former officer/shareholder. Under the terms of the agreement, which runs through June 17, 2019, the Company is obligated to make future payments aggregating approximately \$10,000 as of December 31, 2018. Approximately \$20,000 was paid under this agreement for each of the years ended December 31, 2018 and 2017.

The Company has a line of credit with NBT Bank in the amount of \$750,000. The line of credit is due on demand and bears interest at the rate of prime (5.5% at December 31, 2018). The balance outstanding on this line of credit was \$172,225 and \$113,516 at December 31, 2018 and 2017, respectively. The Company was in compliance with the covenants contained in the line of credit agreement at December 31, 2018 and 2017.

The Company was awarded a grant under the New York State Broadband Program. The grant is designed to cover 80% of the cost associated with deploying new, as well as upgrading existing broadband facilities. The remaining 20% will be funded by the Company.

(6) Pension Plan

The Company has a defined contribution pension plan which covers all employees. Total contributions to the plan amounted to \$60,933 and \$60,893 for the years ended December 31, 2018 and 2017, respectively.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(7) Federal Income Taxes

The principal reasons for the differences between the effective tax rate and the federal statutory income tax rate are summarized below:

	<u>2018</u>	<u>2017</u>
Federal income tax provision		
at statutory rates	\$ 25,593	\$ 53,863
Reversal of TCJA Benefits	(10,299)	-
Permanent differences	<u>(3,633)</u>	<u>(7,968)</u>
Provision for income taxes	<u>\$ 11,661</u>	<u>\$ 45,895</u>

Deferred taxes are provided on timing differences as summarized below:

	<u>2018</u>	<u>2017</u>
Payable federal income taxes	\$ 41,000	\$ 97,000
Deferred - net of reversals:		
Depreciation	4,876	(64,071)
TCJA Benefits	(10,299)	-
Deferred revenue	1,000	(8,000)
Lifeline credit	(158)	(298)
Deferred compensation	3,028	4,526
Advanced billings	(37,500)	-
Other	<u>9,714</u>	<u>16,738</u>
	<u>\$ 11,661</u>	<u>\$ 45,895</u>

The net noncurrent deferred income tax asset as of December 31, 2018 and 2017 is comprised of the following:

	<u>2018</u>	<u>2017</u>
Deferred income tax assets	\$ 229,700	\$ 330,319
Deferred income tax liabilities	<u>(117,955)</u>	<u>(192,641)</u>
	<u>\$ 111,745</u>	<u>\$ 137,678</u>

(8) Shareholder's Equity

The common stock is no par value stock with 1,500 shares authorized. At December 31, 2018 and 2017, 1,200 shares were issued of which 327 shares were held in treasury stock.

THE HANCOCK TELEPHONE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31 2018 AND 2017

(9) Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of trade receivables and cash and cash equivalents. Credit risk with respect to trade receivables is minimized because of the nature of the customer base consisting primarily of large telecommunications companies with high credit ratings. The Company maintains its cash in bank demand deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

(10) Note Receivable - Officer

Note receivable - officer consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Note receivable from officer with interest at 5.25%.	\$ <u>307,228</u>	\$ <u>291,899</u>

It is not the officer's intent to pay this in 2019. Therefore, it has been classified as long-term note receivable.

(11) Subsequent Events

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.



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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					
2	Robert C. Wrighter, Sr.	President	2019	196,430	196,430
3	Robert C. Wrighter, Jr.	Vice-Pres./Sec/Treas	2019	121,245	121,245
4	Michael Leonard	Director	2019		
5	Brian Ketchum	Director	2019		
6	Gregory Wrighter	Director	2019	79,034	79,034
7	Michael Wrighter	Director	2019	78,250	78,250
8	Lew Martin	Director	2019	88,495	88,495
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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.
						\$0	1
					600	197,030	2
					600	121,845	3
					600	600	4
					600	600	5
					600	79,634	6
					600	78,850	7
					600	89,095	8
						0	9
						0	10
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NOTES:

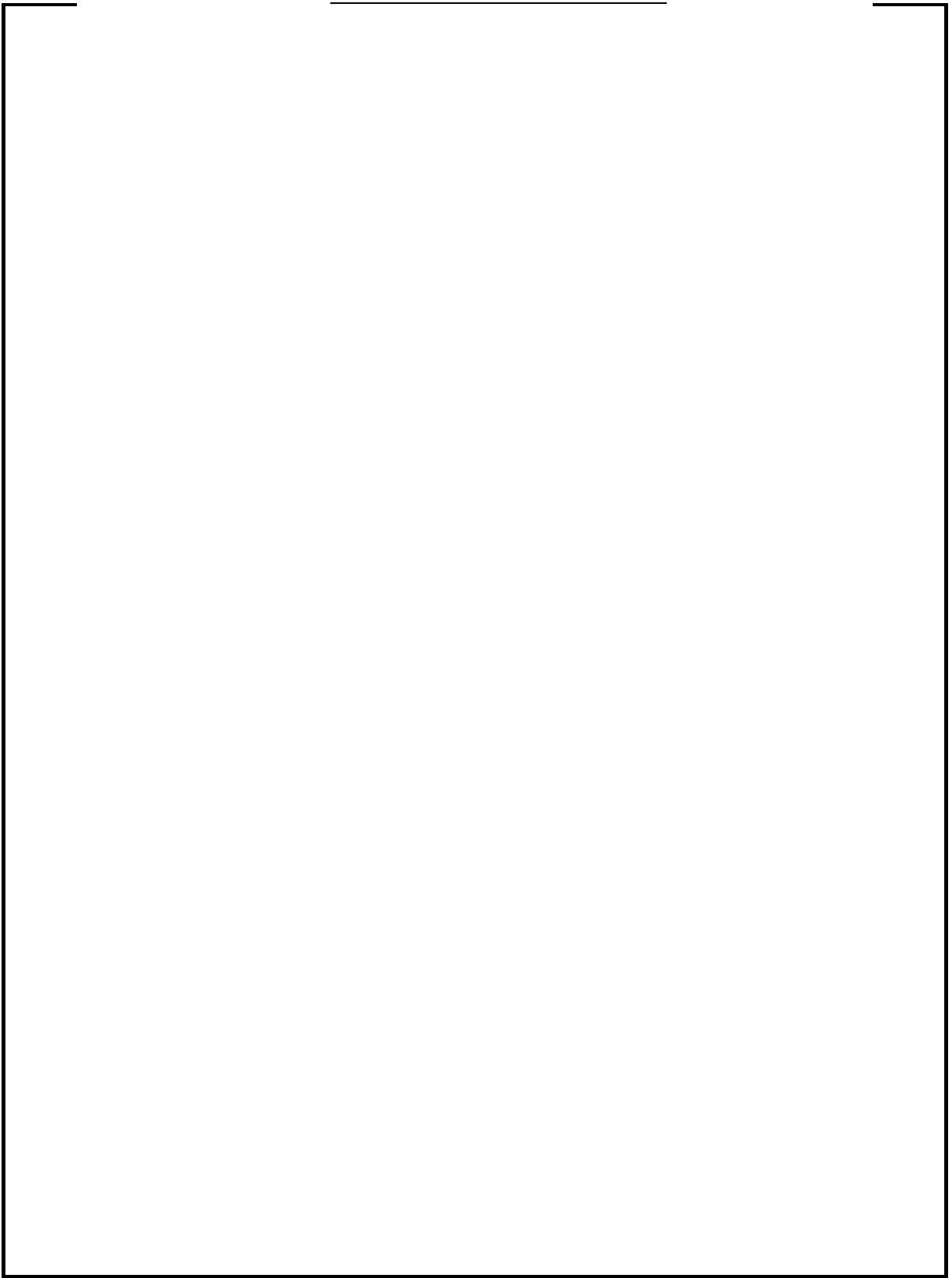
Other: (K)
Director's Fees

A portion of officer's salaries and director's fees have been allocated to non-reg affiliates

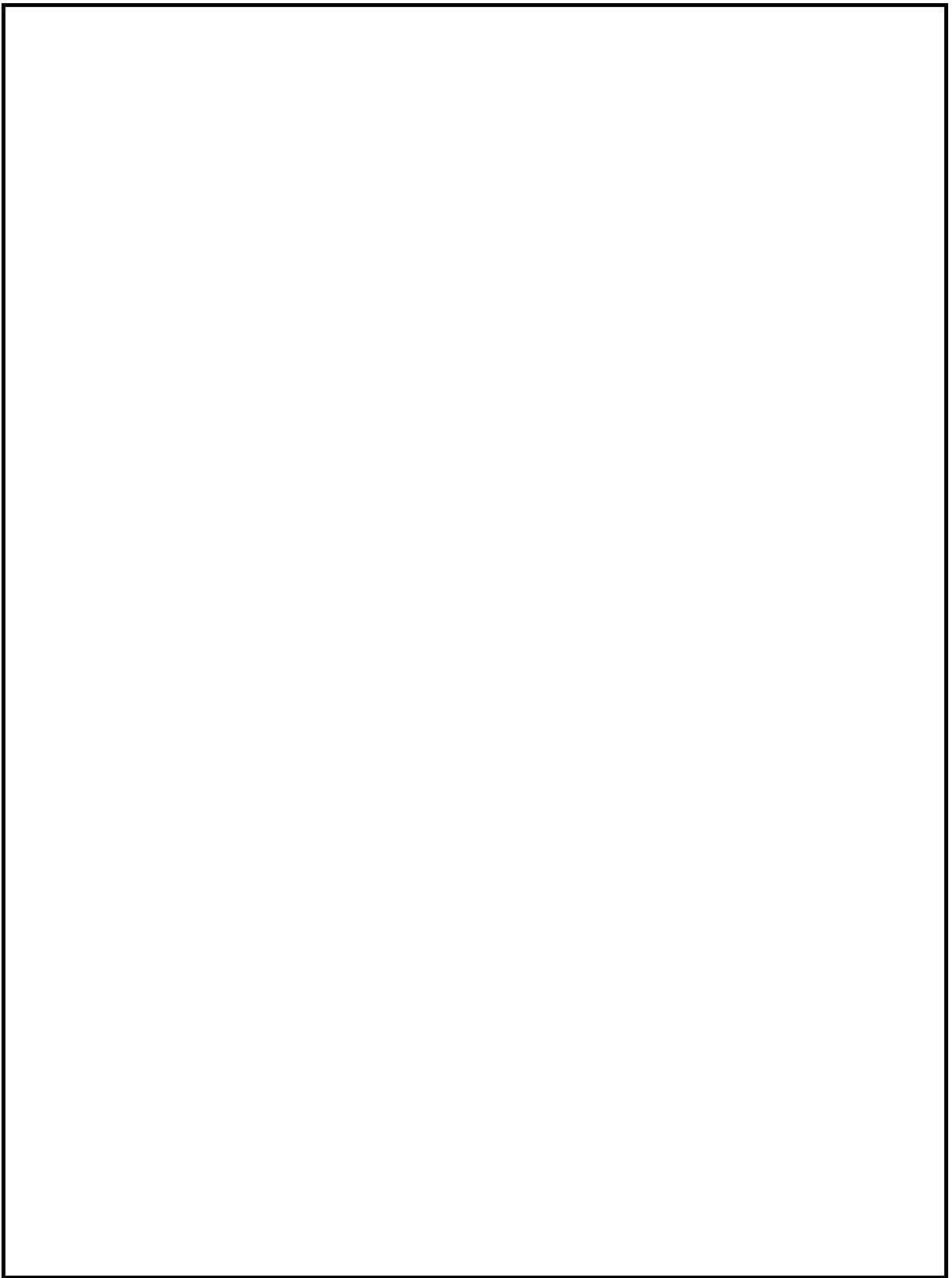
4. CONTROL OVER RESPONDENT

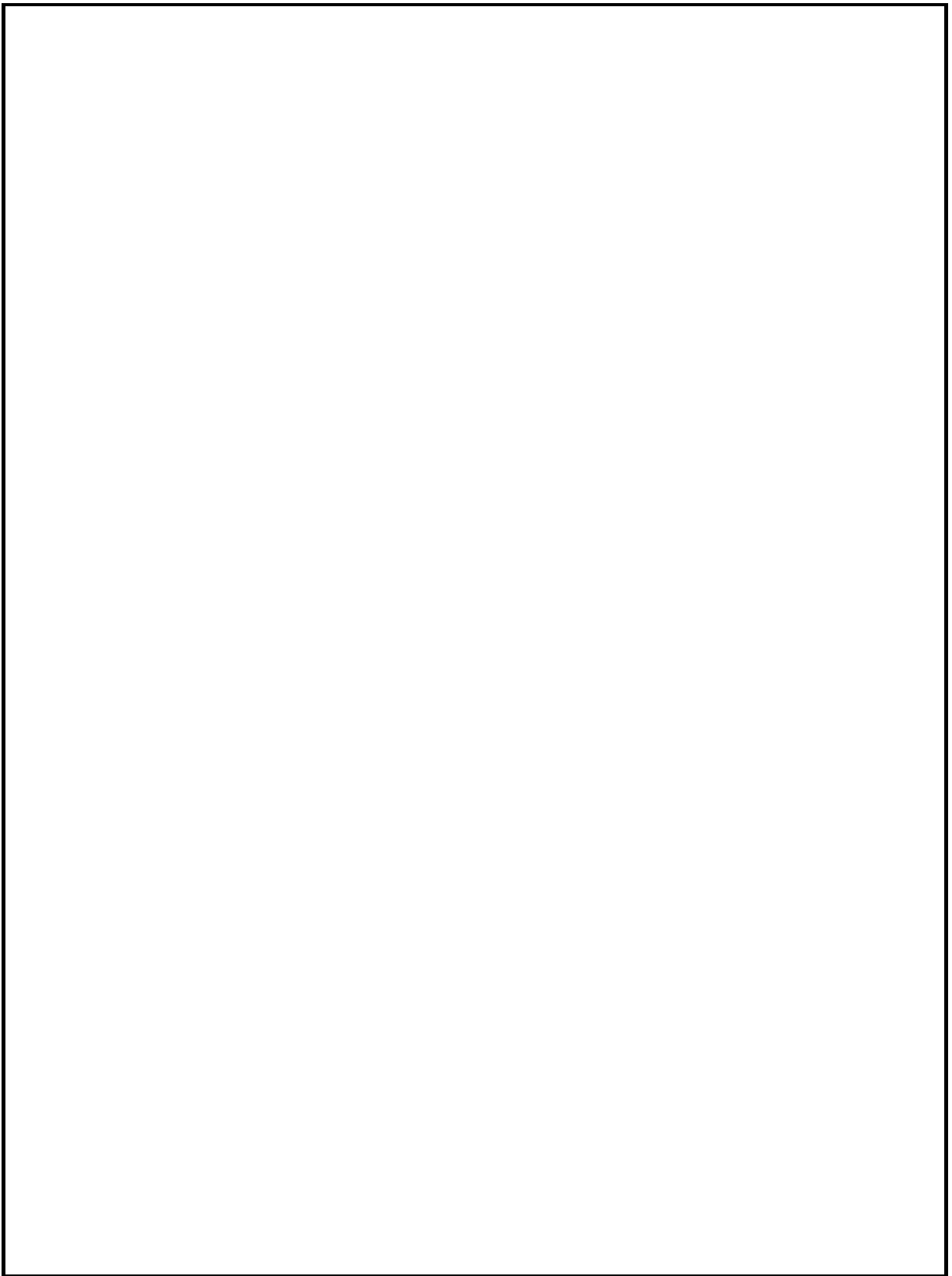
If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held and extent of control. If control was in a holding company 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-A





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)
HTC Technologies, Inc. (subsidiary company of HTC is PRONET, LLC)	Telephone Systems and Internet Services	100%	
HANCEL, Inc.	CATV, Long Distance Provider	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				
2	R.C.W. Family, LLC	759		
3	F. Gerald Mackin, Las Vegas, NV	44		
4	The Credit Shelter Trust /Margaret J.B. Rees, Manlius, NY	24		
5	June B. Nolan, Deposit, NY	23		
6	Suzanne B. Feehan, Trumansburg, NY	23		
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15	Total	873		
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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.

34 Read Steet, Hancock, NY 13783 May 9th, 2018

5. State the total number of votes cast at such general meeting ___783___ and the total number cast by proxy ___0___.

6. State the total number of voting security holders ___5___ and the total of all voting securities ___873___ 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, data furnished should apply to the same period 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.
NONE
2. Consolidations, mergers and reorganizations: Give names of other companies involved, particulars of each such incident, date, and Commission authorization.
NONE
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.
NONE
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.
NONE
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.
NONE
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.
1/1/2017 Case 07-C-0349 \$.73 Residential Basic Local Rate increase / \$.73 Business Basic Local Rate increase
7. Changes in scales of wages: State the estimated annual effect and nature of any important wage scale changes during the year.
NONE
8. Changes in articles of incorporation: Give brief particulars of each change and date.
NONE
9. Changes in general officers between end of period covered by this report and date of filing thereof. Give brief particulars.
NONE
10. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.
NONE
11. Give information on any changes in accounting standards that have occurred during the year.

[Account for Royalty Deferral ordered by PSC](#)
[Account for RTB Deferral ordered by PSC](#)

8. IMPORTANT CHANGES DURING THE YEAR (Continued)

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

1. 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).
2. The totals as reported on this schedule should conform with amounts reported on corresponding schedules.
3. Include in column (g), Part 36 interstate amounts and any reconciliation of New York State amounts.
4. 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	\$409,691		\$22,932	\$432,623	\$396,858	\$35,765
2	Network Access Services	1,037,291			1,037,291	48,743	988,548
3	Long Distance Network Serv.	29			29	0	29
4	Miscellaneous	85,819			85,819	53,836	31,983
5	Settlements						
6	Nonregulated Revenues						
7	Subtotal	1,532,830	0	22,932	1,555,762	499,437	1,056,325
8	Uncollectibles	1,200			1,200	1,200	0
9	Total Operating Revenues	1,531,630	0	22,932	1,554,562	498,237	1,056,325
Operating Expenses							
10	Plant Specific	601,103	17,983		583,120	244,456	338,664
11	Plant Non-specific	21,729			21,729	11,144	10,585
12	Marketing	12,208			12,208	8,656	3,552
13	Customer Operations Services	157,215			157,215	84,901	72,314
14	Access	40,482			40,482	0	40,482
15	Corporate Operations	586,001	10,965		575,036	230,512	344,524
16	Subtotal	1,418,738	28,948	0	1,389,790	579,669	810,121
17	Depreciation & Amortization	148,297	9,323		138,974	43,758	95,216
18	Total Operating Expenses	1,567,035	38,271	0	1,528,764	623,427	905,337
19	Net Operating Revenues	(35,405)	(38,271)	22,932	25,798	(125,190)	150,988
Operating Taxes							
20	Operating FIT	(12,500)	(8,408)	7,797	3,705	5,736	(2,031)
21	Deferred Operating FIT-Net	(13,909)	(935)		(12,974)	(6,616)	(6,358)
22	Operating Investment Tax Credit - Amort (Option 2)						
23	Total Federal Income Taxes	(26,409)	(9,343)	7,797	(9,269)	(880)	(8,389)
24	Other Operating Taxes	83,888	1,769		82,119	41,357	40,763
25	Total Operating Taxes	57,479	(7,574)	7,797	72,850	40,477	32,374
26	Other Operating Income and Expenses						
27	Net Operating Income*	(92,884)	(30,697)	15,135	(47,052)	(165,667)	118,614
28	Rate Case Adj, if applicable						
29	Net Operating Income after Rate Case Adj	(\$92,884)	(\$30,697)	\$15,135	(\$47,052)	(\$165,667)	\$118,614

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* Net Operating Income on Line 27 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	\$5,196,218	\$349,205		\$4,847,013	\$2,471,666	\$2,375,347
2	Noninterest Bearing Telephone Plant under Construction	793,485			793,485	422,965	370,520
3	Telephone Plant Held for Future Use						
4	Materials and Supplies	10,025			10,025	7,086	2,939
5	Prepayments	63,918			63,918	34,071	29,847
6	Cash Working Capital *	132,510			132,510	55,743	76,767
7	RTB Stock						
8	Other Rate Base Adjustments, If Applicable						
9	Unamortized Deferrals	(109,830)			(109,830)	(109,830)	0
10	Depreciation Reserve	4,461,753	288,541		4,173,212	2,178,301	1,994,911
11	Amortization Reserve						
12	Accumulated Deferred Income Taxes	71,261	5,743		65,518	26,782	38,736
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)						
14	Rate Base (Lines 1-9 minus lines 10-13)	\$1,553,312	\$54,921	\$0	\$1,498,391	\$676,618	\$821,773

All lines except line 6 are balances at end of year.

* 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 year end 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 at the end of the reporting year. The cost rate is derived by dividing the interest expense and/or preferred stock dividends by the respective year end 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	\$ -47,052		\$ (\$165,667)	
2	Rate Base	\$ 1,498,391		\$ \$676,618	
3	Rate of Return	-3.14%		-24.48%	
4	Return on Common Equity	-5.49%		-31.55%	
5	Required Additional Revenues *	\$ 18,845		\$ 8,510	
* (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	\$ 559,871	14.87%	3.54%	0.53%
7	Notes Payable	198,410	5.27%	13.56%	0.71%
8	Customer Deposits	0	0.00%	0.00%	0.00%
9	Preferred Stock	0	0.00%	0.00%	0.00%
10	Common Equity	3,007,038	79.86%	-5.49%	-4.38%
11	Total	\$ 3,765,319	100.00%		-3.14%
Capital Structure used for Intrastate*					
	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12	Long-Term Debt	\$ 559,871	14.87%	0.00%	0.00%
13	Notes Payable	198,410	5.27%	13.56%	0.71%
14	Customer Deposits	0	0.00%	0.00%	0.00%
15	Preferred Stock	0	0.00%	0.00%	0.00%
16	Common Equity	3,007,038	79.86%	-31.55%	-25.20%
	Total	\$ 3,765,319	100.00%		-24.48%

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 **earned rates of return reported here are not necessarily the same that would be** 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	Cash	\$40,625	\$23,819	\$16,806
2	1140	Special Cash Deposits.....	144,664	96,487	48,177
3	1150	Working Cash Advances	115	115	0
4	1160	Temporary Investments	93,528	84,767	8,761
5	1180	Telecom. Accounts Receivable	12,094	13,902	(1,808)
6	1181	Accounts Rec. Allow.-Tel.	1,793	3,142	(1,349)
7	1190.1	Accounts Rec From Affil. Cos.		0	0
8	1190.2	Other Accounts Receivable	384,564	287,607	96,957
9	1191	Accounts Rec Allow-Other and Affil.		0	0
10	1200.1	Notes Receivable From Affil Cos.		0	0
11	1200.2	Other Notes Receivable.....			0
12	1201	Notes Rec. Allow-Other and Affil.		0	0
13	1210	Interest and Dividends Receivable			0
14	1220	Inventories	10,024	10,106	(82)
15	1290	Prepaid Rents			0
16	1300	Prepaid Taxes	15,701	15,550	151
17	1310	Prepaid Insurance	40,481	40,559	(78)
18	1320	Prepaid Directory Expenses	0	0	0
19	1330	Other Prepayments	7,736	1,674	6,062
20	1350	Other Current Assets	1,855,233	1,762,506	92,727
21	1360	Current Deferred Income Taxes-Dr.	31,533	49,223	(17,690)
22		Total Current Assets	2,634,505	2,383,173	251,332
NONCURRENT ASSETS					
23	1401.1	Investments in Affiliated Companies	2,938,851	2,737,670	201,181
24	1401.2	Advances to Affiliated Companies	0	0	0
25	1402	Investments in Nonaffiliated Companies	0	0	0
26	1406	Nonregulated Investments	0	0	0
27	1407	Unamortized Debt Issuance Expense	0	0	0
28	1408	Sinking Funds			0
29	1410	Other Noncurrent Assets			0
30	1438	Deferred Maintenance and Retirements			0
31	1439	Deferred Charges	0	0	0
32	1500	Other Jurisdictional Assets-Net	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
33	1510	Noncurrent Deferred Income Taxes-Dr.	237,200	342,069	(104,869)
34		Total Noncurrent Assets	3,176,051	3,079,739	96,312
REGULATED PLANT					
35	2001	Telecommunications Plant In Service	5,196,218	5,030,707	165,511
36	2002	Property Held for Future Tel. Use	0	0	0
37	2003	Tel. Plant Under Construction - Short Term	793,485	306,842	486,643
38	2004	Tel. Plant Under Construction - Long Term	0	0	0
39	2005	Tel. Plant Adjustment	72,459	72,459	0
40	2006	Nonoperating Plant	0	0	0
41	2007	Goodwill	0	0	0
42		Total Telecommunications Plant	6,062,162	5,410,008	652,154
43	3100-3300	Less: Accumulated Depreciation	4,461,753	4,326,844	134,909
44	3410-3600	Less: Accumulated Amortization	0	0	0
45		Net Telecommunications Plant	1,600,409	1,083,164	517,245
46		TOTAL ASSETS AND OTHER DEBITS	\$7,410,965	\$6,546,076	\$864,889

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	Accounts Payable to Affiliated Companies	56	\$2,274,023	\$2,103,239	\$170,784
2	4010.2	Other Accounts Payable	56	119,959	166,812	(46,853)
3	4020.1	Notes Payable to Affiliated Companies	57			0
4	4020.2	Other Notes Payable	57	198,410	164,861	33,549
5	4030	Advance Billing and Payments	--	178,125		178,125
6	4040	Customers' Deposits	--			0
7	4050	Current Maturities-Long-Term Debt	58-59	56,295	0	56,295
8	4060	Current Maturities-Capital Leases	--			0
9	4070	Income Taxes-Accrued	41-42	(18,526)	(59,526)	41,000
10	4080	Other Taxes-Accrued	41-42	9,240	4,129	5,111
11	4100	Current Deferred Oper. Income Taxes-Cr.	45-47	0	0	0
12	4110	Current Def. Nonoper. Income Taxes-Cr.	45-47	0	0	0
13	4120	Other Accrued Liabilities	--	0	0	0
14	4130	Other Current Liabilities	--	101,617	116,033	(14,416)
15		Total Current Liabilities		2,919,143	2,495,548	423,595
LONG-TERM DEBT						
16	4210	Funded Debt	58-59	503,576	0	503,576
17	4220	Premium on Long-Term Debt	58-59			0
18	4230	Discount on Long-Term Debt	58-59			0
19	4240	Reacquired Debt	--			0
20	4250	Obligations Under Capital Leases	--			0
21	4260	Advances from Affiliated Companies	58-59			0
22	4270	Other Long-Term Debt	58-59			0
23		Total Long-Term Debt		503,576	0	503,576
OTHER LIABILITIES AND DEFERRED CREDITS						
24	4310	Other Long-Term Liabilities	61	310,192	310,192	0
25	4320	Un. Oper. Invest. Tax Credits-Net	45-47	0	0	0
26	4330	Un. Nonoper. Invest. Tax Credits-Net	45-47	0	0	0
27	4340	Noncurrent Def. Oper. Income Taxes-Cr.	45-47	85,455	130,141	(44,686)
28	4350	Noncurrent Def. Nonoper. Income Taxes-Cr.	45-47	0	0	0
29	4360	Other Deferred Credits	62	585,561	708,179	(122,618)
30	4370	Other Juris. Liabilities & Def. Credits-Net	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
31		Total Other Liabilities and Def. Credits		981,208	1,148,512	(167,304)
STOCKHOLDERS' EQUITY						
32	4510.1	Capital Stock-Common	63	60,000	60,000	0
33	4510.2	Capital Stock-Preferred	63	0		0
34	4520	Additional Paid-in Capital	63	0		0
35	4530	Treasury Stock	63	950,752	950,752	0
36	4540	Other Capital	--			0
37	4550.1	Appropriated Retained Earnings	21	0	0	0
38	4550.2	Unappropriated Undistrib. Affil Earnings	21	2,938,851	2,737,670	201,181
39	4550.3	Unappropriated Retained Earnings	21	958,939	1,055,098	(96,159)
40		Total Stockholders' Equity		3,007,038	2,902,016	105,022
41		TOTAL LIABILITIES AND OTHER CREDITS		\$7,410,965	\$6,546,076	\$864,889

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:

1. The amount of pension funds held by outside trustees and irrevocably devoted to pension purposes at the end of the year was \$ ____ 0 ____.
2. Cumulative dividends in arrears at the end of the year amounted to \$ ____ 0 ____.

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	\$1,531,630	\$1,556,609
2	Operating Expenses.....	72	1,567,035	1,572,734
3	Net Operating Revenues		(35,405)	(16,125)
	OTHER OPERATING INCOME AND EXPENSE			
4	7110 Income from Custom Work.....	--		
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--		
6	7140 Gains and Losses from Foreign Exchange.....	--		
7	7151 Gains or Losses from Disposition of Land and Artworks.....	--		
8	7160 Other Operating Gains and Losses.....	--		
9	Total Other Operating Income and Expenses		0	0
	OPERATING TAXES			
10	7210 Operating Investment Tax Credits-Net.....	45-47		
11	7220 Operating Federal Income Taxes.....	73-74	(12,500)	(10,000)
12	7230 Operating State and Local Income Taxes.....	73-74		
13	7240 Operating Other Taxes.....	73-74	83,888	79,889
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	(13,909)	(48,699)
15	Total Operating Taxes		57,479	21,190
16	Net Operating Income		(92,884)	(37,315)
	NONOPERATING INCOME AND EXPENSES			
17	7310 Dividend Income.....	--		
18	7320 Interest Income.....	--	289	228
19	7330 Income from Sinking and Other Funds.....	--		
20	7340 Allowance for Funds Used During Construction.....	--	46,322	4,389
21	7350 Gains or Losses from the Disposition of Certain Property.....	--		
22	7355 Equity in Earnings of Affiliated Companies.....	50-51	201,181	168,982
23	7360 Other Nonoperating Income.....	79		
24	7370 Special Charges.....	77	(16,296)	(20,837)
25	Total Nonoperating Income Items and Expenses		264,088	194,436
	NONOPERATING TAXES			
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47		
27	7420 Nonoperating Federal Income Taxes.....	73	0	0
28	7430 Nonoperating State and Local Income Taxes.....	73-74		
29	7440 Nonoperating Other Taxes.....	73-74	0	0
30	7450 Provision for Deferred Nonoperating Income Taxes-Net.....	43-47	10,570	17,594
31	Total Nonoperating Taxes		10,570	17,594
32	Total Nonoperating Income		253,518	176,842
33	Income Available for Fixed Charges		160,634	139,527
	INTEREST AND RELATED ITEMS			
34	7510 Interest on Funded Debt.....	58-59	19,792	12
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	35,820	14,410
38	Total Interest and Related Items		55,612	14,422
39	Income Before Extraordinary Items		105,022	125,105

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	
41	7620 Extraordinary Income Charges.....	80	0	
42	7630 Current Income Tax Effect of Extraordinary Items-Net.....	80	0	
43	7640 Provision for Def. Income Tax Effect of Extra. Items-Net.....	80	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		\$105,022	\$125,105
RETAINED EARNINGS				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)...		\$1,055,098	\$1,098,975
50	4550.4 Balance Transferred from Income.....		(96,159)	(43,877)
51	4550.5 Appropriations of Retained Earnings.....			
52	4550.6 Dividends Declared-Preferred Stock.....	63	0	0
53	4550.7 Dividends Declared-Common Stock.....	63	0	0
54	4550.8 Adjustments to Retained Earnings.....	64		
55	Net Change to Unappropriated Retained Earnings		(96,159)	(43,877)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		958,939	1,055,098
57	4550.1 Appropriated Retained Earnings (End of Period).....			
58	Total Retained Earnings		\$958,939	\$1,055,098
UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....		\$2,737,670	\$2,568,688
60	Equity in Earnings for Period.....	51	201,181	168,982
61	Dividends Received.....			
62	Other Changes (explain).....			
63	4550.2 Unappropriated Undistributed Affiliate Earnings (end of period).....		\$2,938,851	\$2,737,670

NOTES TO INCOME AND RETAINED EARNINGS STATEMENT

Note 1. Refunds to subscribers, in the event of an adverse decision in pending rate proceedings, would reduce the amount of "Operating Revenues" for the current year by approximately \$____None_____

13. STATEMENT OF CASH FLOWS			
Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from operating activities:		
1	Net Income	\$105,022	\$125,105
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	163,578	165,817
3	Amortizations		
4	Increase (Decrease) in deferred taxes and investment tax credits-net	77,873	(31,105)
5	Equity (AFUDC)		
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	(96,498)	(203,232)
7	Decrease (Increase) in inventory related to operations	81	(83)
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	(15,556)	8,423
9	Unbilled revenues		
10	Increase (Decrease) in current income taxes and other taxes payable	41,000	72,000
11	Increase (Decrease) in interest payable		
12	Equity in loss(earnings) of affiliates	(201,181)	(168,982)
13	Dividends received from associated and subsidiary companies accounted for under the equity method		
	Other Adjustments:		
14	Prepaid Expenses	(6,135)	670
15	Deferred Compensation/ Other Deferred Credits/Advanced Billing	41,090	(59,494)
16	Increase in CSV od Officer's Life Ins	(92,727)	(93,305)
17	Total Adjustments	(88,475)	(309,291)
18	Net cash provided by (used in) operating activities	16,547	(184,186)
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)	(680,823)	(174,880)
20	Common plant		
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	(680,823)	(174,880)
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		
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		
	Other:		
37			
38			
39	Total of any Insert Pages		
40	Net cash provided by (used in) investing activities	(680,823)	(174,880)

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		
42	Preferred stock		
43	Long-term debt (5)(b)	571,745	78,254
44	Net change in short-term debt (5)(c)	58,709	113,516
45	Contributions and advances from subsidiary and associated companies	170,784	204,150
46	Principal payments under capital leases		
	Payments for retirement of: (-)		
47	Common stock		
48	Preferred stock		
49	Long-term debt (5)(b)	(63,218)	(28,092)
	Dividends paid on: (-)		
50	Common stock		
51	Preferred stock		
	Other:(5) e - Rounding		
52			
53			
54			
55			
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	738,020	367,828
60	Net increase(decrease) in cash and cash equivalents	73,744	8,762
61	Cash & cash equivalents at the beginning of the year	205,188	196,426
62	Cash & cash equivalents at the end of the year	\$278,932	\$205,188

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.

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	\$114,636						\$114,636
2	2112 Motor Vehicles	193,117						193,117
3	2113 Aircraft							0
4	2114 Special Purpose Vehicles							0
5	2115 Garage Work Equipment							0
6	2116 Other Work Equipment	81,170	6,334					87,504
7	2121 Buildings	526,132	7,180			9,150		524,162
8	2122 Furniture	126,294						126,294
9	2123 Office Equipment							0
10	.1 Office Support Equipment	62,363						62,363
11	.2 Company Communications Equipment	21,843						21,843
12	2124 General Purpose Computers	368,866	28,455			19,518		377,803
13	Total General Support Assets	\$1,494,421	\$41,969	\$0	\$0	\$28,668	\$0	\$1,507,722
	Central Office Assets							
14	2211 Analog Electronic Switching							\$0
15	2212 Digital-Electronic Switching	779,000						779,000
16	2215 Electro-Mechanical Switching							0
17	.1 Step-by-Step Switching							0
18	.2 Crossbar Switching							0
19	.3 Other Electro-Mechanical Switching							0
20	2220 Operator Systems							0
21	2231 Radio Systems							0
22	.1 Satellite & Earth Station Facilities							0
23	.2 Other Radio Facilities							0
24	2232 Circuit Equipment	499,753	17,451					517,204
25	Total Central Office Assets	\$1,278,753	\$17,451	\$0	\$0	\$0	\$0	\$1,296,204

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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)		
26	Information Org./Term. Assets							
27	2311 Station Apparatus	\$38,761						\$38,761
28	2321 Customer Premises Wiring	24,616						24,616
29	2341 Large Private Branch Exchanges							0
30	2351 Public Terminal Equipment							0
31	2362 Other Terminal Equipment							0
31	Total Information Org./Term. Assets	\$63,377	\$0	\$0	\$0	\$0	\$0	\$63,377
32	Cable and Wire Facilities							
33	2411 Poles	\$548,606						\$548,606
34	2421 Aerial Cable	1,574,663	134,759					1,709,422
35	2422 Underground Cable	35,875						35,875
36	2423 Buried Cable	1,870						1,870
37	2424 Submarine Cable							0
38	2425 Deep Sea Cable							0
39	2426 Intrabuilding Network Cable							0
40	2431 Aerial Wire	7,080						7,080
41	2441 Conduit	26,062						26,062
41	Total Cable and Wire Facilities	\$2,194,156	\$134,759	\$0	\$0	\$0	\$0	\$2,328,915
42	Amortizable Assets							
43	2681 Capital Leases							\$0
44	2682 Leasehold Improvements							0
45	2690 Intangibles							0
45	Total Amortizable Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	Total Telecommunications Plant in Service	\$5,030,707	\$194,179	\$0	\$0	\$28,668	\$0	\$5,196,218
47	2002 Property Held for Future Telecom. Use							\$0
48	2003 Telecom. Plt. Under Constr.-Short Term	306,842		486,643				793,485
49	2004 Telecom. Plt. Under Constr.-Long Term							0
50	2005 Telecom. Plt. Acquisition Adjustment							0
51	.1 Tel.. Plant Acquisition Adjustment	72,459						72,459
52	.2 Other Plant Adjustments							0
53	2006 Nonoperating Plant							0
54	2007 Goodwill							0
55	Total Telecommunications Plant	\$5,410,008	\$194,179	\$486,643	\$0	\$28,668	\$0	\$6,062,162

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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 tarified rate, report this value. Indicate fair market value with an (F) and tarified 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 Tarified 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	\$122,157	\$21,109		
2	2113 Aircraft				
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment	81,455			
6	2121 Buildings	326,673	11,973		
7	2122 Furniture	126,293			
8	2123 Office Equipment				
9	.1 Office Support Equipment	62,363			
10	.2 Company Communications Equipment	21,843			
11	2124 General Purpose Computers	360,945	17,152		
12	Total General Support Assets	1,101,729	50,234	0	0
	Central Office Assets				
13	2211 Analog Electronic Switching				
14	2212 Digital Electronic Switching	709,346	52,536		
15	2215 Electro-Mechanical Switching				
16	.1 Step-by Step				
17	.2 Crossbar				
18	.3 Other Electro-Mechanical Switching				
19	2220 Operator Systems				
20	2231 Radio Systems				
21	.1 Satellite and Earth Station Facilities				
22	.2 Other Radio Facilities				
23	2232 Circuit Equipment	322,971	38,169		
24	Total Central Office Assets	1,032,317	90,705	0	0
	Information Orig/Termination Assets				
25	2311 Station Apparatus	42,686			
26	2321 Customer Premises Wiring	24,615			
27	2341 Large Private Branch Exchanges				
28	2351 Public Telephone Terminal Equip.				
28	2362 Other Terminal Equipment				
29	Total Information Orig/Termination Assets	67,301	0	0	0
	Cable and Wire Facilities Assets				
30	2411 Poles	548,606			
31	2421 Aerial Cable	1,530,381	21,036		
32	2422 Underground Cable	26,796	1,080		
33	2423 Buried Cable	1,870			
34	2424 Submarine Cable				
35	2425 Deep Sea Cable				
36	2426 Intrabuilding Network Cable				
36	2431 Aerial Wire	4,527			
37	2441 Conduit Systems	13,317	522		
38	Total Cable and Wire Facilities Assets	2,125,497	22,638	0	0
39	3100 Other - Explain				
40	3100 Other - Explain				
41	3100 Total Accumulated Depreciation - TPIS	4,326,844	163,577	0	0
42	3200 Held for Future Communications Use				
43	3300 Nonoperating				
44	Total Accumulated Depreciation	4,326,844	163,577	0	0
45	3410 Capital Leases				
46	3420 Leasehold Improvements				
47	Accumulated Amortization - Tangible	0	0	0	0
48	3500 Accumulated Amortization - Intangible				
49	3600 Accumulated Amortization - Other				
50	Total Accumulated Amortization	0	0	0	0
51	Total Accumulated Depreciation & Amortization	\$4,326,844	\$163,577	\$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					\$143,266
2					0
3					0
4					0
5					81,455
6		9,150			329,496
7					126,293
8					0
9					62,363
10					21,843
11		19,518			358,579
12	0	28,668	0	0	1,123,295
13					0
14					761,882
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23					361,140
24	0	0	0	0	1,123,022
25					42,686
26					24,615
27					0
28					0
28					0
29	0	0	0	0	67,301
30					548,606
31					1,551,417
32					27,876
33					1,870
34					0
35					0
36					0
36					4,527
37					13,839
38	0	0	0	0	2,148,135
39					0
40					0
41	0	28,668	0	0	4,461,753
42					0
43					0
44	0	28,668	0	0	4,461,753
45					0
46					0
47	0	0	0	0	0
48					0
49					0
50	0	0	0	0	0
51	\$0	\$28,668	\$0	\$0	\$4,461,753

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20. BASIS OF CHARGES FOR DEPRECIATION

- 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.
- 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.
- 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			10.93%	10.93%
2	2113 Aircraft				
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment	15		6.67%	0.00%
6	2121 Buildings	43		2.30%	2.28%
7	2122 Furniture	20		5.00%	0.00%
8	2123 Office Equipment				
9	.1 Office Support Equipment	16		6.12%	0.00%
10	.2 Company Communications Equipment	10		10.00%	0.00%
11	2124 General Purpose Computers	7		14.88%	4.63%
	Central Office Assets				
12	2211 Analog Electronic Switching				
13	2212 Digital Electronic Switching	15		6.74%	6.74%
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	13		7.66%	7.62%
	Information Origination/Termination Assets				
23	2311 Station Apparatus			N/A	N/A
24	2321 Customer Premises Wiring			N/A	N/A
25	2341 Large Private Branch Exchanges				
26	2351 Public Telephone Terminal Equipment			N/A	N/A
27	2362 Other Terminal Equipment				
	Cable and Wire Facilities Assets				
28	2411 Poles	17		5.87%	0.00%
29	2421 Aerial Cable			5.83%	1.33%
30	2422 Underground Cable	33		3.01%	3.01%
31	2423 Buried Cable	25		4.00%	0.00%
32	2424 Submarine Cable				
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable				
35	2431 Aerial Wire	5		19.28%	0.00%
36	2441 Conduit Systems	50		2.00%	2.00%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	6.58%	
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	6.43%	3.32%
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	3.24%
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	

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	2112	Motor Vehicles - Small	6		15.53%	88,907	13,807
2	2112	Motor Vehicles - Large	14		7.01%	104,209	7,305
3							
4							
5							
6							
7							
8							
9							
10							
11							
12	2421	Aerial Cable - Other	17		5.90%	1,145,699	67,596
13	2421	Aerial Cable - Figure 8	17		5.90%	36,013	2,125
14	2421	Aerial Cable - Drop	41		2.44%	42,357	1,034
15	2421	Aerial Cable - Fiber Optic	17		6.00%	361,824	21,709
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
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31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							

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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. If Total on Line 24 is less than 20% of Total Assets the Filing of this Schedule 24 is optional.

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						
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

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						
	Current Deferred Operating Income Taxes-Dr. (Account 1360)						
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-Dr. (Account 1510)						
10							\$0
11							0
12	Other Dfd Credits	13,750	7250			(5,750)	8,000
13							0
14							0
15							0
16							0
17							0
18	Total	\$13,750	7250	\$0	\$0	(\$5,750)	\$8,000
19	Total Property Related Deferred Operating Income Taxes-Dr.	\$13,750		\$0	\$0	(\$5,750)	\$8,000
	Nonproperty Related						
	Current Deferred Operating Income Taxes-Dr. (Account 1360)						
20	Lifeline	\$9,771	7250	\$158		(\$3,735)	\$6,194
21	Deferred Compensation	39,452	7250		3,028	(15,085)	21,339
22	Advanced Billings	0	7250	4,000			4,000
23							0
24							0
25							0
26							0
27							0
28	Total	\$49,223	7250	\$4,158	\$3,028	(\$18,820)	\$31,533

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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	Deferred Compensation	\$105,467	7250			(\$40,327)	\$65,140
30	Royalty	62,647	7250	856		-23953	39,550
31	Advanced Billings	0	7250	33500			33,500
32							0
33							0
34							0
35							0
36	Total	\$168,114	7250	\$34,356	\$0	(\$64,280)	\$138,190
37	Total Nonproperty Related Deferred Operating Income Taxes - Dr.	\$217,337		\$38,514	\$3,028	(\$83,100)	\$169,723
	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
	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)						
44			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
	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)						
57	RTB	\$153,330	7450		\$9,480	(\$58,625)	\$85,225
58	RTB-GRT	6,875			1,090		5,785
59							0
60	Deferred Income Tax Effect of Extraordinary Items		7640				0
61	Total	\$160,205		\$0	\$10,570	(\$58,625)	\$91,010
62	Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.	\$160,205		\$0	\$10,570	(\$58,625)	\$91,010

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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	Tax over Book Depreciation	\$130,141		\$10,876	\$55,562		\$85,455
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18	Total	\$130,141	7250	\$10,876	\$55,562	\$0	\$85,455
19	Total Property Related Deferred Operating Income Taxes-Cr.	\$130,141		\$10,876	\$55,562	\$0	\$85,455
	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)
29	Nonproperty Related						
30	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)						\$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
38	Operating Investment Tax Credit (Account 4320)						\$0
39							0
40							0
41							0
42							0
43							0
44	Total	\$0	7210	\$0	\$0	\$0	\$0
45	Property Related						
46	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)		7450				\$0
47							0
48							0
49							0
50	Deferred Income Tax Effect of Extraordinary Items		7640				0
51	Total	\$0		\$0	\$0	\$0	\$0
52	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)		7450				\$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)
60	Nonproperty Related						
61	Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)		7450				\$0
62							0
63							0
64							0
65	Deferred Income Tax Effect of Extraordinary Items		7640				0
66	Total	\$0		\$0	\$0	\$0	\$0
67	Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)		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

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).
This schedule is optional for filers if Line 26 is less than 5% of the Total Assets of the Company.
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 propriety 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							
2	HTC Technologies, Inc.	5/8/1990		C	(200,666)		
3	Hancel, Inc.	5/8/1990		C	2,938,336		
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	Total	XXXXXXX	\$0	XXXXXXX	\$2,737,670	\$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).
This schedule is optional for filers if Line 26 is less than 5% of the Total Assets of the Company.
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.

		Equity Method			Cost Method			
Line No.	Percent of Ownership (H)	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		Amount of Investments End of Year (O)
						Temporary Account 4540 (M)	Permanent (N)	
1								
2	100.00%	33,934						(\$166,732)
3	100.00%	167,247						\$3,105,583
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	XXXXXXXX	\$201,181	\$0	\$0	\$0	\$0	\$0	\$2,938,851

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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 (a)	Description of Investment (Including nominal interest rate and term when appropriate) (b)	Book Cost of Investment at Beginning of the Year (c)	Book Cost of Investment Made During the Year (d)
1		<u>Account 1401.2, Advances to Affiliated Companies:</u>		
2				
3				
4				
5				
6				
7		NONE		
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				
21				
22		NONE		
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37		Total Account 1402	\$0	\$0

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.
5. This schedule is optional for filers if the aggregate Year End Book Value of account 1401.2 and Account 1402 is less than 5% of the Total Assets of the Company.

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		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	\$0	\$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.
2. This schedule is optional for filers if the aggregate Year End Book Value of Account 1401.2 and Account 1402 is less than 5% of the Total Assets of the Company.

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

36. Capitalization

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 - Deb	6/1/2017	6/1/2027	\$56,295	5.00%	19,792						
2	NBT - TERM - 5%											
3												
4												
5												
6												
7												
8	Total											
9	Account 4210, Funded Deb	6/1/2017	6/1/2027	\$503,576	5.00%	19,792						
10	NBT - TERM - 5%											
11												
12												
13												
14												
15	Total											
16	Account 4260, Advances from Affiliated Companie											
17												
18												
19	Total											
20												
21	Account 4270, Other Long-Term Deb											
22												
23												
24												
25	Total											
26	Grand Total Long Term Debt			\$559,871		\$19,792	\$0	\$0	\$0	\$0	\$0	\$0

Line No.			OUTSTANDING PER BALANCE SHEET*				HELD BY RESPONDENT		DIVIDENDS DURING YEAR	
			Number of shares	Par or stated value per share	Amount	Additional Paid in Capital (Acct. 4520)	Shares	Cost (Account 4530)	Declared	Paid
27	Account 4510.1 Capital Stock-Common		873	\$50	\$60,000		327	\$950,752	\$0	\$0
28	Hancock Telephone - Common Stock									
29										
30										
31	TOTALS (Account 4510.1)		873		\$60,000	\$0	327	\$950,752	\$0	\$0
32	Account 4510.2 Capital Stock-Preferred									
33										
34										
35										
36	TOTALS (Account 4510.2)		0		\$0	\$0	0	\$0	0	0
37	Grand Total Capitalization			3,626,909						

CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR									
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>									
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)						
36 37 38 39	NONE								
	Total	xxxxxx	xxxxx	\$0	xxxxx	\$0	xxx		
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)		
40 41 42 43 44	xxxx	xxxx	\$0	xxxx	\$0	xxxx	\$0		

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)					
45 46 47								
	Total	xxxxxx	xxxxx	\$0	xxxxx	\$0	xxx	
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)	
48 49 50	xxxx	xxxx	\$0	xxxx	\$0	xxxx	\$0	

38. Other Long-Term Liabilities and Other Long Term Liabilities**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	Accrued Deferred Compensation Costs	\$310,192					\$310,192
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
	Totals	\$310,192		\$0		\$0	\$310,192

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 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)			
15	Sale of Land	37,339					37,339
16	Lifeline Support	28,741	5082.301		753		29,494
17	RTB Deferral	457,844	Various	46,235			411,609
18	Royalty Deferral	184,255	7370.000		4,076		188,331
19	Excess Protected DFIT	0	Various		50,006		50,006
20	Exces Unprotected DFIT	0	Various	131,218			(131,218)
21							0
22							0
23							0
24							0
25							0
26	Totals	\$708,179		\$177,453	\$54,835		\$585,561

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	NONE			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
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41				
42				
43				
44				
45				
45				
46				
47				
48				
49				
50				

42. OPERATING REVENUES

Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
	LOCAL NETWORK SERVICES REVENUES		
1	5001 Basic Area	\$345,126	\$353,077
2	5002 Optional Extended Area Service		
3	5003 Cellular Mobile		
4	5004 Other Mobile Services		
5	5010 Public Telephone		
6	5040 Local Private Line		
7	5050 Customer Premises		
8	5060 Other Local Exchange	64,565	68,809
9	5069 Other Local Exchange Settlements		
10	Total Local Network Services Revenues	409,691	421,886
	NETWORK ACCESS SERVICES REVENUES		
11	5081 End User	181,631	198,742
12	5082 Switched Access	593,115	605,335
13	5083 Special Access	210,906	206,550
14	5084 State Access	51,639	55,712
15	Total Access Services Revenues	1,037,291	1,066,339
	LONG DISTANCE NETWORK SERVICES REVENUES		
16	5100 Long Distance Message	29	21
17	5111 Long Distance Inward-Only		
18	5112 Long Distance Outward-Only		
19	5121 Subvoice Grade Long Distance Private Network		
20	5122 Voice Grade Long Distance Private Network		
21	5123 Audio Program Grade Long Distance Private Network		
22	5124 Video Program Grade Long Distance Private Network		
23	5125 Digital Transmission Long Distance Private Network		
24	5126 Long Distance Private Network Switching		
25	5128 Other Long Distance Private Network		
26	5129 Other Long Distance Private Network Settlements		
27	5160 Other Long Distance		
28	5169 Other Long Distance Settlements		
29	Total Long Distance Network Services Revenues	29	21
	MISCELLANEOUS REVENUES		
30	5230 Directory	5,207	6,122
31	5240 Rent	65,389	46,655
32	5250 Corporate Operations		
33	5261 Special Billing Arrangements		
34	5262 Customer Operations		
35	5263 Plant Operations		
36	5264 Other Incidental Regulated	1,674	2,081
37	5269 Other Settlements	31	11
38	5270.1 Interstate Billing and Collection	533	534
39	5270.2 Intrastate Billing and Collection	12,985	14,160
40	5280 Nonregulated		
41	Total Miscellaneous Revenues	85,819	69,563
	UNCOLLECTIBLE REVENUES		
42	5301 Uncollectible-Telecommunications	1,200	1,200
43	5302 Uncollectible-Other		
44	Total Uncollectible Revenues	1,200	1,200
45	TOTAL OPERATING REVENUES	\$1,531,630	\$1,556,609
46	FOOTNOTE: USF Revenues \$.....0.....	XXXXXXXXXX	XXXXXXXXXX
47	Recorded in Account:	XXXXXXXXXX	XXXXXXXXXX

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44. OPERATING EXPENSES BY CATEGORY							
Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Other Expenses (d)	This Year Total (e)	Last Year Total (f)	Line No.
	<u>Plant Specific Operations</u>						
	<u>Network Support Expenses</u>						
1	6112 Motor Vehicle			5,078	5,078	4,272	1
2	Clearance				0		2
3	Net Balance	0	0	5,078	5,078	4,272	3
4	6113 Aircraft				0		4
5	Clearance				0		5
6	Net Balance	0	0	0	0	0	6
7	6114 Special Purpose Vehicles				0		7
8	Clearance				0		8
9	Net Balance	0	0	0	0	0	9
10	6115 Garage Work Equipment				0		10
11	6116 Other Work Equipment				0		11
12	Clearance				0		12
13	Net Balance	0	0	0	0	0	13
14	6110 Network Support Expenses	0	0	5,078	5,078	4,272	14
	<u>General Support Expenses</u>						
15	6121 Land and Building	39	21	59,930	59,990	61,623	15
16	6122 Furniture and Artworks				0		16
17	6123 Office Equipment			16,211	16,211	16,434	17
18	6124 General Purpose Computers			17,076	17,076	11,297	18
19	6120 General Support Expenses	39	21	93,217	93,277	89,354	19
	<u>Central Office Switching Expenses</u>						
20	6211 Analog Electronic				0		20
21	6212 Digital Electronic	109,076	44,768	80,438	234,282	238,771	21
22	6215 Electro-Mechanical				0		22
23	6210 Central Office Switching Expenses	109,076	44,768	80,438	234,282	238,771	23
24	6220 Operator Systems Expense				0		24
	<u>Central Office Transmission Expenses</u>						
25	6231 Radio Systems				0		25
26	6232 Circuit Equipment	42,910	16,988	9,302	69,200	66,011	26
27	6230 Central Office Transmission Expenses	42,910	16,988	9,302	69,200	66,011	27
	<u>Information Origination/Termination Expenses</u>						
28	6311 Station Apparatus				0		28
29	6321 Customer Premises Wiring				0		29
30	6341 Large Private Branch Exchange				0		30
31	6351 Public Telephone Terminal Equipment				0		31
32	6362 Other Terminal Equipment				0		32
33	6310 Information Origination/Termination Expenses	0	0	0	0	0	33

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Other Expenses (d)	This Year Total (e)	Last Year Total (f)	Line No.
	Plant Specific Operations (cont.)						
	<u>Cable and Wire Facilities Expenses</u>						
34	6411 Poles	31,430	25,454	29,426	86,310	104,787	34
35	6421 Aerial Cable	57,421	34,657	20,878	112,956	93,274	35
36	6422 Underground Cable				0		36
37	6423 Buried Cable				0		37
38	6424 Submarine Cable				0		38
39	6425 Deep Sea Cable				0		39
40	6426 Intrabuilding Network Cable				0		40
41	6431 Aerial Wire				0		41
42	6441 Conduit Systems				0		42
43	6410 Cable and Wire Facilities Expenses	88,851	60,111	50,304	199,266	198,061	43
44	Total Plant Specific Operations Expense	240,876	121,888	238,339	601,103	596,469	44
	<u>Plant Nonspecific Operations</u>						
	<u>Other Property, Plant & Equipment Expenses</u>						
45	6511 Property Held for Future Telephone Use				0		45
46	6512 Provisioning				0		46
47	Clearance				0		47
48	Net Balance	0	0	0	0	0	48
49	6510 Total Other Property, Plant & Equipment Expenses	0	0	0	0	0	49
	<u>Network Operations Expenses</u>						
50	6531 Power				0		50
51	6532 Network Administration				0	1,050	51
52	6533 Testing	14,525	5,779	1,425	21,729	20,654	52
53	6534 Plant Operations Administration				0		53
54	Clearance				0		54
55	Net Balance	0	0	0	0	0	55
56	6535 Engineering				0		56
57	Clearance				0		57
58	Net Balance	0	0	0	0	0	58
59	6530 Network Operations Expense	14,525	5,779	1,425	21,729	21,704	59
60	6540 Access Expense			40,483	40,482	44,892	60
	<u>Depreciation & Amortization Expenses</u>						
61	6561 Depreciation-TPIS			163,577	163,577	165,817	61
62	6562 Depreciation-Property Held for Future Tel.. Use						62
63	6563 Amortization-Tangible						63
64	6564 Amortization-Intangible						64
65	6565 Amortization-Other			(15,280)	(15,280)	(15,280)	65
66	6560 Depreciation & Amortization Expenses			148,297	148,297	150,537	66
67	Total Plant Nonspecific Operations Expense	14,525	5,779	190,205	210,508	217,133	67

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Other Expenses (d)	This Year Total (e)	Last Year Total (f)	Line No.
	<u>Customer Operations</u>			\$	\$	\$	
	<u>Marketing</u>						
68	6611 Product Management				0		68
69	6612 Sales	6,711	3,029		9,740	9,173	69
70	6613 Product Advertising			2468	2,468	1,881	70
71	6610 Marketing	6,711	3,029	2,468	12,208	11,054	71
	<u>Services</u>						
72	6621 Call Completion Services				0		72
73	6627 Carrier Access Billing	6,795	2,390	4,321	13,506	14,020	73
74	6622.2 Number Services-Directory Publishing				0		74
75	6623.1 Customer Services-Order Processing & Instruction	28,779	12,862		41,641	48,613	75
76	6623.2 Customer Services-Billing and Collections	26,972	10,080	64,652	101,704	86,851	76
77	6628 Contract Operator Services			364	364	360	77
78	6620 Services	62,546	25,332	69,337	157,215	149,844	78
79	Total Customer Operations Expense	69,257	28,361	71,805	169,423	160,898	79
	<u>Corporate Operations Expense</u>						
	<u>Executive and Planning</u>						
80	6711 Executive	135,403	29,726	7,106	172,235	174,775	80
81	6712 Planning				0		81
82	6710 Executive and Planning	135,403	29,726	7,106	172,235	174,775	82
	<u>General & Administrative</u>						
83	6721 Accounting & Finance	174,667	80,500	108,715	363,882	365,857	83
84	6722 External Relations				0		84
85	6723 Human Resources				0		85
86	6724 Information Management				0		86
87	6725 Legal			19,326	19,326	21,526	87
88	6726 Procurement				0		88
89	6727 Research and Development				0		89
90	6728 Other General & Administrative			30,558	30,558	36,076	90
91	6720 General & Administrative	174,667	80,500	158,599	413,766	423,459	91
92	6790 Provision for Uncollectible Notes Receivable				0	0	92
93	Total Corporate Operations Expenses	310,070	110,226	165,705	586,001	598,234	93
94	TOTAL OPERATING EXPENSES	\$634,728	\$266,254	\$666,054	\$1,567,035	\$1,572,734	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						
2	FICA-Contribution	62,374					
3	Unemployment	462					
4	Other:						
5							
6	Total	\$62,836	\$0	\$0	\$0	\$0	\$0
	State Taxes:						
7	Franchise-Gross Income-186a	\$19,500				\$10,394	\$9,106
8	Franch.-Gross Inc.-Access Charges						
9	Franchise-Gross Earnings-184	5,800				3,091	2,709
10	Franchise-Excess Div.-186	4,600				2,452	2,148
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 (Excess Dividend)						
15	MTA Surcharge						
16	Unemployment Insurance	999					
17	Disability Insurance	1,264					
18	Sales and Use						
19	Other	2,500					2,500
20	Total	\$34,663	\$0	\$0	\$0	\$15,937	\$16,463
21	Local Taxes:						
22	Real Estate	\$50,283				\$26,801	\$23,482
23	Special Franchise						
24	Municipal Gross Income						
25	NYC-Spec. Franchise						
26	Motor Vehicle						
27	Other						
28							
29	Total	\$50,283	\$0	\$0	\$0	\$26,801	\$23,482
30	Other (list):						
31	PSC Assessment	200				200	
32	FCC Regulatory Fee	1,005					1,005
33	Totals	\$148,987	\$0	\$0	\$0	\$42,938	\$40,950

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				6570	\$62,374
3	Unemployment				6570	462
4	Other					
5						
6	Total	\$0	\$0	\$0	XXXXXXX	\$62,836
	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				6570	999
17	Disability Insurance				6570	1,264
18	Sales and Use					
19	Other					
20	Total	\$0	\$0	\$0	XXXXXXX	\$2,263
21	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	\$65,099

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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. 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)
1	NONE	
2		
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34		
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)	\$105,022
2	Income Taxes Accrued:	
3	7220	(12,500)
4	7250	(13,909)
5	7420	
6	7450	10,570
7		
8		
9		
10	Less: Nonregulated Income	(201,181)
11		
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	Lobbying Expenses	\$1,117
17	ACRS/MACRS Salvage	
18	Advanced Billings	178,125
19	Meals & Entertainment	10,562
20	Officer's Life Insurance	
21	Deferred Lifeline Credit	753
22	Special Charges - Royalty Carrying Charges & RTB	0
23	Bad Debt Adjustment	
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25	Tax Over Book Depreciation	\$51,789
26	Bad Debt Adjustment	1,350
27	Cost of Removal	
28	Special Charges-Royalty Carrying Charges&RTB Rate Credit	42,159
29	Officer's Life Insurance	28,281
30	Deferred Compensation	14,417
31		
32		
33	Federal tax net income	(\$59,437)
34	Computation of tax:	xxxxxxxxxxxx
35		
36		x 21%
37		
38		
39	Computed Federal Income Tax	(\$12,500)

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. This schedule is optional for companies whose total for Line 45 is less than 10% of Operating Expenses Excluding Depreciation.

Line No.	Description of Item (a)	Amount (b)
1	Officer's Life Insurance	(\$28,281)
2	Lobbying Expenses	964
3	Royalty Carrying Charges	4,076
4	RTB Deferral Carrying Charges	6,945
5		
6		
7		
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44	Totals from Insert Pages	
45	Total	(\$16,296)

49. OTHER INTEREST DEDUCTIONS

- 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.
- 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)
1	Account 7540.1 Other Interest Deductions-Affiliated Companies	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Total Other Interest Deductions-Affiliated Companies	\$0
	Account 7540.2 Other Interest Deductions	
14	Line of Credit-NBT-5.25%	\$26,530
15	Dfd Comp. Interest	8,916
16	IBM Series I9 - 4.24%	374
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	Total Other Interest Deductions	\$35,820

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. This schedule is optional for companies whose total for Line 45 is less than 10% of Operating Expenses Excluding Depreciation.

Line No.	Description of Item (a)	Amount (b)
1	NONE	
2		
3		
4		
5		
6		
7		
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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	7640
				(d)	
1	NONE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Totals	\$0	\$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

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.

- A.) 1.) Pension Plan - All Employees
2.) Principal
3.) \$60,933
- B.) 1.) Medical, Hospital, & Prescription Drugs - All Employees
2.) Excellus
3.) \$194,783
- C.) 1.) Dental & Vision Insurance - All Employees
2.) Guardian
3.) \$18,015
- D.) 1.) Disability Insurance & PFL - All Employees
2.) First Rehabilitation Insurance Company
3.) \$1,264
- E.) 1.) Life Insurance - All Employees
2.) Business Council of NYS
3.) \$2,769

53. Employee Protective Plans (Continued)

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.

Not Applicable - The Hancock Telephone Company has a defined contribution plan. The company contributes 7% of each employees monthly gross income into a 401K account for the employee.

54. ANALYSIS OF PENSION COST (Continued)		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ _____
2	Projected Benefit Obligation	\$ _____
3	Fair Value of Plan Assets	\$ _____
4	Unrecognized Transition Amount	\$ _____
5	Unrecognized Prior Service Costs	\$ _____
6	Unrecognized Gains or (Losses)	\$ _____
7	Date of Valuation Reported on Lines 1 through 6	_____
8	Discount Rate	_____ %
9	Expected Long-Term Rate of Return on Assets	_____ %
10	Salary Progression Rate (if applicable)	_____ %
	Net Periodic Pension Cost:	
11	Service Cost	\$ _____
12	Interest Cost	
13	Actual Return on Plan Assets [(Gain) or Loss]	
14	Deferral of Asset Gain or (Loss)	
15	Amortization of Transition Amount	
16	Amortization of Unrecognized Prior Service Cost	
17	Amortization of Gains or Losses	
18	Total Pension Cost	\$ _____ 0
19	Number of Active Employees Covered by Plan	
20	Number of Retired Employees Covered by Plan	
21	Number of Previous Employees Vested but Not Retired	
	<u>REPORTING COMPANY</u>	
22	Minimum Required Contribution	\$ _____
23	Actual Contribution*	\$ _____
24	Maximum Amount Deductible*	\$ _____
25	Benefit Payments	\$ _____
26	Total Pension Cost	\$ _____
27	Pension Cost Capitalized	\$ _____
28	Accumulated Pension Asset/Liability at Close of Year	\$ _____
29	Total Number of Company Employees at Beginning of Policy Year	
30	Number of Active Employees Covered by Plan.	
31	Number of Retired Employees Covered by Plan.	
32	Number of Previous Employees Vested but Not Retired.	
<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.

NONE

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): $\{(6) \times (7) \times (8)\} \times 100$ -- 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: $16 \times [100\% - (17)]$		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:

- the amount recorded as income for the current year
- the amount deferred on the balance sheet
- 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:

- number of employees affected
- the cost of the settlement
- 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.

NONE

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	\$ _____
2	Other Fully Eligible Plan Participants	\$ _____
3	Other Active Plan Participants	\$ _____
4	Fair Value of Plan Assets Held in an Exterior Fund or Trust	\$ _____
	Plan Assets Held in an Internal Reserve (net of tax):	
5	New York State Jurisdiction	\$ _____
6	Other	\$ _____
7	Other Plan Assets (Specify)	\$ _____
8	Unrecognized Transition Obligation	\$ _____
9	Unrecognized Prior Service Costs	\$ _____
10	Unrecognized Gains or (Losses)	\$ _____
11	Gains or (Losses) Unrecognized in Market Related Value of Assets	\$ _____
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.	_____
14	Discount Rate	_____
15	Expected Long-Term Rate of Return on Assets (Exterior Fund)	_____
16	Interest Rate Applied to NYS Jurisdiction Internal Reserve Balance	_____
17	Salary Progression Rate (if applicable)	_____
	<u>NET PERIODIC OPEB COST</u>	
18	Service Cost	\$ _____
19	Interest Cost	
20	Actual Return on Plan Assets [(Gain) or Loss]	
21	Deferral of Asset Gain or (Loss)	
22	Amortization of Transition Amount	
23	Amortization of Unrecognized Prior Service Cost	
24	Amortization of (Gains) or Losses from Earlier Periods	
25	(Gain) or Loss Due to a Temporary Deviation From a Substantive Plan	
26	Net Periodic OPEB Cost	\$ _____ 0
	NONE	

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 Code.
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	
	Contributions to the Fund:	
2	Deposits of Company Funds	
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	
8	Other Expenses Paid By the Fund **	
9	Fair Value of Plan Assets at End of the Period	
		\$0

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

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

NONE

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]	
2	Amount of the Company's Latest Rate Allowance for OPEB Expense	
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	
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.	
	NONE	

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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 \$150,000 for Class A and \$50,000 for Class B Telecommunications Companies.
For Other Companies, reporting is optional if the sum of such items is less than 5% of Operating Expenses Excluding Depreciation

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
1	Affiliates: Total Affiliates				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					0
12	Other Companies: Aggregate of All Other Items Total Other Companies				
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					0
24	Total General Services and Licenses				0

223-95

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

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)

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

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)

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

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)

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	Hancock, NY	1,244	53	103	1,194
2	Winterdale, PA	118	25	23	120
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10		1,362	78	126	1,314

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	68	295		831				15
2	7	24		89				
3								
4								
5								
6								
7								
8								
9								
10	75	319	0	920	0	0	0	15

65. DISTRIBUTION OF TOTAL COMPENSATION OF EMPLOYEES

Line No.	Account Group (a)	Amount (b)
1	Operating Expenses	\$634,728
2	Telecommunications Plant In Service	
3	Telecommunications Plant Under Construction	8,518
4	Accumulated Depreciation	
5	Other (specify): Wages Charged to Affiliated Companies	227,231
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$870,477
65A. NUMBER OF EMPLOYEES		
21	Officials and Managerial Assistants	2
22	Professional and Semiprofessional Employees	
23	Business Office and Sales Employees	1
24	Clerical Employees	2
25	Operators	
26	Construction, Installation and Maintenance Employees	
27	Central Office Crafts Employees	2
28	Installation and Exchange Repair Crafts Employees	1
29	Line, cable and conduit crafts employees	
30	Building, Supplies and Motor Vehicle employees:	
31	All Other Employees Not Elsewhere Classified	
32	Total Employees	8

VERIFICATION

The Public Service Law requires that "... it shall be the duty of every such person and corporation to file with the Commission an annual report, verified by oath of the president, vice-president, treasurer, secretary, general manager, or receiver, if any, thereof, or by the person required to file the same. The verification shall be made by said official holding office at the time of the filing of said report, and if not made upon the knowledge of the person verifying the same shall set forth the sources of his information and the grounds of his belief as to any matters not stated to be verified upon his knowledge."

State ofNew York.....)

County ofDelaware.....)

) SS. :

.....Robert C. Wrighter, Jr.....makes oath and

says: I am theVice-President..... of ...The Hancock Telephone Company.....
 (Here insert the official title of the deponent) (Here insert exact name of the reporting company)

I am familiar with the preparation of the foregoing report know generally the contents thereof. The said report which

consists ofAll Sections and Pages.....
 (Here insert exact identification of the sections and pages comprising this report)

is true and correct to the best of my knowledge and belief. As to matters not actually stated upon my knowledge,

the sources of my information and the grounds for my belief are as follows:

Signature

Subscribed and sworn to before me a

Notary public
 this 28th day of March 19 2019

[use an im-
 L. S.
 pression seal]

(Signature of officer authorized to administer oaths)

TERRIL L. ELLIS
 Notary Public, State of New York
 County of Delaware
 Commission Expires March 9, 2022
 No. 01EL6003704

(This space for use of the Public Service Commission)

Computed
 Examined
 Reviewed

For PSC Use Only (Do not Print)

STATE OF NEW YORK
Public Service Commission
5 Year Book Data
The Hancock Telephone Company
For the period ending December 31, 2018

Annual Report of The Hancock Telephone Company

For the period ending December 31, 2018

COMPARATIVE BALANCE SHEET

		Annual Report Source	
CURRENT ASSETS		Sch 11, Pg 16 (C)	
1	Cash and Temporary Cash Investments	L1-4	\$278,932
2	Accounts Receivable (Net)	L(5,7,8) - L(6,9)	394865
3	Current Deferred Income Taxes	L21	31533
4	Other Current Assets	(Formula)	1929175
5	Total Current Assets	L22	2634505
NON-CURRENT ASSETS			
6	Investments	L23-26	2938851
7	Unamortized Debt Issuance Costs	L27	0
8	Deferred Charges	L30-31	0
9	Other Jurisdictional Assets - Net	L32	
10	Non-Current Deferred Income Taxes	L33	237200
11	Other Non-Current Assets	(Formula)	0
12	Total Non-Current Assets	L 34	3176051
REGULATED PLANT			
13	Total Telecommunications Plant	L42	6062162
14	Less: Accumulated Depreciation and Amort.	L43-44	4461753
15	Net Regulated Plant	(Formula)	1600409
16	Total Assets & Other Debits	(Formula)	7410965

CURRENT LIABILITIES		Source	
		Sch 11, Pg 17 (C)	
17	Accounts Payable	L1-2	2393982
18	Notes Payable	L3-4	198410
19	Advanced Billings	L5	178125
20	Customer Deposits	L6	0
21	Current Maturities - Long-Term Debt	L7-8	56295
22	Current Deferred Income Taxes	L11-12	0
23	Other Current Liabilities	(Formula)	92331
24	Total Current Liabilities	L15	2919143
LONG-TERM DEBT			
25	Long-Term Debt	L23	503576
OTHER LIAB. & DEFERRED CREDITS			
26	Unamortized ITC	L25-26	0
27	Non-Current Deferred Taxes	L27-28	85455
28	Other Deferred Credits	L29	585561
29	Other Jurisdictional Differences - Net	L30	
30	Other Liabilities	(Formula)	310192
31	Total Other Liab. and Def. Credits	L31	981208
STOCKHOLDER'S EQUITY			
32	Common Stock	L32	60000
33	Preferred Stock	L33	0
34	Other Paid in Capital	L34-36	-950752
35	Retained Earnings	Formula	3897790
36	Total Stockholder's Equity	L40	3007038
37	Total Liab. and Stockholder's Equity	(Formula)	\$7,410,965

INCOME STATEMENT

OPERATING REVENUES		Source	
		Sch 42, Pg 65 (b)	
1 Local Network Services	L10		\$409,691
2 Network Access Services	L15		1,037,291
3 Long Distance Network Services	L29		29
4 Miscellaneous Revenues	L41		85,819
5 Less: Uncollectible Revenues	L44		1,200
6 Total Operating Revenues	(Formula)		1,531,630
OPERATING EXPENSES		Sch 44, Pg 67 (F)	
7 Network Support Expenses	L14		5,078
8 General Support Expenses	L19		93,277
9 Central Office Switching	L23		234,282
10 Operator Systems Expense	L24		0
11 Central Office Transmission	L27		69,200
12 Info. Origination/Termination	L33		0
13 Cable & Wire Facilities	L43		199,266
14 Total Plant Specific Operations	(Formula)		601,103
15 Other Plant, Property & Equipment	L49		0
16 Network Operations	L59		21,729
17 Access Expense	L60		40,482
18 Depreciation and Amortization	L66		148,297
19 Total Plant Non-Specific Operations	(Formula)		210,508
20 Marketing Expense	L71		12,208
21 Services Expense	L78		157,215
22 Total Customer Operations	(Formula)		169,423
23 Executive & Planning	L82		172,235
24 General & Administrative	L91		413,766
25 Provision - Uncollectible Notes Rec.	Less L92		0
26 Other			
27 Total Corporate Operations	(Formula)		586,001
28 Total Operations Expense	(Formula)		1,567,035
29 Other Operating Income & Expenses	L9		0
30 State & Local Income Taxes	L12		0
31 Other Taxes	L13		83,888
32 Net Operating Income Before FIT	(Formula)		(119,293)
33 Investment Tax Credits - Net	L10		0
34 Federal Income Taxes	L11		(12,500)
35 Provision - Def. Operating Income Taxes - Net	L14		(13,909)
36 Net Operating Income	(Formula)		(\$92,884)

INCOME STATEMENT

	Source	
1 Net Operating Income	From Above	(\$92,884)
NON-OPERATING INCOME & EXPENSES		
	Sch 12, Pg 20 (C)	
2 Dividend Income	L17	0
3 Interest Income	L18	289
4 Income - Sinking and Other Funds	L19	0
5 Allowance for Funds Used During Construction	L20	46,322
6 Gains/Losses - Disposal of Property	L21	0
7 Equity in Earnings of Affiliated Companies	L22	201,181
8 Other Non-Operating Income	L23	0
9 Special Charges	L24	(16,296)
10 Total Non-Operating Income & Expenses	(Formula)	264,088
NON-OPERATING TAXES		
	Sch 12, Pg 20 (C)	
11 Federal Income Taxes	L26+L27+L30	10,570
12 Other	L28+L29	0
13 Total Non-Operating Taxes	(Formula)	10,570
14 Income Available Before Interest Charges	(Formula)	160,634
INTEREST CHARGES		
15 Interest on Funded Debt	L34	19,792
16 Other Interest Expense	(Formula)	35,820
17 Total Interest Charges	L38	55,612
18 Income Before Extraordinary & Nonregulated Items	(Formula)	105,022
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)	\$105,022

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

Unappropriated Retained Earnings:		
23 Beginning Year Balance	L49	\$1,055,098
24 Transferred from Income	L50	(96,159)
25 Appropriations	L51	0
Dividends Declared:		
26 Preferred Stock	L52	0
27 Common Stock	L53	0
28 Adjustments	L54	0
29 Ending Year Balance	(Formula)	958,939
30 Appropriated/Undistributed Affiliated Retained Earnings	L57+L60-L61+L62)	2,938,851
31 Total Retained Earnings	(Formula)	\$3,897,790

CASH FLOW STATEMENT

		Source	
Cash Flows from Operating Activities			
1	Net Income	Formula	\$105,022
Non-Cash Items Included in Net Income		Sch 13, Pg 22 (B)	
2	Depreciation, Depletion & Amortization	L2+L3	163,578
3	Changes in Accumulated Deferred Income Taxes	L4	77,873
4	Changes in Working Capital	L6+L7+L8+L10+L11	(70,973)
5	Capitalized AFDC - Equity	L5	0
6	Other	(Formula)	(258,953)
7	Total Non-Cash Items	L17	(88,475)
8	Net Cash Provided by (Used In) Operating Activities	(Formula)	16,547
Cash Flows from Investing Activities		Sch 13, Pg 22 (B)	
9	Cash Flows from Construction	L28	(680,823)
10	Purchase of Other Investments	L29+L30+L31+L32	0
11	Sale of Other Investments	L33+L34+L35+L36	0
12	Other	L37+L38+L39	0
13	Net Cash Provided by (Used In) Investing Activities	(Formula)	(680,823)
Cash Flows from Financing Activities		Sch 13, Pg 23 (B)	
Net Proceeds (Payments)			
14	Long-Term Debt	L43+L49	508,527
15	Common Stock	L41+L47	0
16	Preferred Stock	L42+L48	0
17	Short-Term Debt	L44	58,709
18	Dividends Paid	L50+L51	0
19	Other Financing	(Formula)	170,784
20	Net Cash Provided by (Used In) Financing	L59	738,020
21	Net Increase (Decrease) in Cash & Equivalents	(Formula)	73,744
22	Cash & Equivalents at Beginning of Year	L61	205,188
23	Cash & Equivalents at End of Year	(Formula)	\$278,932

DISTRIBUTION OF TELEPHONE REVENUES

1	Revenues	Source Formula Sch 61	\$1,531,630
2	Access Lines	Pg 96, L10 (e)	1314

DOLLAR AMOUNTS

3	Wages and Benefits	Sch 44 Pg 71, L94 (b) (c)	#REF!
4	Depreciation and Amortization	(Formula)	148297
5	Other Operations Expense	(Formula)	#REF!
6	Total Operation Expenses	(Formula)	1567035
7	Income Taxes - Operating Taxes	(Formula)	-26409
8	Other Taxes - Operating Taxes	(Formula)	83888
9	Capital Costs	(Formula)	-92884
10	Total	(Formula)	\$1,531,630

PERCENT OF REVENUES

11	Wages and Benefits	(Formula)	#REF!
12	Depreciation and Amortization	(Formula)	9.7
13	Other Operations Expense	(Formula)	#REF!
14	Income Taxes - Operating Taxes	(Formula)	(1.7)
15	Other Taxes - Operating Taxes	(Formula)	5.5
16	Capital Costs	(Formula)	(6.1)
17	Total	(Formula)	#REF!

DOLLARS PER ACCESS LINE

18	Wages and Benefits	(Formula)	#REF!
19	Depreciation and Amortization	(Formula)	112.86
20	Other Operations Expense	(Formula)	#REF!
21	Income Taxes - Operating Taxes	(Formula)	(20.10)
22	Other Taxes - Operating Taxes	(Formula)	63.84
23	Capital Costs	(Formula)	(70.69)
24	Total	(Formula)	#REF!

TELECOMMUNICATIONS PLANT AND SELECTED RATIOS

		Source	
Plant In Service		Sch 14, Pg 24, 25	
1 General Support Assets	L13		\$1,507,722
2 Central Office Assets	L25		1,296,204
3 Information Origination/Termination	L31		63,377
4 Cable And Wire Facilities	L41		2,328,915
5 Amortizable Assets	L45		0
6 Total Plant In Service	(Formula)		5,196,218
7 Property Held For Future Use	L47		0
Plant Under Construction -			
8 Short & Long Term	L48,49		793,485
9 Telecommunications Plant Adjustment:			
10 Tel. Acquisition	L51		72,459
11 Other Plant	L52		0
12 Nonoperating Plant	L53		0
13 Goodwill	L54		0
14 Total Telecommunications Plant	(Formula)		6,062,162
15 Less Acc. Prov. For Depreciation & Amort.	(Formula)		4,461,753
16 Net Total Utility Plant	(Formula)		\$1,600,409

SELECTED RATIOS AND STATISTICS

17	Current Assets / Current Liabilities	(Formula)	0.90
18	Total Capitalization	(Formula)	\$3,765,319
<u>Percent Of Capitalization (Incl. S-T- Debt)</u>			
19	Long-Term Debt	(Formula)	13.4%
20	Preferred Stock	(Formula)	0.0%
21	Common Stock & Retained Earnings	(Formula)	79.9%
22	Short-Term Debt	(Formula)	6.8%
23	Pretax Coverage of Interest Expense	(Formula)	2.60
24	Com. Stock Dividends as a % of Earnings	(Formula)	0.0%
25	Return on Common Equity	(Formula)	3.5%
Internal Cash Generated as a % of			
26	Cash Outflows for Construction	(Formula)	2.4%
27	CWIP as a % of Plant	(Formula)	13.1%
	Number of Employees	(Formula)	8
Source			
	Current Assets	(Formula)	2634505
	Current Liabilities	(Formula)	2919143
	Total Capitalization	(Formula)	3765319
	Long-Term Debt	(Formula)	503576
	Preferred Stock	(Formula)	0
	Common Stock and Retained Earnings (Excl. Preferred Stock)	(Formula)	3007038
	Short-Term Debt	(Formula)	254705
	Pretax Income	See Below	144795
	Interest Expense	(Formula)	55612
	Common Dividends Paid	(Formula)	0
	Net Income	See Below	105022
	(Excl. Preferred Stock Dividends)	(Formula)	16547
	Internal Cash	(Formula)	16547
	Cash Outflows for Construction	(Formula)	-680823
	CWIP	(Formula)	793485
	Total Plant	(Formula)	6062162
	Shares Outstanding	Pg. 63, Ln 9 (c)	#REF!
	Number of Employees	Pg. 100, Ln 32	8

Additional Calculations

Data used for "Pretax Income":		NOI Before FIT	-119293
		Non-Oper. Inc. & Exp.	264088
		Non-Oper. Tax - Other	0
		Total	\$144,795
Data used for "Net Income":		Net Income	105022
		Pref. Dividends	0
		Total	105022