

Please fill in the requested information on Rows 42, 43 and 44.

COMPANY CODE:

TELEPHONE CORPORATIONS

# ANNUAL REPORT

OF

The Champlain 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 782

Champlain, NY 12919-0782

(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2009

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:

Trent Trahan, President

P.O. Box 782

Champlain, NY 12919-0782

518-298-2411

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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.

Trent Trahan, President  
1118 Main Street  
Champlain, NY 12919-0782

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  
Transportation Corporation Law  
September 24, 1903

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.

None

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.

None

5. Name all classes of service furnished by respondent.

Business and residential lines  
Other fee stations - pay stations  
Grandfathered 2 and 4 party residential and business lines

**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.

Financial statements will be sent under a separate cover

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

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

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

**3. OFFICERS AND DIRECTORS (including Compensation)**

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

Line No.	Name of Person (a)	Title and Department Over Which Jurisdiction Is Exercised (b)	Term Expired or Current Term Will Expire (c)	Salary	
				Rate at Year End (d)	Paid During Year (e)
1	Trent L. Trahan	Pes/CEO/Chairman/Dir - All	Jun-10	\$631,230	\$631,201
2	Gregory MacConnell	Vice President - all	Jun-09	128,470	123,590
3	Mark Webster	Secretary	Jun-09	85,298	85,298
4	Dr. John B. Southwick	Treasurer/Director	Jun-09		
5	Paul Seymour	Director	Jun-09		
6	Paul Griswold	Director	Jun-09		
7	Colin Read	Director	Jun-09		
8	Susan Lamar	Director	Jun-09		
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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.
	1,875			(A)	\$5,000	\$636,201	1
	1,250			(B)	3,340	128,805	2
				(B)	1,481	88,029	3
				(A)	5,000	5,000	4
				(A)	5,000	5,000	5
				(A)	5,000	5,000	6
				(A)	5,000	5,000	7
				(A)	5,000	5,000	8
						0	9
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**NOTES:**

(A): Director Fees

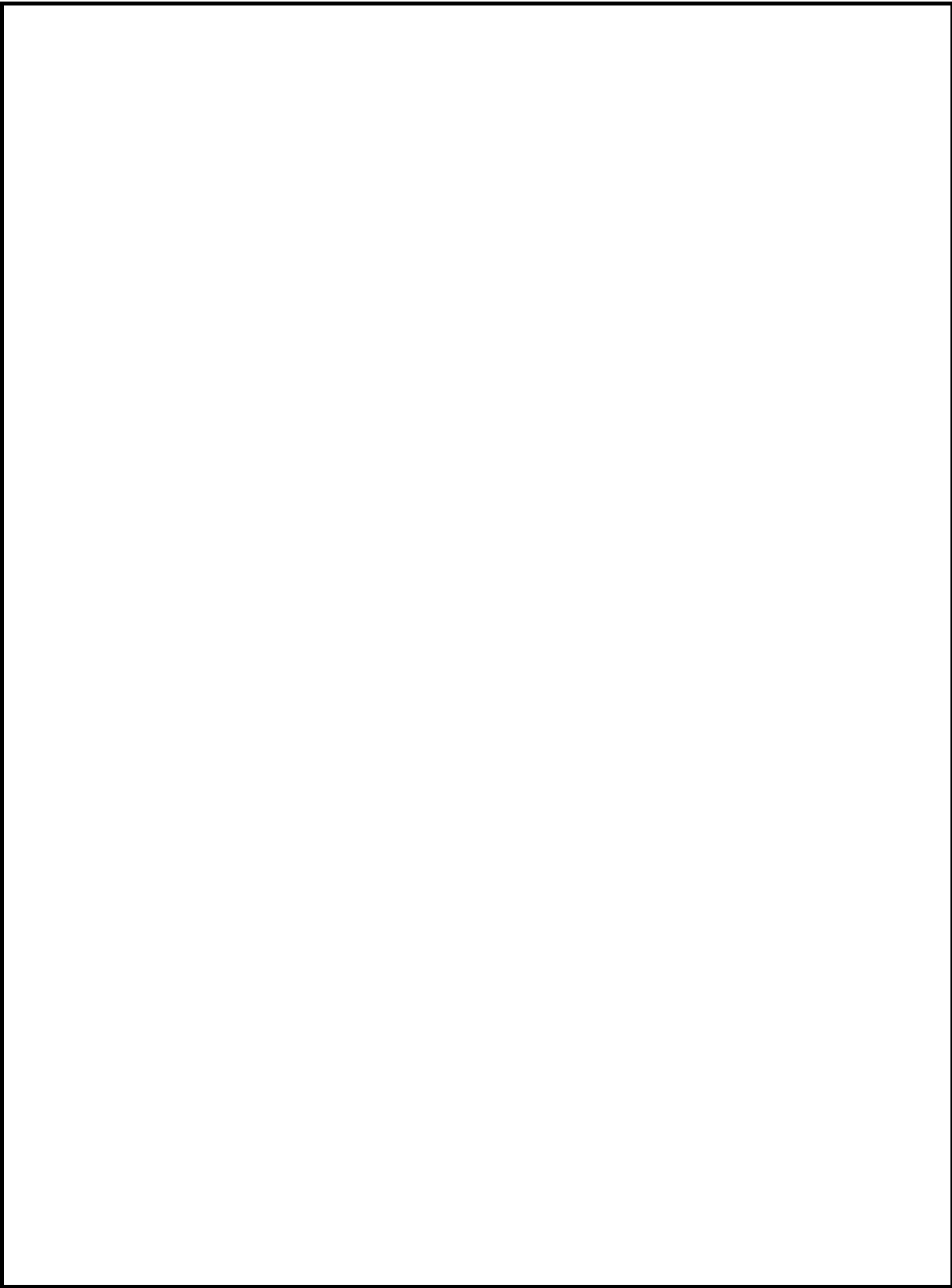
(B): Pay for unused compensated time off

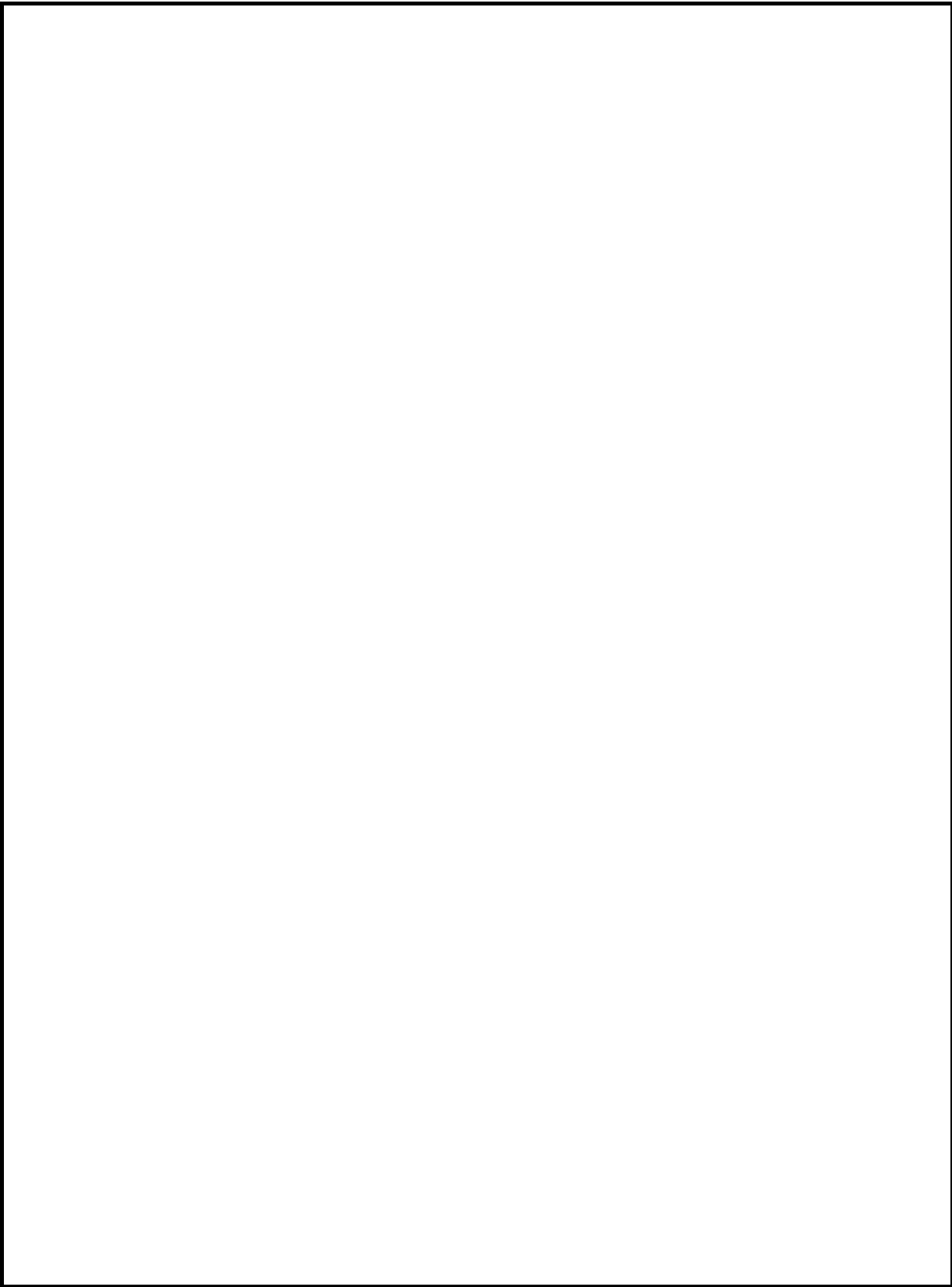


**4. CONTROL OVER RESPONDENT**

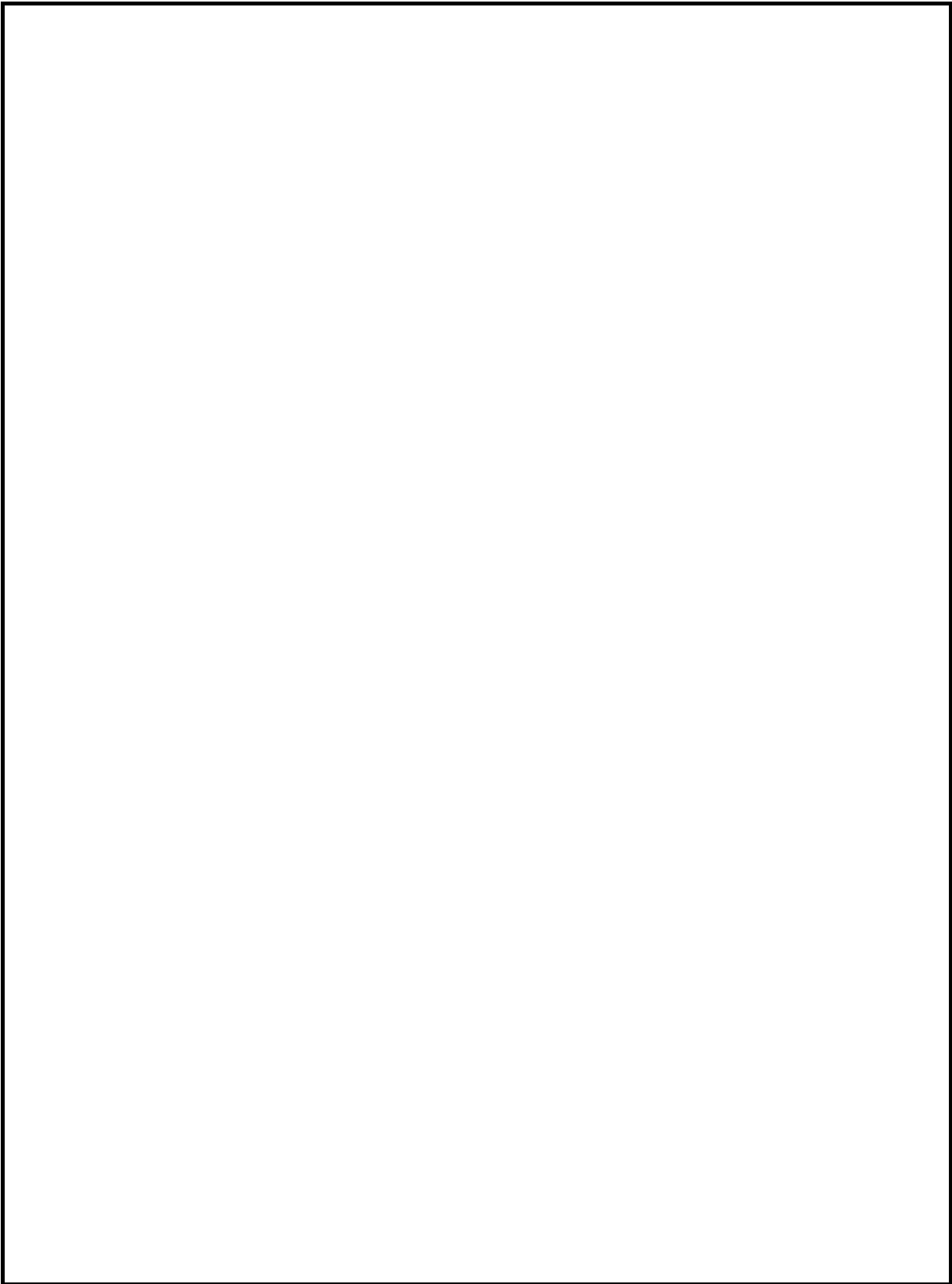
If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held and extent of control. If control was in a holding company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



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)
K&S Communications, Inc	Holding company	100%	
PrimeLink, Inc	CPE and deregulated services	100%	A
Champlain PSC, Inc.	Inactive	100%	A
Champlain Network, Inc.	Inactive	100%	A
K&S 101, Inc.	Investment in billing company	100%	A
K&S 102, Inc.	Inactive	100%	A
K&S 103, Inc.	Inactive	100%	A
A - Stock owned by K&S Communications, Inc.			
Champlain PCS, Inc and Champlain Network, Inc were dissolved effective 12/31/2009			

## 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	Tandem, LLC, Champlain NY	3,748		
2	Estate of David C. Southwick, Champlain, NY	2,788		
3	Celine Paquete, Champlain, NY	400		
4	Dr. John B. Southwick, Champlain, NY	160		
5	Kurt Southwick, Colchester, VT	100		
6	Mark Southwick, Massena, NY	100		
7	Stephen Southwick, Champlain, NY	100		
8	Lawrence and Judith Kelly, Rouses Point, NY	30		
9	Amy Tompkins, Syracuse, NY	30		
10	Bryan Anctil, Rouses Point, NY	10		
11	John Anctil, Mooers Forks, NY	10		
12	Mark Anctil, Rouses Point, NY	10		
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**7. VOTING POWERS AND ELECTIONS**

1. Has each share of stock the right to one vote? NO

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.

April 14, 2009 in Champlain, NY

5. State the total number of votes cast at such general meeting -4,408- and the total number cast by proxy -0-.

6. State the total number of voting security holders -12- and the total of all voting securities -7,486- 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.

Class "A" common stock has voting rights. Class "B" common stock does not have voting rights

**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 the report covers. Answers should be numbered in accordance with the inquiries, and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, identification of the other source will be sufficient.

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

1-6) None

7) The collectively bargained unit entered into a new contract effective 1/1/2005. The general wage increase was 1.5%

8). None

9). No change in general offices in 2009

10). The Company filed a petition in case 09-C-0595 to form an employee stock ownership plan and to transfer a majority ownership interest from Tandem LLC to the ESOP. The case is still pending before the PSC.

11) None



**8. IMPORTANT CHANGES DURING THE YEAR (Continued)**

223-88

**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)
	<u>Operating Revenues</u>						
1	Local Network Services	\$1,183,604			\$1,183,604	\$1,183,604	0
2	Network Access Services	3,808,154			3,808,154	917,485	2,890,669
3	Long Distance Network Serv.	0			-		
4	Miscellaneous	76,382		80,000	156,382	115,276	41,106
5	Settlements	0			-		
6	Nonregulated Revenues	0			-		
7	Subtotal	5,068,140	0	80,000	5,148,140	2,216,365	2,931,775
8	Uncollectibles	5,000			5,000	5,000	
9	Total Operating Revenues	5,063,140	0	80,000	5,143,140	2,211,365	2,931,775
	<u>Operating Expenses</u>						
10	Plant Specific	1,512,022			1,512,022	725,315	786,707
11	Plant Non-specific	237,271			237,271	123,435	113,836
12	Marketing	24,839			24,839	15,917	8,922
13	Customer Operations Services	284,543			284,543	186,308	98,235
14	Access	63,261			63,261	0	63,261
15	Corporate Operations	2,312,096			2,312,096	1,150,235	1,161,861
16	Subtotal	4,434,032	0	0	4,434,032	2,201,210	2,232,822
17	Depreciation & Amortization	551,547			551,547	297,947	253,600
18	Total Operating Expenses	4,985,579	0	0	4,985,579	2,499,157	2,486,422
19	Net Operating Revenues	77,561	0	80,000	157,561	(287,792)	445,353
	<u>Operating Taxes</u>						
20	Operating FIT	12,015		46,284	58,299	(101,642)	159,941
21	Deferred Operating FIT-Net	(77,943)		(22,277)	(100,220)	(50,404)	(49,816)
22	Operating Investment Tax Credit - Amort (Option 2)	0			0	0	0
23	Total Federal Income Taxes	(65,928)	0	24,007	(41,921)	(152,046)	110,125
24	Other Operating Taxes	235,312			235,312	132,796	102,516
25	Total Operating Taxes	169,384	0	24,007	193,391	(19,250)	212,641
26	Other Operating Income and Expenses						
27	Net Operating Income*	(91,823)	0	55,993	(35,830)	(268,542)	232,712
28	Rate Case Adj, if applicable						
29	Net Operating Income after Rate Case Adj	(\$91,823)	\$0	\$55,993	(\$35,830)	(\$268,542)	\$232,712

223-95

\* 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	\$12,896,158	\$263,290		\$12,632,868	\$7,129,233	\$5,503,635
2	Noninterest Bearing Telephone Plant under Construction	172,806			172,806	97,521	75,285
3	Telephone Plant Held for Future Use						
4	Materials and Supplies	158,895			158,895	106,993	51,902
5	Prepayments	150,054			150,054	75,219	74,835
6	Cash Working Capital *	400,836			400,836	203,470	197,366
7	RTB Stock						
8	Other Rate Base Adjustments, Other Deferred Credits	(2,425,919)			(2,425,919)	(2,242,153)	(183,766)
9	Unamortized Deferrals						
10	Depreciation Reserve	7,847,430	214,754		7,632,676	4,281,031	3,351,645
11	Amortization Reserve						
12	Accumulated Deferred Income Taxes	(373,854)			(373,854)	(492,133)	118,279
		(Net of A/C 1510 and 4340)					
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)						
14	Rate Base (Lines 1-9 minus lines 10-13)	\$3,879,254	\$48,536	\$0	\$3,830,718	\$1,581,385	\$2,249,333

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

\* Allowance based upon collection of revenues and operating expenses:

For Example:

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

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

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

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

### RATE OF RETURN AND RETURN ON COMMON EQUITY COMPUTATIONS:

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

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

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

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

### CAPITAL STRUCTURE:

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

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

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

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

### ALTERNATIVE CAPITAL STRUCTURE

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

Line 5: Required Additional Revenues:

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

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

**10. Rate of Return and Return on Common Equity**

Line No.	Item	Subject to Separation (a)	Intrastate (b)
1	Net Operating Income after Rate Case Adj	\$ (35,830)	\$ (268,542)
2	Rate Base	\$ 3,830,718	\$ 1,581,385
3	Rate of Return	-0.94%	-16.98%
4	Return on Common Equity	-3.55%	-26.49%
5	Required Additional Revenues *	\$ 42,205	\$ 17,423

\* (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	\$ 1,141,249	26.80%	5.00%	1.34%
7	Notes Payable	0	0.00%	4.90%	0.00%
8	Other Long Term Debt	0	0.00%	5.60%	0.00%
9	Preferred Stock	138,100	3.24%	6.50%	0.21%
10	Common Equity	2,979,709	69.96%	-3.55%	-2.49%
11	Total	\$ 4,259,058	100.00%		-0.94%

**Capital Structure used for Intrastate\***

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12	Long-Term Debt	\$ 1,141,249	26.80%	5.00%	1.34%
13	Notes Payable	0	0.00%	4.90%	0.00%
14	Other Long Term Debt	0	0.00%	5.60%	0.00%
15	Preferred Stock	138,100	3.24%	6.50%	0.21%
16	Common Equity	2,979,709	69.96%	-26.49%	-18.53%
	Total	\$ 4,259,058	100.00%		-16.98%

It should be noted that these calculated rates of return and common equity returns are not intended as an evaluation of the reasonableness of the earnings of any utility under the jurisdiction of the Public Service Commission. Also, the

computed in a formal rate proceeding. Differences may occur because the data in formal proceeding are analyzed in detail and some adjustments are usually made to booked amounts.

\* Use alternative capital structure if applicable.

**11. BALANCE SHEET****Assets and Other Debits**

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

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
<b>CURRENT ASSETS</b>					
1	1130	--	\$15,340	\$3,726	\$11,614
2	1140	--	16,895	6,536	10,359
3	1150	--	810	510	300
4	1160	--	150,839	10,481	140,358
5	1180	36	66,917	108,918	(42,001)
6	1181	36	5,354	9,545	(4,191)
7	1190.1	37	69,112	68,452	660
8	1190.2	37	1,888,535	1,942,156	(53,621)
9	1191	38	0	0	0
10	1200.1	39	0	0	0
11	1200.2	39	0	0	0
12	1201	39	0	0	0
13	1210	--	0	0	0
14	1220	40	157,474	160,316	(2,842)
15	1290	--	0	0	0
16	1300	41-42	73,359	75,685	(2,326)
17	1310	--	7,543	5,297	2,246
18	1320	--	2,573	2,213	360
19	1330	--	68,564	64,875	3,689
20	1350	--		-	0
21	1360	43-44	24,240	22,493	1,747
22	<b>Total Current Assets</b>		<b>2,536,847</b>	<b>2,462,113</b>	<b>74,734</b>
<b>NONCURRENT ASSETS</b>					
23	1401.1	50-51	25,514	87,598	(62,084)
24	1401.2	52-53	0	0	0
25	1402	52-53	0	0	0
26	1406	54	0	0	0
27	1407	58-59	8,329	9,778	(1,449)
28	1408	--			0
29	1410	--			0
30	1438	--			0
31	1439	55	0	105,846	(105,846)
32	1500	--	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXX	XXXXXXXXXXXX
33	1510	43-44	1,235,684	1,147,334	88,350
34	<b>Total Noncurrent Assets</b>		<b>1,269,527</b>	<b>1,350,556</b>	<b>(81,029)</b>
<b>REGULATED PLANT</b>					
35	2001	24-25	12,991,205	12,801,110	190,095
36	2002	24-25	0	0	0
37	2003	24-25	148,723	196,889	(48,166)
38	2004	24-25	0	0	0
39	2005	24-25	0	0	0
40	2006	24-25	0	0	0
41	2007	24-25	0	0	0
42	<b>Total Telecommunications Plant</b>		<b>13,139,928</b>	<b>12,997,999</b>	<b>141,929</b>
43	3100-3300	32-33	8,075,363	7,619,496	455,867
44	3410-3600	32-33	0	0	0
45	<b>Net Telecommunications Plant</b>		<b>5,064,565</b>	<b>5,378,503</b>	<b>(313,938)</b>
46	<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>\$8,870,939</b>	<b>\$9,191,172</b>	<b>(\$320,233)</b>

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)
<b>CURRENT LIABILITIES</b>						
1	4010.1	Accounts Payable to Affiliated Companies .....	56	\$2,428	\$2,380	\$48
2	4010.2	Other Accounts Payable .....	56	582,446	674,491	(92,045)
3	4020.1	Notes Payable to Affiliated Companies .....	57	0	0	0
4	4020.2	Other Notes Payable .....	57	0	0	0
5	4030	Advance Billing and Payments .....	--	11,175	2,964	8,211
6	4040	Customers' Deposits .....	--			0
7	4050	Current Maturities-Long-Term Debt .....	58-59	162,081	154,313	7,768
8	4060	Current Maturities-Capital Leases .....	--			0
9	4070	Income Taxes-Accrued .....	41-42	(123,726)	(123,679)	(47)
10	4080	Other Taxes-Accrued .....	41-42	(5,384)	(6,378)	994
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 .....	--	119,620	659,214	(539,594)
14	4130	Other Current Liabilities .....	--	28,533	34,971	(6,438)
15		Total Current Liabilities		777,173	1,398,276	(621,103)
<b>LONG-TERM DEBT</b>						
16	4210	Funded Debt .....	58-59	902,033	1,064,069	(162,036)
17	4220	Premium on Long-Term Debt .....	58-59	0		0
18	4230	Discount on Long-Term Debt .....	58-59	0		0
19	4240	Reacquired Debt .....	--			0
20	4250	Obligations Under Capital Leases .....	--			0
21	4260	Advances from Affiliated Companies .....	58-59	0		0
22	4270	Other Long-Term Debt .....	58-59	0	0	0
23		Total Long-Term Debt		902,033	1,064,069	(162,036)
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>						
24	4310	Other Long-Term Liabilities .....	61	790,918	0	790,918
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	813,441	821,868	(8,427)
28	4350	Noncurrent Def. Nonoper. Income Taxes-Cr. ....	45-47	0	0	0
29	4360	Other Deferred Credits .....	62	2,428,542	2,423,297	5,245
30	4370	Other Juris. Liabilities & Def. Credits-Net .....	--	XXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXX	XXXXXXXXXXXX
31		Total Other Liabilities and Def. Credits		4,032,901	3,245,165	787,736
<b>STOCKHOLDERS' EQUITY</b>						
32	4510.1	Capital Stock-Common .....	63	210,000	210,000	0
33	4510.2	Capital Stock-Preferred .....	63	137,350	138,850	(1,500)
34	4520	Additional Paid-in Capital .....	63	0		0
35	4530	Treasury Stock .....	63	0		0
36	4540	Other Capital .....	--	(26,533)	13,410	(39,943)
37	4550.1	Appropriated Retained Earnings .....	21	0	0	0
38	4550.2	Unappropriated Undistrib. Affil Earnings .....	21	0	0	0
39	4550.3	Unappropriated Retained Earnings .....	21	2,838,015	3,121,402	(283,387)
40		Total Stockholders' Equity		3,158,832	3,483,662	(324,830)
41		<b>TOTAL LIABILITIES AND OTHER CREDITS</b>		<b>\$8,870,939</b>	<b>\$9,191,172</b>	<b>(\$320,233)</b>

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 \$N/A
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)
	<b>INCOME</b>			
	<b>TELEPHONE OPERATING INCOME</b>			
1	Operating Revenues.....	65	\$5,063,140	\$5,271,534
2	Operating Expenses.....	72	4,985,579	5,305,679
3	Net Operating Revenues		77,561	(34,145)
	<b>OTHER OPERATING INCOME AND EXPENSE</b>			
4	7110 Income from Custom Work.....	--		
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--		
6	7140 Gains and Losses from Foreign Exchange.....	--	(5)	
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		(5)	0
	<b>OPERATING TAXES</b>			
10	7210 Operating Investment Tax Credits-Net.....	45-47		0
11	7220 Operating Federal Income Taxes.....	73-74	12,015	(94,881)
12	7230 Operating State and Local Income Taxes.....	73-74		
13	7240 Operating Other Taxes.....	73-74	235,312	250,060
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	(77,943)	(18,275)
15	Total Operating Taxes		169,384	136,904
16	Net Operating Income		(91,828)	(171,049)
	<b>NONOPERATING INCOME AND EXPENSES</b>			
17	7310 Dividend Income.....	--		
18	7320 Interest Income.....	--	645	2,587
19	7330 Income from Sinking and Other Funds.....	--		
20	7340 Allowance for Funds Used During Construction.....	--		
21	7350 Gains or Losses from the Disposition of Certain Property.....	--		
22	7355 Equity in Earnings of Affiliated Companies.....	50-51	(62,084)	(47,695)
23	7360 Other Nonoperating Income.....	79	18,100	27,100
24	7370 Special Charges.....	77	24,241	22,145
25	Total Nonoperating Income Items and Expenses		(67,580)	(40,153)
	<b>NONOPERATING TAXES</b>			
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47		
27	7420 Nonoperating Federal Income Taxes.....	73	(1,930)	2,575
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		0
31	Total Nonoperating Taxes		(1,930)	2,575
32	Total Nonoperating Income		(65,650)	(42,728)
33	Income Available for Fixed Charges		(157,478)	(213,777)
	<b>INTEREST AND RELATED ITEMS</b>			
34	7510 Interest on Funded Debt.....	58-59	55,672	62,876
35	7520 Interest Expense-Capital Leases.....		0	0
36	7530 Amortization of Debt Issuance Expense.....	58-59	1,422	1,426
37	7540 Other Interest Deductions.....	78	0	0
38	Total Interest and Related Items		57,094	64,302
39	Income Before Extraordinary Items		(214,572)	(278,079)

**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		(\$214,572)	(\$278,079)
RETAINED EARNINGS				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)..	63 63 64	\$3,121,402	\$3,468,393
50	4550.4 Balance Transferred from Income.....		(214,572)	(278,079)
51	4550.5 Appropriations of Retained Earnings.....			
52	4550.6 Dividends Declared-Preferred Stock.....		8,927	9,024
53	4550.7 Dividends Declared-Common Stock.....		59,888	59,888
54	4550.8 Adjustments to Retained Earnings.....			
55	Net Change to Unappropriated Retained Earnings		(283,387)	(346,991)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		2,838,015	3,121,402
57	4550.1 Appropriated Retained Earnings (End of Period).....			
58	Total Retained Earnings		\$2,838,015	\$3,121,402
UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....	51		
60	Equity in Earnings for Period.....			
61	Dividends Received.....			
62	Other Changes (explain).....			
63	4550.2 Unappropriated Undistributed Affiliate Earnings (end of period).....		\$0	\$0

**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 \$\_\_\_\_\_

13. STATEMENT OF CASH FLOWS			
Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from operating activities:		
1	Net Income	(\$214,572)	(\$278,079)
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	551,547	586,952
3	Amortizations	1,449	1,449
4	Increase (Decrease) in deferred taxes and investment tax credits-net	(93,279)	(13,202)
5	Equity (AFUDC)		
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	90,771	(527,587)
7	Decrease (Increase) in inventory related to operations		
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	(636,729)	376,457
9	Unbilled revenues		
10	Increase (Decrease) in current income taxes and other taxes payable	947	(73,007)
11	Increase (Decrease) in interest payable	(1,300)	(1,700)
12	Equity in loss(earnings) of affiliates	62,084	47,695
13	Dividends received from associated and subsidiary companies accounted for under the equity method		
	Other Adjustments:		
14	(Increase) Decrease in prepaids	(3,969)	4,832
15	Increase (Decrease) in advanced billing and payments	8,211	2,775
16	(Increase) Decrease in Other Deferred Charges	105,846	8,835
17	Total Adjustments	85,578	413,499
18	Net cash provided by (used in) operating activities	(128,994)	135,420
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)	(238,978)	(281,252)
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	2,842	(5,806)
25	Capital leases		
26	Equity AFUDC		
27	Other adjustments		
28	Total cash outflows for construction	(236,136)	(287,058)
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	1,369	15,326
34	Investments in subsidiary & associated companies		
35	Other debt and equity investments		
36	Other non-current assets		
37	Other:		
38			
39	Total of any Insert Pages		
40	Net cash provided by (used in) investing activities	(234,767)	(271,732)

**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)		0
44	Net change in short-term debt (5)(c)		
45	Contributions and advances from subsidiary and associated companies		
46	Principal payments under capital leases		
	Payments for retirement of: (-)		
47	Common stock		
48	Preferred stock	(1,500)	
49	Long-term debt (5)(b)	(154,268)	(146,728)
	Dividends paid on: (-)	(59,888)	(59,888)
50	Common stock	(8,927)	(9,024)
51	Preferred stock		
	Other:(5)(e)		
52	Increase in other long term liabilities (OPEB)	790,918	
53	Change in other capital	(39,943)	
54			
55			
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	526,392	(215,640)
60	Net increase(decrease) in cash and cash equivalents	162,631	(351,952)
61	Cash & cash equivalents at the beginning of the year	21,253	373,205
62	Cash & cash equivalents at the end of the year	\$183,884	\$21,253

**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)		
	<b>2001 Telecommunications Plant in Service</b>							
	<b>General Support Assets</b>							
1	2111 Land	\$58,058						\$58,058
2	2112 Motor Vehicles	511,081						511,081
3	2113 Aircraft	0						0
4	2114 Special Purpose Vehicles	0						0
5	2115 Garage Work Equipment	4,736						4,736
6	2116 Other Work Equipment	496,756						496,756
7	2121 Buildings	1,063,483						1,063,483
8	2122 Furniture	68,993						68,993
9	2123 Office Equipment	0						0
10	.1 Office Support Equipment	22,636						22,636
11	.2 Company Communications Equipment	100,849				404		100,445
12	2124 General Purpose Computers	367,645		4,226		15,253		356,618
13	<b>Total General Support Assets</b>	\$2,694,237	\$0	\$4,226	\$0	\$15,657	\$0	\$2,682,806
	<b>Central Office Assets</b>							
14	2211 Analog Electronic Switching							\$0
15	2212 Digital-Electronic Switching	920,906		35,500				956,406
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	2,039,934		160,917		72,668	(928)	2,127,255
25	<b>Total Central Office Assets</b>	\$2,960,840	\$0	\$196,417	\$0	\$72,668	(\$928)	\$3,083,661

## 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	<b>Information Org./Term. Assets</b>							
27	2311 Station Apparatus							\$0
28	2321 Customer Premises Wiring							0
29	2341 Large Private Branch Exchanges							0
30	2351 Public Terminal Equipment							0
31	2362 Other Terminal Equipment	25,806					928	26,734
31	<b>Total Information Org./Term. Assets</b>	\$25,806	\$0	\$0	\$0	\$0	\$928	\$26,734
32	<b>Cable and Wire Facilities</b>							
33	2411 Poles	\$1,008,932		\$5,648		\$5,250		\$1,009,330
34	2421 Aerial Cable	3,267,745		56,081		5,496		3,318,330
35	2422 Underground Cable	987,162		28,735				1,015,897
36	2423 Buried Cable	1,086,981		2,410		7,870		1,081,521
37	2424 Submarine Cable	0						0
38	2425 Deep Sea Cable	0						0
39	2426 Intrabuilding Network Cable	23,864						23,864
40	2431 Aerial Wire	0						0
41	2441 Conduit	745,543		3,519				749,062
41	<b>Total Cable and Wire Facilities</b>	\$7,120,227	\$0	\$96,393	\$0	\$18,616	\$0	\$7,198,004
42	<b>Amortizable Assets</b>							
43	2681 Capital Leases							\$0
44	2682 Leasehold Improvements							0
45	2690 Intangibles							0
45	<b>Total Amortizable Assets</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	<b>Total Telecommunications Plant in Service</b>	\$12,801,110	\$0	\$297,036	\$0	\$106,941	\$0	\$12,991,205
47	2002 Property Held for Future Telecom. Use							\$0
48	2003 Telecom. Plt. Under Constr.-Short Term	196,889		148,723		196,889		148,723
49	2004 Telecom. Plt. Under Constr.-Long Term							0
50	2005 Telecom. Plt. Acquisition Adjustment							0
51	.1 Tel.. Plant Acquisition Adjustment							0
52	.2 Other Plant Adjustments							0
53	2006 Nonoperating Plant							0
54	2007 Goodwill							0
55	<b>Total Telecommunications Plant</b>	\$12,997,999	\$0	\$445,759	\$0	\$303,830	\$0	\$13,139,928

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

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

Line No.	Account Classification (a)	2004 Telecommunications Plant Under Construction-Short Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	<b>General Support Assets</b>			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings			0
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers			0
	<b>Central Office Assets</b>			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment	94,644		94,644
	<b>Information Orig/Termination Assets</b>			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	<b>Cable and Wire Facilities Assets</b>			0
22	2411 Poles	19,346		19,346
23	2421 Aerial Cable	28,780		28,780
24	2422 Underground Cable	516		516
25	2423 Buried Cable	2,263		2,263
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intrabuilding Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems	3,024		3,024
31	<b>Total Plant Accounts</b>	148,573	0	148,573
	<b>Other Accounts</b>			
32	Operating Expenses	66		66
33	Depreciation Reserve Accounts	84		84
34				0
				0
35	<b>Total</b>	\$148,723	\$0	\$148,723

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

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

Line No.	Account Classification (a)	2004 Telecommunications Plant Under Construction-Long Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	<b>General Support Assets</b>			
1	2111 Land	None		\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings			0
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers			0
	<b>Central Office Assets</b>			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment			0
	<b>Information Orig/Termination Assets</b>			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	<b>Cable and Wire Facilities Assets</b>			0
22	2411 Poles			0
23	2421 Aerial Cable			0
24	2422 Underground Cable			0
25	2423 Buried Cable			0
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intrabuilding Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems			0
31	<b>Total Plant Accounts</b>	0	0	0
	<b>Other Accounts</b>			
32				0
33				0
34				0
35	<b>Total</b>	\$0	\$0	\$0

**16. PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE**

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

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

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18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES												
1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.				3. In column (g), report the fair market value which determined the sale or purchase price. Indicate in footnote the source of fair market value. If sale price was determined instead by tariffed rate, report this value. Indicate fair market value with an (F) and tariffed rate with (T) next to the amount in column (g).								
2. The net book value in column (f) shall equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e).												
Line No.	Name of Affiliate (a)	Account No. (b)	Original Cost (c)	Accumulated Depreciation (d)	Other Adjustments (e)		Net Book Value (f)	FMV or Tariffed Rate (g)	Purchased Price (h)		Sale Price (i)	
				Amount	Account No.	Amount	Amount		Account No.	Amount	Account No.	Amount
1	None						\$0					
2							0					
3							0					
4							0					
5							0					
6							0					
7							0					
8							0					
9							0					
10							0					
11							0					
12							0					
13							0					
14							0					
15							0					
16							0					
17							0					
18							0					
19							0					
20							0					
21							0					
22							0					
23							0					
24							0					
25							0					
26							0					
27							0					
28							0					
29							0					
30							0					
							\$0					
Notes:												

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**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	\$511,081	\$0		
2	2113 Aircraft	0	0		
3	2114 Special Purpose Vehicles	860	0		
4	2115 Garage Work Equipment	9,125	0		
5	2116 Other Work Equipment	409,116	26,328		
6	2121 Buildings	563,500	24,885		
7	2122 Furniture	60,564	3,698		
8	2123 Office Equipment				
9	.1 Office Support Equipment	(16,092)	1,374		
10	.2 Company Communications Equipment	45,725	4,439		
11	2124 General Purpose Computers	367,646	4,226		
12	Total General Support Assets	1,951,525	64,950	0	0
	Central Office Assets				
13	2211 Analog Electronic Switching	0			
14	2212 Digital Electronic Switching	743,414	46,631		
15	2215 Electro-Mechanical Switching	0			
16	.1 Step-by Step	0			
17	.2 Crossbar	0			
18	.3 Other Electro-Mechanical Switching	0			
19	2220 Operator Systems	(35,412)			
20	2231 Radio Systems	0			
21	.1 Satellite and Earth Station Facilities	0			
22	.2 Other Radio Facilities	0			
23	2232 Circuit Equipment	914,930	140,353		
24	Total Central Office Assets	1,622,932	186,984	0	0
	Information Orig/Termination Assets				
25	2311 Station Apparatus	0			
26	2321 Customer Premises Wiring	0			
27	2341 Large Private Branch Exchanges	0			
28	2351 Public Telephone Terminal Equip.	20,000			
28	2362 Other Terminal Equipment	25,805	928		
29	Total Information Orig/Termination Assets	45,805	928	0	0
	Cable and Wire Facilities Assets				
30	2411 Poles	947,112	66,443	757	
31	2421 Aerial Cable	2,043,458	152,088		
32	2422 Underground Cable	196,047	29,746		
33	2423 Buried Cable	657,490	44,576	7,545	
34	2424 Submarine Cable	0			
35	2425 Deep Sea Cable	0			
36	2426 Intrabuilding Network Cable	11,570	795		
36	2431 Aerial Wire	0			
37	2441 Conduit Systems	148,426	14,929		
38	Total Cable and Wire Facilities Assets	4,004,103	308,577	8,302	0
39	3100 Other - Explain	(4,869)			
40	3100 Other - Explain				
41	3100 Total Accumulated Depreciation - TPIS	7,619,496	561,439	8,302	0
42	3200 Held for Future Communications Use				
43	3300 Nonoperating				
44	Total Accumulated Depreciation	7,619,496	561,439	8,302	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	\$7,619,496	\$561,439	\$8,302	\$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					\$511,081
2					0
3					860
4					9,125
5					435,444
6					588,385
7					64,262
8					0
9					(14,718)
10		404			49,760
11		15,253			356,619
12	0	15,657	0	0	2,000,818
13					0
14					790,045
15					0
16					0
17					0
18					0
19					(35,412)
20					0
21					0
22					0
23		72,668			982,615
24	0	72,668	0	0	1,737,248
25					0
26					0
27					0
28					20,000
28					26,733
29	0	0	0	0	46,733
30		5,250	1,638		1,007,424
31		5,496	5,103		2,184,947
32					225,793
33		7,870	192		701,549
34					0
35					0
36					12,365
36					0
37					163,355
38	0	18,616	6,933	0	4,295,433
39					(4,869)
40					0
41	0	106,941	6,933	0	8,075,363
42					0
43					0
44	0	106,941	6,933	0	8,075,363
45					0
46					0
47	0	0	0	0	0
48					0
49					0
50	0	0	0	0	0
51	\$0	\$106,941	\$6,933	\$0	\$8,075,363

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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)
<b>General Support Assets</b>					
1	2112 Motor Vehicles	7	32.00%	0.00%	0.00%
2	2113 Aircraft				
3	2114 Special Purpose Vehicles	8	0.00%	0.00%	0.00%
4	2115 Garage Work Equipment	15	-3.50%	0.00%	0.00%
5	2116 Other Work Equipment	17	10.10%	5.30%	5.30%
6	2121 Buildings	43	0.00%	2.34%	2.34%
7	2122 Furniture	19	0.00%	5.36%	5.36%
8	2123 Office Equipment				
9	.1 Office Support Equipment	15	11.30%	6.07%	6.07%
10	.2 Company Communications Equipment	15	33.90%	4.42%	4.41%
11	2124 General Purpose Computers	6	5.10%	1.18%	1.17%
<b>Central Office Assets</b>					
12	2211 Analog Electronic Switching				
13	2212 Digital Electronic Switching	9	0.00%	4.88%	4.97%
14	2215 Electro-Mechanical Switching				
15	.1 step-by-step				
16	.2 Crossbar				
17	.3 Other Electro-Mechanical Switching				
18	2200 Operator Systems	4	0.00%	0.00%	0.00%
19	2231 Radio Systems				
20	.1 Satellite and Earth Station Facilities				
21	.2 Other Radio Facilities				
22	2232 Circuit Equipment	15	0.20%	6.60%	6.74%
<b>Information Origination/Termination Assets</b>					
23	2311 Station Apparatus				
24	2321 Customer Premises Wiring				
25	2341 Large Private Branch Exchanges				
26	2351 Public Telephone Terminal Equipment	12	17.60%	0.00%	0.00%
27	2362 Other Terminal Equipment	10	0.00%	3.47%	3.53%
<b>Cable and Wire Facilities Assets</b>					
28	2411 Poles	30	-98.50%	6.58%	6.58%
29	2421 Aerial Cable	25	-20.00%	4.63%	4.62%
30	2422 Underground Cable	35	0.00%	3.00%	2.97%
31	2423 Buried Cable	25	0.00%	4.11%	4.11%
32	2424 Submarine Cable				
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable	30	0.00%	3.33%	3.33%
35	2431 Aerial Wire				
36	2441 Conduit Systems	50	0.00%	1.99%	2.00%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXX		
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXX		
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXX	4.32%
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXX	XXXXXXXXXX	4.35%



**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	2421	Aerial cable - metallic	25	-20.00%	4.81%	2,545,237	122,426
2		Aerial cable - fiber	25	0.00%	4.00%	678,828	27,153
3		Aerial cable - drop and block			4.34%	94,266	4,091
4					4.63%	3,318,331	153,670
5							
6	2422	Underground cable - metallic	35	0.00%	2.89%	916,927	26,499
7		Underground cable - fiber	25	0.00%	4.00%	98,969	3,959
8					3.00%	1,015,896	30,458
9							
10	2423	Buried cable - metallic	25	0.00%	4.12%	868,530	35,783
11		Buried cable - fiber	25	0.00%	4.00%	139,192	5,568
		Buried cable - drop and block			4.23%	73,798	3,122
12					4.11%	1,081,520	44,473
13							
14							
15							
16							
17							
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**21. TELECOMMUNICATIONS ACCOUNTS RECEIVABLE AND ACCOUNTS  
RECEIVABLE ALLOWANCE**

Line No.	Item (a)	Number of Accounts (b)	Amount at End of the Year (c)
1	Customers and Agents-Receiving Service	983	\$48,507
2	Customers and Agents-Service Discontinued	132	18,410
3	Total	1,115	66,917
4	Less Reserve for Uncollectible Accounts-Cr.	xxxx	5,354
5	Balance	xxxx	\$61,563

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

Line No.	Particulars (a)	Amount (b)
6	Balance at beginning of the year	9,545
7	Accruals charged to account 5301	5,000
8	Collection of amounts previously written off	2,844
9	Other Credits (explain in a note)	0
10	Total credits	7,844
11	Uncollectible written off during the year	12,035
12	Other debits (explain in a note)	
13	Total debits	12,035
14	Balance at end of year	\$5,354
15	Total operating revenues for the year	
16	Net write offs during the year (line 11 minus line 8)	\$9,191
17	Ratio of line 16 to line 15	
18	Ratio of line 7 to line 15	
19	Interstate Uncollectible Revenues (Account 5301.1)	
20	Intrastate Uncollectible Revenues (Account 5301.2)	

Insert additional pages, if applicable.

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

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

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

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)	Average Month-end Balance (f)
	<b>Account 1190.1 Accounts Receivable from Affiliated Companies:</b>					
1	PrimeLink, Inc	\$68,452	\$911,799	\$911,139	\$69,112	\$278,157
2	Champlain PCS	-				
3	Champlain Networks	-				
4		-				
5	K&S Communications, Inc	-				23
6	K&S 101, Inc	-			-	
7	K&S 102, Inc	-			-	
8	K&S 103, Inc	-			-	
9					-	
10					-	
11						
12	<b>Total Accounts Receivable from Affiliated Companies</b>	\$68,452	\$911,799	\$911,139	\$69,112	\$278,180
	<b>Account 1190.2 Other Accounts Receivable:</b>					
13	NECA Settlement Pool	\$145,830	\$976,334	\$1,028,785	\$93,379	38,306
14	CABS Receivable	1,586,129	2,659,259	2,476,857	1,768,531	1,718,246
15	Revenue Requirement Receivable	67,127	2,589,937	2,743,522	(86,458)	
16	Unbilled CABS	123,000		23,000	100,000	
17	A/R Directory Revenue	2,567	26,841	17,985	11,423	
18					0	
19					0	
20	A/R Directory Advertising				0	
21		0			0	
22		0			0	
23	Aggregate of all Other Items	17,503	1,479,563	1,495,406	1,660	
24	<b>Total Other Accounts Receivable</b>	\$1,942,156	\$7,731,934	\$7,785,555	\$1,888,535	\$1,756,552

**23. ACCOUNTS RECEIVABLE ALLOWANCE - AFFILIATED AND OTHER**

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

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

**24. NOTES RECEIVABLE AND NOTES RECEIVABLE ALLOWANCE**

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

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

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

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

**25. INVENTORIES**

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

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

Line No.	Class of Material (a)	Amount at Beginning of Year (b)	Amount at End of Year (c)
1	<b>Subaccount 1220.1, Material and Supplies:</b>		
2	Central office materials	5,621	5,495
3	Outside plant materials	129,837	125,476
4	Exempt materials	24,858	26,503
5			
6			
7			
8			
9			
10			
11			
12	<b>Total</b>	\$160,316	\$157,474
	<b>Subaccount 1220.2, Property Held for Sale or Lease:</b>		
13			
14	None		
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26	<b>Total</b>	\$0	\$0
27	<b>Grand Total</b>	\$160,316	\$157,474

**26. PREPAID TAXES AND TAX ACCRUALS**

1. List in column (a) and furnish appropriate data with respect to each type of tax for which the company was liable on its own behalf during the year. When entries with respect to any type of tax are applicable to more than one year, the required information for all columns shall be shown separately for each such year.

2. Taxes should be grouped so as to show whether the taxes are federal, state or local.

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
1	<b>Federal:</b>								
2	Income Taxes		(\$123,679)	7220	\$12,015		(\$20,000)		(\$123,726)
3				7420	(1,930)				
4				1510					
5				7250	9,868				
6									
7									
8									
9									
10	Social Security		0	6570	162,631	162,631			0
11									
12									
13	Unemployment		(45)	6570	2,126	2,081			0
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27	Subtotal	\$0	(\$123,724)		\$184,710	\$164,712	(\$20,000)	\$0	(\$123,726)

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**26. PREPAID TAXES AND TAX ACCRUALS (Continued)**

Line No.	Particulars  (a)	Balance at Beginning of the Year		Taxes Accrued or Charged		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	During the Year				Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
				Acct. Chg.. (d)	Amount (e)				
28	State:								
29	Gross Earnings		(1,060)	7240	18,399	19,030			(1,691)
30	Gross Income		(5,273)	7240	41,618	40,038			(3,693)
31	Franchise		0	7240	5,126	5,126			0
32	Unemployment		0	6570	4,075	4,075			0
33	Disability Insurance		0	6570	438	438			0
34	Other		0						0
35	NYS PSC Assessment		0	7240	5,926	5,926			0
36									
37									
38									
39									
40									
41									
42	Local:								
43	Gross Receipts								
44	Property	75,685			164,575	162,249		73,359	
45	Other								
46									
47									
48									
49									
50									
51									
52									
53									
48									
49									
50									
51									
52									
53									
54									
55									
56	Total	\$75,685	(\$130,057)	xxxx	\$424,867	\$401,594	(\$20,000)	\$73,359	(\$129,110)

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**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)
	<b>Property Related</b>						
	<b>Current Deferred Operating Income Taxes-Dr. (Account 1360)</b>						
1		\$0		\$0	\$0	\$0	\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)</b>						
10							\$0
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
19	<b>Total Property Related Deferred Operating Income Taxes-Dr.</b>	\$0		\$0	\$0	\$0	\$0
	<b>Nonproperty Related</b>						
	<b>Current Deferred Operating Income Taxes-Dr. (Account 1360)</b>						
20							\$0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0

27. DEFERRED INCOME TAXES-Dr. (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	<b>Nonproperty Related</b>						
	<b>Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)</b>						
29	Bad Debt Reserve	\$3,246	7250	1,425	2,851		\$1,820
30	Alternative Minimum Tax	164,464	7250		19,144		145,320
31	OPEB	158,068	7250	120,512			278,580
32	NOL Carryforward	3,092	7250		3,092		0
33	Ice Strom Deferred Taxes	658,048	7250				658,048
34	Royalty Deferred Tax Expense	143,416	7250				143,416
35	Deferred Compensation Deferred Tax Expense	17,000	7250		8,500		8,500
36	<b>Total</b>	\$1,147,334	7250	\$121,937	\$33,587	\$0	\$1,235,684
37	<b>Total Nonproperty Related Deferred Operating Income Taxes - Dr.</b>	\$1,147,334		\$121,937	\$33,587	\$0	\$1,235,684
	<b>Property Related</b>						
	<b>Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)</b>						
38	State Lifeline	\$22,493	7250	\$1,747			\$24,240
39							0
40							0
41							0
42	Deferred Income Tax Effect of Extraordinary Items		7640				0
43	<b>Total</b>	\$22,493		\$1,747	\$0	\$0	\$24,240
	<b>Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)</b>						
44			7450				\$0
45							0
46							0
47							0
48	Deferred Income Tax Effect of Extraordinary Items		7640				0
49	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
50	<b>Total Property Related Deferred Nonoperating Income Taxes-Dr.</b>	\$22,493		\$1,747	\$0	\$0	\$24,240
	<b>Nonproperty Related</b>						
	<b>Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)</b>						
51			7450				\$0
52							0
53							0
54							0
55	Deferred Income Tax Effect of Extraordinary Items		7640				0
56	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)</b>						
57			7450				\$0
58							0
59							0
60	Deferred Income Tax Effect of Extraordinary Items		7640				0
61	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
62	<b>Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.</b>	\$0		\$0	\$0	\$0	\$0

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

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

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	<b>Property Related</b>						
	<b>Current Deferred Operating Income Taxes-Cr. (Account 4100)</b>						
1	None						\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)</b>						
10	Plant Related	\$821,868	7250		\$8,427		\$813,441
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18	<b>Total</b>	\$821,868	7250	\$0	\$8,427	\$0	\$813,441
19	<b>Total Property Related Deferred Operating Income Taxes-Cr.</b>	\$821,868		\$0	\$8,427	\$0	\$813,441
	<b>Nonproperty Related</b>						
	<b>Current Deferred Operating Income Taxes-Cr. (Account 4100)</b>						
20							\$0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0

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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	<b>Nonproperty Related</b>						
30	<b>Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)</b>						\$0
31							0
32							0
33							0
34							0
35							0
36	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
37	<b>Total Nonproperty Related Deferred Operating Income Taxes - Cr.</b>	\$0		\$0	\$0	\$0	\$0
38	<b>Operating Investment Tax Credit (Account 4320)</b>						\$0
39							0
40							0
41							0
42							0
43							0
44	<b>Total</b>	\$0	7210	\$0	\$0	\$0	\$0
45	<b>Property Related</b>						
46	<b>Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)</b>		7450				\$0
47							0
48							0
49							0
50	Deferred Income Tax Effect of Extraordinary Items		7640				0
51	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
52	<b>Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)</b>		7450				\$0
53							0
54							0
55							0
56							0
57	Deferred Income Tax Effect of Extraordinary Items		7640				0
58	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
59	<b>Total Property Related Deferred Nonoperating Income Taxes-Cr.</b>	\$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	<b>Nonproperty Related</b>						
61	<b>Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)</b>		7450				\$0
62							0
63							0
64							0
65	Deferred Income Tax Effect of Extraordinary Items		7640				0
66	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
67	<b>Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)</b>		7450				\$0
68							0
69							0
70							0
71							0
72	Deferred Income Tax Effect of Extraordinary Items		7640				0
73	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
74	<b>Total Nonproperty Related Deferred Nonoperating Income Taxes - Cr.</b>	\$0		\$0	\$0	\$0	\$0
75	<b>Nonoperating Investment Tax Credit (Account 4330)</b>						
76							\$0
77							0
78							0
79							0
80							0
81	<b>Total</b>	\$0	7410	\$0	\$0	\$0	\$0

**29. EXCESS/DEFICIENT DEFERRED FEDERAL INCOME TAX BALANCES \***

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

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
1	Protected Excess Deferred FIT Balance	None		\$0			\$0
2	Unprotected Excess Deferred FIT Balance			0			0
3	Total Excess Deferred FIT Balance	\$0	\$0	\$0	\$0	\$0	\$0
	Excess Deferred FIT Balance Related to:						
4	1986 and Prior Vintage Assets			\$0			\$0
5	1987 to Current Vintage Assets			0			0
6	Deficient Deferred FIT Balance			0			0
	Average Remaining Amortization Period for:						
7	Protected Excess Deferred FIT Balance						
8	Unprotected Excess Deferred FIT Balance						
9	Deficient Deferred FIT Balance						
10	Total Embedded Deferred FIT			\$0			\$0

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

**29A. TEMPORARY INCOME TAX DIFFERENCES - SFAS 109**

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

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

**30. Investments in Affiliated Companies**

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

Line No.	Item (A)	Date of Acquisition (B)	Acquisition Cost (C)	Type Of Security (D)	Amount of Inv. Beg of Year (E)	Invests Retired During Year (F)	Gain or loss on disposition (G)
1	K&S Communications, Inc	1985	\$6,000	C	\$87,598		
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	Total	XXXXXXXX	\$6,000	XXXXXXXX	\$87,598	\$0	\$0



**30. Investments in Affiliated Companies**

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

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	100.00%	(\$62,084)						\$25,514
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	XXXXXXXX	(\$62,084)	\$0	\$0	\$0	\$0	\$0	\$25,514

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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	Description of Investment (Including nominal interest rate and term when appropriate)	Book Cost of Investment at Beginning of the Year (c)	Book Cost of Investment Made During the Year (d)
(a)	(b)	(c)	(d)	
1		<u>Account 1401.2, Advances to Affiliated Companies:</u>		
2		<u>K&amp;S Communications, Inc.</u>	\$0	\$0
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18		Total Account 1401.2	\$0	\$0
19		<u>Account 1402, Investments in Nonaffiliated Companies:</u>		
20		None		
21				
22				
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.

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	\$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.

Line No.	Subaccount (a)	Balance Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
1	<b>Subaccount 1406.1 Permanent Investment</b>				\$0
2	None				0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12	<b>Subaccount 1406.2 Receivable/Payable</b>				0
13	None				0
14					0
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23	<b>Subaccount 1406.3 Current Net Income or Loss</b>				0
24	None				0
25					0
26					0
27					0
28					0
29					0
30					0
31					0
32					0
33					0
34	<b>Total</b>	\$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	OPEB	\$105,846		6540	\$105,846	\$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	Totals from Insert Pages					0
28	Total	\$105,846	\$0		\$105,846	\$0

**34. ACCOUNTS PAYABLE**

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

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)
1	<b>Account 4010.1 Accounts Payable to Affiliated Companies:</b>				
2	PrimeLink, Inc	\$2,380	\$47,724	\$47,772	\$2,428
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13	<b>Total Accounts Payable to Affiliated Companies</b>	\$2,380	\$47,724	\$47,772	\$2,428
	<b>Account 4010.2 Other Accounts Payable:</b>				
14	Unbilled CABS Estimated	\$123,000	\$23,000		\$100,000
15	NECA Access Settlement	(6,156)	1,902,452	1,895,524	(13,084)
16	ATT PARS	406	60,010	59,684	80
17	Verizon PARS	116	25,922	25,994	188
18	PrimeLink PARS		1,045,524	1,045,524	0
19					0
20					0
21					0
22					0
23					0
24					0
25					0
26					0
27	Aggregate of all other items	557,125	6,407,436	6,345,573	495,262
28	<b>Total Other Accounts Payable</b>	\$674,491	\$9,464,344	\$9,372,299	\$582,446

**35. NOTES PAYABLE**

1. List the information for each affiliate note.

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

3. Aggregate all other nonaffiliate notes.

Line No.	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate per Annum (f)
	<b>Account 4020.1 Notes Payable to Affiliated Companies:</b>					
1						
2	None					
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	<b>Total</b>				\$0	xxxxx
	<b>Account 4020.2 Other Notes Payable:</b>					
17						
18	None					
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Aggregate of all other items					
31	<b>Total</b>				\$0	xxxxx

**36. Long Term Debt**

1. List by balance sheet account debt held in Accounts 4050, 4210, 4260, 4270. Provide the particulars regarding each obligation within those accounts.

2. Explain any interest charged other than to account 7510.1.

3. Explain any debits and credits other than amortizations debited to account 7530, account 7510.2, or credited to account 7510.3.

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
1	<b>Account 4050, Current Maturities - Debt</b>											
2	RUS "A" Note	7/3/1980	7/3/2015	\$33,159	5.00%	\$1,767	\$260			\$45		
3	RUS "B" Note	7/3/1980	7/3/2015	128,922	5.00%	6,871	1,009			176		
4												
5												
6												
7												
8												
9												
10												
11	<b>Total</b>			\$162,081								
12	<b>Account 4210, Funded Debt</b>											
13	RUS "A" Note	7/3/1980	7/3/2015	\$184,538	5.00%	9,835	1,444			251		
14	RUS "B" Note	7/3/1980	7/3/2015	717,495	5.00%	38,239	5,616			977		
15	Part-x allocation to deregulated subsidiary					(1,040)				(27)		
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38	<b>Subtotal</b>			\$902,033		\$55,672	\$8,329	\$0	\$0	\$1,422	\$0	\$0



## 36. Long Term Debt

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
38	Account 4210, Funded Debt (Continued)											
39												
40												
41												
42												
43												
44												
45	Total			\$902,033								
46												
47	Account 4260, Advances from Affiliated Companies											
48												
49												
50												
51												
52												
53												
54	Total			\$0								
55												
56	Account 4270, Other Long-Term Debt											
57												
58	CAM Audit Reimbursement			0								
59												
60												
61												
62												
63												
64												
65												
66												
67												
68												
69												
70												
71												
72												
73												
74												
75	Total			\$0								
76												
77												
78												
79	Grand Total			\$902,033		\$55,672	\$8,329	\$0	\$0	\$1,422	\$0	\$0

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

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

Line No.	Description of Security (a)	REACQUIRED DURING THE YEAR				RETIRED DURING YEAR	
		REACQUISITION COST		Book or Face Amount (d)	No. of Shares of Stock (e)	Book or Face Amount (f)	No. of Shares of Stock (g)
		Per \$100 of Debt (b)	Per Share of Stock (c)				
1	RUS "A" Loan			\$33,811			
2	Rus "B" Loan			120,457			
3							
4							
5							
6							
7							
8							
9							
10							
11							
12	Total	xxxxxx	xxxxx	\$154,268	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)	
1	1/31/2009							
2	4/30/2009							
3	7/31/2009							
4	10/31/2009							
5								
6								
7								
8								
9								
10								
11								
12	xxxx	xxxx	\$0	xxxx	\$0	xxxx	\$0	

**38. Other Long-Term Liabilities**

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

Line No.	Account (or description of item)  (a)	Balance at Beginning of Year (b)	Credits During Year		Debits During Year		Balance at End of Year (g)
			Contra Acct. No. (c)	Amount (d)	Contra Acct. No. (e)	Amount (f)	
1	SFAS 106	\$0	4120	\$790,918			\$790,918
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9							0
10							0
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18							0
19							0
20							0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28							0
29							0
30							0
31							0
32							0
33							0
34							0
35							0
36	<b>Totals</b>	\$0		\$790,918		\$0	\$790,918

**39. OTHER DEFERRED CREDITS**

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

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Debits		Credits (e)	Balance at End at End of Year (f)
			Acct. Dr. (c)	Amount (d)		
1	Deferred credit on lifeline reimbursement	\$66,050			\$5,245	\$71,295
2	Ice Storm Deferral	1,600,000				1,600,000
3	Interest on Ice Storm Deferral	335,435				335,435
4	Royalties	404,007				404,007
5	Interest on royalties	17,805				17,805
6						0
7						0
8						0
9						0
10						0
12						0
13						0
14						0
15						0
16						0
17						0
18						0
19						0
20						0
21						0
22						0
23						0
24						0
25						0
26						0
27						0
28						0
29						0
30		\$2,423,297	x x x	\$0	\$5,245	\$2,428,542

**40. CAPITAL STOCK**

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

Line No.	Class and Series of Stock (a)	Number of shares authorized by Articles of Incorporation (b)	OUTSTANDING PER BALANCE SHEET*				HELD BY RESPONDENT		DIVIDENDS DURING YEAR	
			Number of shares (c)	Par or stated value per share (d)	Amount (e)	Additional Paid in Capital (Acct. 4520) (f)	Shares (g)	Cost (Account 4530) (h)	Declared (i)	Paid (j)
	<u>Account 4510.1 Capital Stock-Common</u>									
1	Class "A" common stock	8,000	7,486	2.81	\$21,000				\$5,988	\$5,988
2	No par value									
3										
4	Class "B" non-voting common stock	72,000	67,374	2.81	189,000				53,900	53,900
5	No par value									
6										
7										
8										
9	TOTALS (Account 4510.1)	80,000	74,860	xxxxxxx	\$210,000	\$0	0	\$0	\$59,888	\$59,888
	<u>Account 4510.2 Capital Stock-Preferred</u>									
10	Preferred Stock - 6.5% cumulative and	7,000	2,747	\$50	\$137,350				\$8,927	\$8,927
11	non-voting									
12										
13										
14										
15										
16										
17										
18	TOTALS (Account 4510.2)	7,000	2,747	xxxxxxx	\$137,350	\$0	0	\$0	\$8,927	\$8,927

**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				
2	SFAS 158 - Other Comprehensive Income		39,943	
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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50				

**42. OPERATING REVENUES**

Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
<b>LOCAL NETWORK SERVICES REVENUES</b>			
1	5001 Basic Area	\$1,045,391	\$1,144,304
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	138,213	130,260
9	5069 Other Local Exchange Settlements		
10	Total Local Network Services Revenues	1,183,604	1,274,564
<b>NETWORK ACCESS SERVICES REVENUES</b>			
11	5081 End User	417,217	459,135
12	5082 Switched Access	2,672,168	2,701,369
13	5083 Special Access		
14	5084 State Access	718,769	755,885
15	Total Access Services Revenues	3,808,154	3,916,389
<b>LONG DISTANCE NETWORK SERVICES REVENUES</b>			
16	5100 Long Distance Message		
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	0	0
<b>MISCELLANEOUS REVENUES</b>			
30	5230 Directory	18,441	26,820
31	5240 Rent	12,035	10,583
32	5250 Corporate Operations		
33	5261 Special Billing Arrangements	6,696	659
34	5262 Customer Operations		
35	5263 Plant Operations		
36	5264 Other Incidental Regulated	15,006	27,165
37	5269 Other Settlements		
38	5270.1 Interstate Billing and Collection	1,208	1,396
39	5270.2 Intrastate Billing and Collection	22,996	31,458
40	5280 Nonregulated		
41	Total Miscellaneous Revenues	76,382	98,081
<b>UNCOLLECTIBLE REVENUES</b>			
42	5301 Uncollectible-Telecommunications	5,000	17,500
43	5302 Uncollectible-Other		
44	Total Uncollectible Revenues	5,000	17,500
45	<b>TOTAL OPERATING REVENUES</b>	<b>\$5,063,140</b>	<b>\$5,271,534</b>
46	<b>FOOTNOTE: USF Revenues \$ 198,716</b>	XXXXXXXXXX	XXXXXXXXXX
47	<b>Recorded in Account: 5082</b>	XXXXXXXXXX	XXXXXXXXXX

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**44. OPERATING EXPENSES BY CATEGORY**

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
<b><u>Plant Specific Operations</u></b>				
<b><u>Network Support Expenses</u></b>				
1	6112 Motor Vehicle	0	0	44,064
2	Clearance	0	0	26,798
3	Net Balance	0	0	17,266
4	6113 Aircraft			
5	Clearance			
6	Net Balance	0	0	0
7	6114 Special Purpose Vehicles			
8	Clearance			
9	Net Balance	0	0	0
10	6115 Garage Work Equipment			
11	6116 Other Work Equipment	0	0	0
12	Clearance	0	0	0
13	Net Balance	0	0	0
14	6110 Network Support Expenses	0	0	17,266
<b><u>General Support Expenses</u></b>				
15	6121 Land and Building	18,588	8,920	670
16	6122 Furniture and Artworks			
17	6123 Office Equipment			9,120
18	6124 General Purpose Computers	104,904	51,246	37,603
19	6120 General Support Expenses	123,492	60,166	47,393
<b><u>Central Office Switching Expenses</u></b>				
20	6211 Analog Electronic			
21	6212 Digital Electronic	117,311	57,546	3,595
22	6215 Electro-Mechanical			
23	6210 Central Office Switching Expenses	117,311	57,546	3,595
24	6220 Operator Systems Expense			
<b><u>Central Office Transmission Expenses</u></b>				
25	6231 Radio Systems			
26	6232 Circuit Equipment	189,301	94,692	68,239
27	6230 Central Office Transmission Expenses	189,301	94,692	68,239
<b><u>Information Origination/Termination Expenses</u></b>				
28	6311 Station Apparatus			
29	6321 Customer Premises Wiring			
30	6341 Large Private Branch Exchange			
31	6351 Public Telephone Terminal Equipment			
32	6362 Other Terminal Equipment			
33	6310 Information Origination/Termination Expenses	0	0	0

**44. OPERATING EXPENSES BY CATEGORY (Continued)**

Item (a)		Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<b><u>Plant Specific Operations</u></b>					
<b><u>Network Support Expenses</u></b>					
6112	Motor Vehicle	147,937	192,001	248,437	1
	Clearance	139,498	166,296	218,219	2
	Net Balance	8,439	25,705	30,218	3
6113	Aircraft		0		4
	Clearance		0		5
	Net Balance	0	0	0	6
6114	Special Purpose Vehicles		0		7
	Clearance		0		8
	Net Balance	0	0	0	9
6115	Garage Work Equipment		0		10
6116	Other Work Equipment	13,441	13,441	25,209	11
	Clearance	11,893	11,893	23,464	12
	Net Balance	1,548	1,548	1,745	13
6110	Network Support Expenses	9,987	27,253	31,963	14
<b><u>General Support Expenses</u></b>					
6121	Land and Building	84,641	112,819	149,595	15
6122	Furniture and Artworks	1,077	1,077	151	16
6123	Office Equipment	29,756	38,876	36,037	17
6124	General Purpose Computers	138,333	332,086	349,093	18
6120	General Support Expenses	253,807	484,858	534,876	19
<b><u>Central Office Switching Expenses</u></b>					
6211	Analog Electronic		0		20
6212	Digital Electronic	95,108	273,560	315,912	21
6215	Electro-Mechanical		0		22
6210	Central Office Switching Expenses	95,108	273,560	315,912	23
6220	Operator Systems Expense		0		24
<b><u>Central Office Transmission Expenses</u></b>					
6231	Radio Systems		0		25
6232	Circuit Equipment	84,594	436,826	342,015	26
6230	Central Office Transmission Expenses	84,594	436,826	342,015	27
<b><u>Information Origination/Termination Expenses</u></b>					
6311	Station Apparatus		0		28
6321	Customer Premises Wiring		0		29
6341	Large Private Branch Exchange		0		30
6351	Public Telephone Terminal Equipment		0		31
6362	Other Terminal Equipment		0		32
6310	Information Origination/Termination Expenses	0	0	0	33

**44. OPERATING EXPENSES BY CATEGORY (Continued)**

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	Plant Specific Operations (cont.)			
	<u>Cable and Wire Facilities Expenses</u>			
34	6411 Poles	2,151	27	40,389
35	6421 Aerial Cable	95,958	46,828	3,558
36	6422 Underground Cable	4,617	606	44
37	6423 Buried Cable	32,064	16,458	1,140
38	6424 Submarine Cable			
39	6425 Deep Sea Cable			
40	6426 Intrabuilding Network Cable	292		
41	6431 Aerial Wire			
42	6441 Conduit Systems			
43	6410 Cable and Wire Facilities Expenses	135,082	63,919	45,131
44	Total Plant Specific Operations Expense	565,186	276,323	181,624
	<u>Plant Nonspecific Operations</u>			
	<u>Other Property, Plant &amp; Equipment Expenses</u>			
45	6511 Property Held for Future Telephone Use			
46	6512 Provisioning			
47	Clearance			
48	Net Balance	0	0	0
49	6510 Total Other Property, Plant & Equipment Expenses	0	0	0
	<u>Network Operations Expenses</u>			
50	6531 Power			
51	6532 Network Administration	4,250	701	
52	6533 Testing	49,391	25,489	
53	6534 Plant Operations Administration	25,039	13,788	
54	Clearance	2,764	1,469	
55	Net Balance	22,275	12,319	0
56	6535 Engineering	53,749	25,009	0
57	Clearance	4,818	2,398	0
58	Net Balance	48,931	22,611	0
59	6530 Network Operations Expense	124,847	61,120	0
60	6540 Access Expense			
	<u>Depreciation &amp; Amortization Expenses</u>			
61	6561 Depreciation-TPIS			
62	6562 Depreciation-Property Held for Future Tel.. Use			
63	6563 Amortization-Tangible			
64	6564 Amortization-Intangible			
65	6565 Amortization-Other			
66	6560 Depreciation & Amortization Expenses			
67	Total Plant Nonspecific Operations Expense	124,847	61,120	0

**44. OPERATING EXPENSES BY CATEGORY (Continued)**

	Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
	Plant Specific Operations (cont.)				
	<u>Cable and Wire Facilities Expenses</u>				
6411	Poles	1,124	43,691	42,582	34
6421	Aerial Cable	22,555	168,899	224,753	35
6422	Underground Cable	2,655	7,922	5,391	36
6423	Buried Cable	16,373	66,035	69,918	37
6424	Submarine Cable		0		38
6425	Deep Sea Cable		0		39
6426	Intrabuilding Network Cable	2,686	2,978		40
6431	Aerial Wire		0		41
6441	Conduit Systems		0		42
6410	Cable and Wire Facilities Expenses	45,393	289,525	342,644	43
	Total Plant Specific Operations Expense	488,889	1,512,022	1,567,410	44
	<u>Plant Nonspecific Operations</u>				
	<u>Other Property, Plant &amp; Equipment Expenses</u>				
6511	Property Held for Future Telephone Use		0		45
6512	Provisioning	3,735	3,735	11,242	46
	Clearance	3,735	3,735	11,242	47
	Net Balance	0	0	0	48
6510	Total Other Property, Plant & Equipment Expenses	0	0	0	49
	<u>Network Operations Expenses</u>				
6531	Power	35,790	35,790	46,375	50
6532	Network Administration	4,685	9,636	5,819	51
6533	Testing	9	74,889	79,904	52
6534	Plant Operations Administration	7,710	46,537	102,086	53
	Clearance	835	5,068	15,794	54
	Net Balance	6,875	41,469	86,292	55
6535	Engineering	4,283	83,041	112,042	56
	Clearance	338	7,554	13,604	57
	Net Balance	3,945	75,487	98,438	58
6530	Network Operations Expense	51,304	237,271	316,828	59
6540	Access Expense	63,261	63,261	69,040	60
	<u>Depreciation &amp; Amortization Expenses</u>				
6561	Depreciation-TPIS	551,547	551,547	586,952	61
6562	Depreciation-Property Held for Future Tel.. Use		0		62
6263	Amortization-Tangible		0		63
6564	Amortization-Intangible		0		64
6565	Amortization-Other		0		65
6560	Depreciation & Amortization Expenses	551,547	551,547	586,952	66
	Total Plant Nonspecific Operations Expense	666,112	852,079	972,820	67

**44. OPERATING EXPENSES BY CATEGORY (Continued)**

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	<b><u>Customer Operations</u></b>			\$
	<b><u>Marketing</u></b>			
68	6611 Product Management			
69	6612 Sales			
70	6613 Product Advertising	7,371	3,081	
71	6610 Marketing	7,371	3,081	
	<b><u>Services</u></b>			
72	6621 Call Completion Services			
73	6622.1 Number Services-Directory Assistance			
74	6622.2 Number Services-Directory Publishing			
75	6623.1 Customer Services-Order Processing & Instruction	42,356	20,612	
76	6623.2 Customer Services-Billing and Collections	86,198	42,792	
77	6623.3 Customer Services-Public Telephone Expenses			
78	6620 Services	128,554	63,404	
79	Total Customer Operations Expense	135,925	66,485	
	<b><u>Corporate Operations Expense</u></b>			
	<b><u>Executive and Planning</u></b>			
80	6711 Executive	457,483	229,030	
81	6712 Planning			
82	6710 Executive and Planning	457,483	229,030	
	<b><u>General &amp; Administrative</u></b>			
83	6721 Accounting & Finance	315,143	155,595	
84	6722 External Relations	200,705	99,190	
85	6723 Human Resources	892	407	
86	6724 Information Management			
87	6725 Legal			
88	6726 Procurement			
89	6727 Research and Development			
90	6728 Other General & Administrative	23,359	11,866	
91	6720 General & Administrative	540,099	267,058	
92	6790 Provision for Uncollectible Notes Receivable			
93	Total Corporate Operations Expenses	997,582	496,088	
94	TOTAL OPERATING EXPENSES	\$1,823,540	\$900,016	\$181,624

**44. OPERATING EXPENSES BY CATEGORY (Continued)**

Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<b><u>Customer Operations</u></b>				
	\$	\$	\$	
<b><u>Marketing</u></b>				
6611 Product Management	8,645	8,645	11,552	68
6612 Sales	1,892	1,892	1,725	69
6613 Product Advertising	3,850	14,302	8,450	70
6610 Marketing	14,387	24,839	21,727	71
<b><u>Services</u></b>				
6621 Call Completion Services	26,073	26,073	17,687	72
6622.1 Number Services-Directory Assistance	943	943	934	73
6622.2 Number Services-Directory Publishing	26,406	26,406	23,617	74
6623.1 Customer Services-Order Processing & Instruction		62,968	31,959	75
6623.2 Customer Services-Billing and Collections	39,163	168,153	217,870	76
6623.3 Customer Services-Public Telephone Expenses		0	0	77
6620 Services	92,585	284,543	292,067	78
Total Customer Operations Expense	106,972	309,382	313,794	79
<b><u>Corporate Operations Expense</u></b>				
<b><u>Executive and Planning</u></b>				
6711 Executive	118,344	804,857	837,057	80
6712 Planning		0		81
6710 Executive and Planning	118,344	804,857	837,057	82
<b><u>General &amp; Administrative</u></b>				
6721 Accounting & Finance	152,950	623,688	770,555	83
6722 External Relations	48,850	348,745	373,317	84
6723 Human Resources	1,295	2,594	2,721	85
6724 Information Management		0	0	86
6725 Legal	416,763	416,763	312,234	87
6726 Procurement		0	0	88
6727 Research and Development		0	0	89
6728 Other General & Administrative	80,224	115,449	155,771	90
6720 General & Administrative	700,082	1,507,239	1,614,598	91
6790 Provision for Uncollectible Notes Receivable		0		92
Total Corporate Operations Expenses	818,426	2,312,096	2,451,655	93
TOTAL OPERATING EXPENSES	\$2,080,399	\$4,985,579	\$5,305,679	94

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**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	10,085	12,015	(1,930)			
2	FICA-Contribution	162,631					
3	Unemployment	2,126					
4	Other:						
5	FCC Fees						
6	Total	\$174,842	\$12,015	(\$1,930)	\$0	\$0	\$0
	State Taxes:						
7	Franchise-Gross Income-186a						
8	Franch.-Gross Inc.-Access Charges	41,618				23,574	18,044
9	Franchise-Gross Earnings-184	18,399				10,422	7,977
10	Franchise-Excess Div.-186	5,126				2,904	2,222
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 ( Excess Dividend)						
15	MTA Surcharge						
16	Unemployment Insurance	4,075					
17	Disability Insurance	438					
18	Sales and Use						
19	Other - PSC Assessment	5,926				3,357	2,569
19	FCC Fees	2,142				1,213	929
20	Total	\$77,724	\$0	\$0	\$0	\$41,470	\$31,741
21	Local Taxes:						
22	Real Estate	\$164,524				93,191	71,333
23	Special Franchise						
24	Municipal Gross Income						
25	NYC-Spec. Franchise						
26	Motor Vehicle						
27	Other allocation to deregulated	(2,423)				(1,372)	(1,051)
28							
29	Total	\$162,101	\$0	\$0	\$0	\$91,819	\$70,282
30	Other (list):						
31						0	0
32							
33	Totals	\$414,667	\$12,015	(\$1,930)	\$0	\$133,289	\$102,023

**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				6750	\$162,631
3	Unemployment				6750	\$2,126
4	Other					
5						
6	Total	\$0	\$0	\$0	XXXXXXX	\$164,757
	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				6750	\$4,075
17	Disability Insurance				6750	\$438
18	Sales and Use					
19	Other					
20	Total	\$0	\$0	\$0	XXXXXXX	\$4,513
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	\$169,270



**46. MISCELLANEOUS TAX REFUNDS**

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

Line No.	Description of Item (a)	Amount (b)
1	None	
2		
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34		
35	<b>Total</b>	<b>\$0</b>

## 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)	(\$214,572)
	Income Taxes Accrued:	
2	7210	
3	7220	12,015
4	7250	(77,943)
5	7420	(1,930)
6	7450	
7		
8		
9		
10	Less: Nonregulated Income	
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	ACRS/MACRS salvage	\$8,302
17	Non -deductible meals and entertainment	3,247
18	Book over tax depreciation	11,400
19	OPEB SFAS 106	341,034
20	Loss from subsidiaray	62,084
21	Lifeline deferral	5,245
22		
23		
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25	Cost of removal	\$6,933
26	Bad debt deduction	4,191
27	Deferred compensation	25,000
28		
29		
30		
31		
32		
33	Federal tax net income	\$112,758
	Computation of tax:	xxxxxxxxxxxx
34		\$29,229
35	AMT Refund	(9,276)
36		
37		
38		
39	Computed Federal Income Tax	\$19,953

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

Line No.	Particulars (a)	Amount (b)
	<p>Additional Income &amp; Unallowable Deductions:</p>	

**48. SPECIAL CHARGES**

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

Line No.	Description of Item (a)	Amount (b)
1	Donations	\$9,175
2	Lobbying	1,562
3	Late fees	11,165
4	Scholarships	2,567
5	Allocation to subsidiary	(228)
6		
7		
8		
9		
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41		
42		
43		
44	Totals from Insert Pages	
45	Total	\$24,241

**49. OTHER INTEREST DEDUCTIONS**

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

Line No.	Description of Item (a)	Amount (b)
1	<b>Account 7540.1 Other Interest Deductions-Affiliated Companies</b>  None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	<b>Total Other Interest Deductions-Affiliated Companies</b>	\$0
	<b>Account 7540.2 Other Interest Deductions</b>	
14	None	
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	<b>Total Other Interest Deductions</b>	\$0

**50. OTHER NONOPERATING INCOME**

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

Line No.	Description of Item (a)	Amount (b)
1	Tower Rent	\$18,100
2		
3		
4		
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7		
8		
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11		
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43		
44		
45	Total	\$18,100

**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

**52. MEMBERSHIP FEES AND DUES**

Line No.	Particulars (a)	NUMBER OF		Amounts (d)
		Organizations (b)	Memberships (c)	
EXPENDITURES CHARGED TO OPERATING EXPENSES				
1	Associations of telecommunications companies	3	3	\$32,603
2	Trade, technical and professional associations			
3	Other organizations (specify types):			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	Total	3	3	\$32,603
EXPENDITURES CHARGED TO ACCOUNT 7370				
15	Social and athletic clubs			
16	Service clubs			
17	Other organizations (specify type):			
18				
19	NYS Telpac	1	1	1,000
20	OPASTCO	1	1	562
21				
22				
23				
24				
25				
26				
27				
28	Total	2	2	\$1,562



**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.

**Group Term Life Insurance, Workers Compensation Insurance and Long Term Disability**

Covers all employees

Provides life insurance coverage to the lessor of two times compensation or \$50,000

Provides disability coverage until age 65 at 60% of earnings up to a maximum of \$60,000 per year

Provided by an insurance company

Total cost to the company - \$35,167

**Medical Insurance**

Covers all employees

Provides for medical, prescription, vision and dental coverage

Coverage provided by insurance companies. Includes cost of mandatory employee

not covered by insurance and contributions to employee flex spending accounts.

Total cost to the company, net of employee contributions - \$247,123

**Pension**

Defined benefit multi employer pension plan covering all employees

Provided by National Telephone Cooperative Association

Total cost to the company - \$186,505

**401K Savings Plan**

Covers all employees. Collectively bargained employees receive partial match of their contributions

Plan provided by the National Telephone Cooperative Association

Total cost to the company - \$6,042

**Post Retirement Benefits other than Pension.**

Covers all employees. Coverage for retiree's medical, prescription, vision and dental insurance

Plan provided by the National Telephone Cooperative Association

Total cost to the company - \$202,646

**Business Travel Insurance**

Covers all employees. Provides extra accidental death and dismemberment insurance while employees are traveling on company business.

Coverage provided by the National Telephone Cooperative Association

Total cost to the company - \$100

**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.

54. ANALYSIS OF PENSION COST (Continued)		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ <u>not available at this time</u>
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.

**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	Not available at this time	1. _____
2	Unrecognized net actuarial gain or (loss)		2. _____
	Year-to-date asset gain or (loss):		
3	Actual return	3. _____	
4	Expected return	4. _____	
5	Gain or (loss): (3)-(4)		5. _____ 0
	Year-to-date liability gain or (loss):		
6	PBO at settlement date	6. _____	
7	Year-to-date increase (or decrease) in actuarial discount rate	7. _____	basis points
8	Percentage decrease in PBO for each 100 basis-point increase in the discount rate	8. _____	
9	Liability gain or (loss): {(6) x (7) x (8)} x 100 -- see instructions		9. _____ 0
	Settlement gain or (loss):		
10	Accounting value of obligation which was settled	10. _____	
11	Settlement cost (e.g., price of purchased annuity contract)	11. _____	
12	Settlement gain or (loss): (10)-(11)		12. _____ 0
13	Total accumulated gain or (loss): (1)+(2)+(5)+(9)+(12)		13. _____ 0
14	Settlement ratio: (10)/(6)		14. _____ 0%
15	Pretax gain recognizable in current income: (13) x (14)		15. _____ 0
	REPORTING COMPANY		
16	Portion of amount on line 15 allocated to reporting company		16. _____
	Tax-affected gain:		
17	Tax rate	17. _____ %	
18	Gain or (loss) after provision for income tax: 16 x [100% - (17)]		18. _____ 0

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

For the amount reported on line 16 specify:

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

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

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

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

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

**56. ANALYSIS OF OPEB COSTS, FUNDING, AND DEFERRALS**

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

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

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

Line No.	Item (a)	Total Company (b)
<b><u>ANALYSIS OF OPEB COSTS</u></b>		
	Accumulated Benefit Obligation Attributable to:	
1	Retirees Covered by the Plan	\$ 19
2	Other Fully Eligible Plan Participants	\$ 33
3	Other Active Plan Participants	\$
4	Fair Value of Plan Assets Held in an Exterior Fund or Trust	\$ 1,316,834
	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	\$ 556,553
9	Unrecognized Prior Service Costs	\$ 0
10	Unrecognized Gains or (Losses)	\$ 516,352
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.	12/31/09
14	Discount Rate	5.75%
15	Expected Long-Term Rate of Return on Assets (Exterior Fund)	8.26%
16	Interest Rate Applied to NYS Jurisdiction Internal Reserve Balance	
17	Salary Progression Rate (if applicable)	6.00%
<b><u>NET PERIODIC OPEB COST</u></b>		
18	Service Cost	\$ 57,699
19	Interest Cost	118,664
20	Actual Return on Plan Assets [ (Gain) or Loss ]	(108,788)
21	Deferral of Asset Gain or (Loss)	
22	Amortization of Transition Amount	111,311
23	Amortization of Unrecognized Prior Service Cost	
24	Amortization of (Gains) or Losses from Earlier Periods	(18,762)
25	(Gain) or Loss Due to a Temporary Deviation From a Substantive Plan	
26	<b>Net Periodic OPEB Cost</b>	\$ 160,124



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

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

Line No.	Item (a)	Total Company (b)
<b>EXTERNALLY HELD OPEB DEDICATED FUNDS OR TRUSTS</b>		
1	Fair Value of Plan Assets at Beginning of Period	\$1,291,002
	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	285789
6	Capital Appreciation or (Depreciation) of Fund Assets	
7	Cost Benefits Paid from the Fund To or For Plan Participants	259957
8	Other Expenses Paid By the Fund **	
9	Fair Value of Plan Assets at End of the Period	\$1,316,834

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

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

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

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

Line No.	Item (a)	New York State Jurisdiction (b)
	<b>OPEB RELATED ASSETS RECORDED IN AN INTERNAL RESERVE</b>	
1	Balance in Internal Reserve at Beginning of the Period - [ (Debit) / Credit ]	N/A
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)	
	<b>ACCUMULATED DEFERRED OPEB EXPENSE</b>	
13	Accumulated Deferred Balance Beginning of Period - [Debit / (Credit)]	
14	Deferral Applicable to Current Year Variation	
15	Amortization of Previous Deferrals	
16	Accumulated Deferred Balance at End of Period	
17	Balance of Deferred Income Tax Applicable to Deferred OPEB Expense at the End of Period	
	* Briefly explain any amounts reported on Line 8.	

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

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

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
	Affiliates:				
1	PrimeLink, Inc	Cost	6112	Champlain Telephone Company	\$992
2	PrimeLink, Inc	Cost	6116	Champlain Telephone Company	233
3	PrimeLink, Inc	Cost	6121 & 6122	Champlain Telephone Company	8,229
4	PrimeLink, Inc	Cost	6123	Champlain Telephone Company	7,024
5	PrimeLink, Inc	Cost	6124	Champlain Telephone Company	17,705
6	PrimeLink, Inc	Cost	6561	Champlain Telephone Company	11,119
7	PrimeLink, Inc	Cost	6611	Champlain Telephone Company	2,563
8	PrimeLink, Inc	Cost	6612	Champlain Telephone Company	60
9	PrimeLink, Inc	Cost	6613	Champlain Telephone Company	9
10	PrimeLink, Inc	Cost	6623	Champlain Telephone Company	2,667
11	PrimeLink, Inc	Cost	6711	Champlain Telephone Company	2,515
12	PrimeLink, Inc	Cost	6721	Champlain Telephone Company	4,245
13	PrimeLink, Inc	Cost	6722	Champlain Telephone Company	257
14	PrimeLink, Inc	Cost	6723	Champlain Telephone Company	106
15	PrimeLink, Inc	Cost	6728	Champlain Telephone Company	304
16	PrimeLink, Inc	Cost	7240	Champlain Telephone Company	2,636
17	PrimeLink, Inc	Cost	7250	Champlain Telephone Company	-
18	PrimeLink, Inc	Cost	7370	Champlain Telephone Company	273
19	PrimeLink, Inc	Cost	7510	Champlain Telephone Company	1,116
20			7530	Champlain Telephone Company	29
21	Total Affiliates				62,082
	Other Companies:				
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	Aggregate of All Other Items				
42	Total Other Companies				0
43	Total General Services and Licenses				62082

**60. LIFELINE TELEPHONE SERVICES**

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

	Number of Customers				
	Flat Rate (a)	Basic Message Rate (b)	Locality Waivers (c)	Total Lifeline (d)	Link-Up Customers (e)
January	249			249	
February	252			252	
March	252			252	
April	268			268	
May	275			275	
June	273			273	
July	277			277	
August	280			280	
September	157			157	
October	208			208	
November	223			223	
December	234			234	

**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	Champlain	1,685			1,514
2	Rouses Point	1,378			1,283
3	Mooers	1,601			1,578
4					0
5					0
6					0
7					0
8					0
9					0
10		4,664	0	0	4,375

**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	120	660		734				
2	75	393		815				
3	64	293		1,221				
4								
5								
6								
7								
8								
9								
10	259	1,346	0	2,770	0	0	0	0

**62. TELEPHONE CALLS**

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

		NUMBER OF CALLS ORIGINATING FROM COMPANY PROVIDED SWITCHED ACCESS LINES							
Line No.	State or Territory (a)	Total Local Calls (b)	IntraLATA Intrastate Toll Calls		InterLATA Intrastate Toll Calls		InterLATA Interstate Toll Calls		Total Calls (i)
			Messages (c)	Billed Minutes (d)	Messages (e)	Billed Minutes (f)	Messages (g)	Billed Minutes (h)	
1	New York	7,709,688	423,312	1,542,166	94,056	392,210	339,264	1,504,804	8,566,320
2									0
3									0
4									0
5									0
6									0
7									0
8									0
9									0
10		7,709,688	423,312	1,542,166	94,056	392,210	339,264	1,504,804	8,566,320



**63. STATISTICS RELATING TO TELEPHONE SERVICE QUALITY**

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

Line No.	Service Measurement  (a)	TOTAL COMPANY SERVICE QUALITY DATA						Number of Surveillance Level Failures (h)
		Average for the Year (b)	Measurement Opportunities					
			Cumulative Annual Total (c)	At Objective Level		At Weakspot Level		
			Number (d)	Percent (e)	Number (f)	Percent (g)		
1	Customer Trouble Report Rate Per 100 Access Lines	1.01	12.14					
2	Percent Missed Repair Appointments							
3	Percent Out-of-Service Over 24 Hours							
4	Percent Regular Orders Installed Within 5 Days							
5	Percent Installation Appointments Not Met							
6	Business Office Answer (Standard:_____)							
7	Repair Service Answer (Standard:_____)							
8	Directory Assistance Answer (Standard:_____)							
9	Intercept Answer (Standard:_____)							
10	Toll and Assistance Answer (Standard:_____)							
11	Dial Tone Speed							
12	Blockages and Failures							
13	Orders for Regrades Held Over 30 Days							
14	TOTAL		12.14	0		0	0	
15	Number of Customer Complaints to the Public Service Commission During the Year -0-.							

**64. PLANT EXTENSIONS TO SERVE NEW RESIDENTIAL SUBDIVISIONS**

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

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

**65. DISTRIBUTION OF TOTAL COMPENSATION OF EMPLOYEES**

Line No.	Account Group (a)	Amount (b)
1	Operating Expenses	1,812,872
2	Telecommunications Plant In Service	
3	Telecommunications Plant Under Construction	43,130
4	Accumulated Depreciation	
	Other (specify):	
5	Compensated time off	354,539
6	Charged to subsidiaries	446,699
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$2,657,240
<b>65A. NUMBER OF EMPLOYEES</b>		
21	Officials and Managerial Assistants	3
22	Professional and Semiprofessional Employees	13
23	Business Office and Sales Employees	5
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	7
30	Building, Supplies and Motor Vehicle employees:	0
31	All Other Employees Not Elsewhere Classified	
32	Total Employees	33