

Instructions

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

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

General Information

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

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

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

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

Insert Pages

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

Printing Individual Schedules on the File

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

Saving the File

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

Print the Entire Report

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

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

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF TELEPHONE CORPORATIONS For the period ending December 31, 2010

Instructions for this Tab:

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

Please fill in the following:	
Respondent's exact legal name :	The Champlain Telephone Company
Address line 1:	P.O. Box 782
Address line 2:	Champlain, NY 12919-0782
For the period starting:	January 1, 2010
For the period ending:	December 31, 2010
Date due:	March 31, 2011
For the period starting January 1, 2010 For the period ending December 31, 2010 Year Ended December 31, 2010	

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

Annual Report of The Champlain Telephone Company	For the period ending December 31, 2010
Annual Report of The Champlain Telephone Company	For the period ending December 31, 2010
Annual Report of The Champlain Telephone Company	For the period ending December 31, 2010
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Annual Report of The Champlain Telephone Company	For the period ending December 31, 2010



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, 2010

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:

Mark T Webster, Controller

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 1, 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-11	\$651,947	\$653,472
2	Gregory MacConnell	Vice President - all	Jun-11	130,000	131,162
3	Mark Webster	Secretary	Jun-11	87,550	87,265
4	Dr. John B. Southwick	Treasurer/Director	Apr-11		
5	Paul Seymour	Director	Apr-11		
6	Paul Griswold	Director	Apr-11		
7	Colin Read	Director	Apr-11		
8	Susan Lamar	Director	Apr-11		
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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.

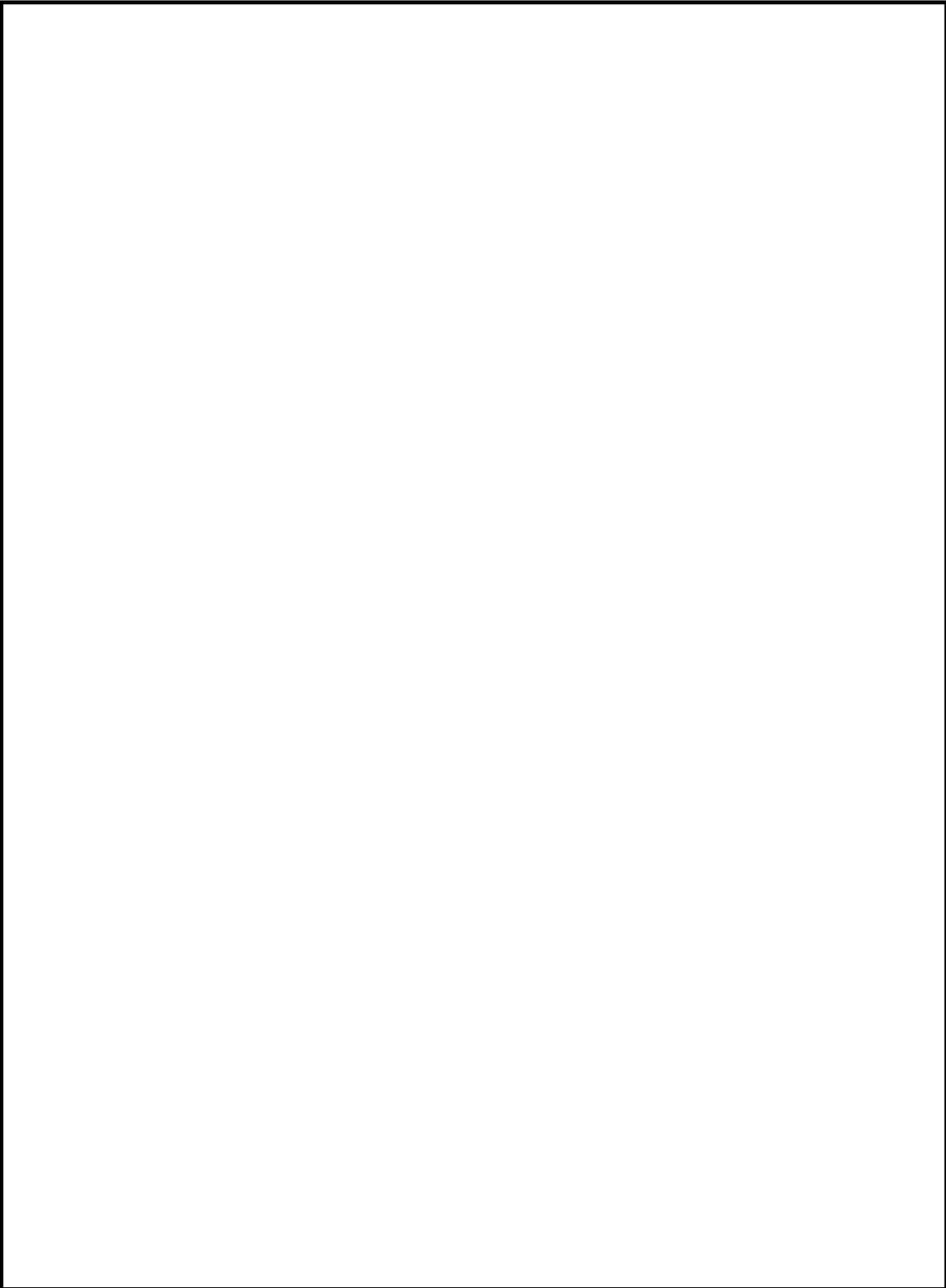
Deferred Compensation (f)	Incentive Pay (Bonuses, etc.) (g)	Savings Plans (h)	Stock Options (i)	Life Insurance Premiums (j)	Other (Explain Below) (k)	Total (e thru k) (l)	Line No.
				(A)	\$5,000	\$658,472	1
						131,162	2
						87,265	3
				(A)	5,000	5,000	4
				(A)	5,000	5,000	5
				(A)	5,000	5,000	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

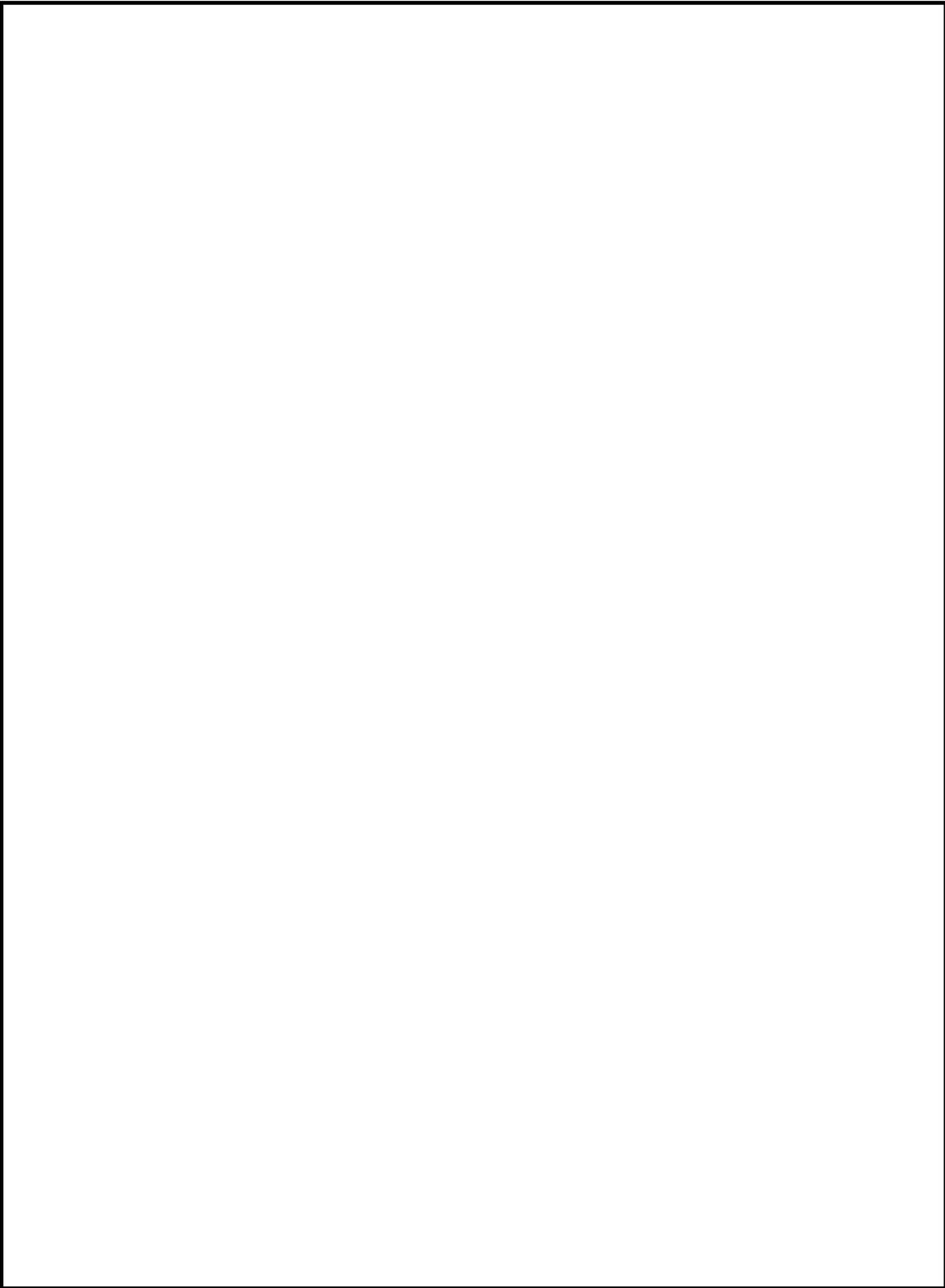
4. CONTROL OVER RESPONDENT

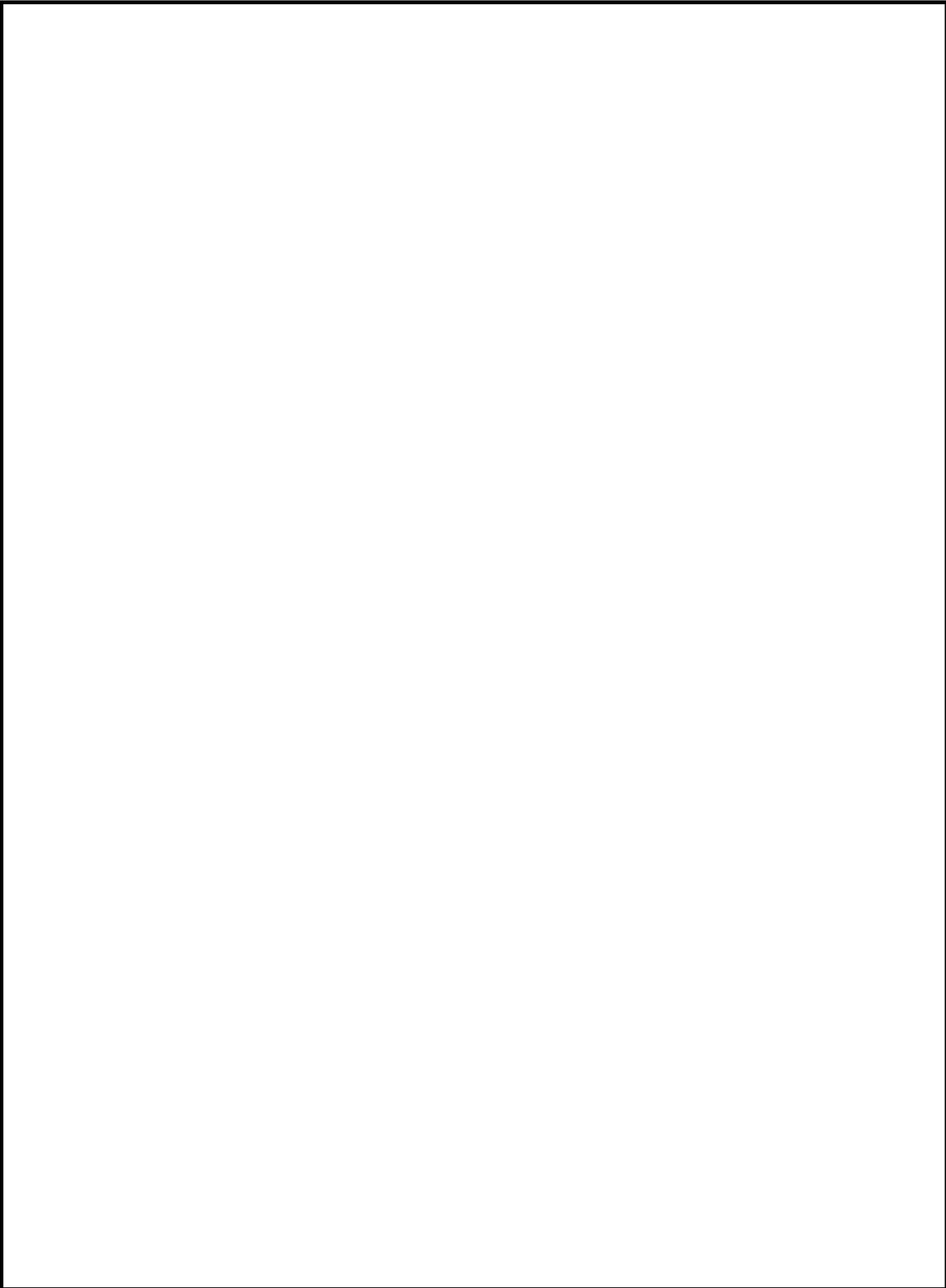
If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held and extent of control. If control was in a holding company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





6-C

Print as needed.

5. CORPORATIONS CONTROLLED BY RESPONDENT

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

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Foot-note Ref. (d)
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

Only Class A Common Shares have voting rights

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 13, 2010 in Champlain, NY

2,248- 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 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 company received approval to form the ESOP during the year.

11) None

8. IMPORTANT CHANGES DURING THE YEAR (Continued)

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

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

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subject to Separations (e)	New York State (f)	Other (g)
Operating Revenues							
1	Local Network Services	\$1,108,748			\$1,108,748	\$1,108,748	
2	Network Access Services	3,564,053			3,564,053	804,687	2,759,366
3	Long Distance Network Serv.	0			-		
4	Miscellaneous	80,429		80,000	160,429	119,661	40,768
5	Settlements	0			-		
6	Nonregulated Revenues	0			-		
7	Subtotal	4,753,230	0	80,000	4,833,230	2,033,096	2,800,134
8	Uncollectibles	3,000			3,000	3,000	
9	Total Operating Revenues	4,750,230	0	80,000	4,830,230	2,030,096	2,800,134
Operating Expenses							
10	Plant Specific	1,538,005			1,538,005	737,779	800,226
11	Plant Non-specific	305,945			305,945	159,162	146,783
12	Marketing	29,460			29,460	18,878	10,582
13	Customer Operations Services	165,373			165,373	108,280	57,093
14	Access	74,451			74,451	0	74,451
15	Corporate Operations	2,218,388			2,218,388	1,103,617	1,114,771
16	Subtotal	4,331,622	0	0	4,331,622	2,127,716	2,203,906
17	Depreciation & Amortization	516,505			516,505	279,017	237,488
18	Total Operating Expenses	4,848,127	0	0	4,848,127	2,406,733	2,441,394
19	Net Operating Revenues	(97,897)	0	80,000	(17,897)	(376,637)	358,740
Operating Taxes							
20	Operating FIT	(38,292)		19,612	(18,680)	(139,992)	121,313
21	Deferred Operating FIT-Net	(76,002)		1,319	(74,683)	(37,542)	(37,141)
22	Operating Investment Tax Credit - Amort (Option 2)	0			0	0	0
23	Total Federal Income Taxes	(114,294)	0	20,931	(93,363)	(177,534)	84,172
24	Other Operating Taxes	225,068			225,068	127,015	98,053
25	Total Operating Taxes	110,774	0	20,931	131,705	(50,519)	182,225
26	Other Operating Income and Expenses						
27	Net Operating Income*	(208,671)	0	59,069	(149,602)	(326,118)	176,515
28	Rate Case Adj, if applicable						
29	Net Operating Income after Rate Case Adj	(\$208,671)	\$0	\$59,069	(\$149,602)	(\$326,118)	\$176,515

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* Net Operating Income on Line 27 should equal Net Operating Income on Sch 12, Line 16, Column C.

9. INCOME AVAILABLE FOR RETURN AND CALCULATION OF RATE BASE

Line No.	Item (a)	Total (b)	Nonregulated (c)	Other Adjustments (d)	Subject to Separations (e)	New York State (f)	Other (g)
1	Telephone Plant in Service	\$12,996,219	\$247,167		\$12,749,052	\$7,194,800	\$5,554,252
2	Noninterest Bearing Telephone Plant under Construction	88,821			88,821	50,125	38,696
3	Telephone Plant Held for Future Use						
4	Materials and Supplies	135,977			135,977	91,561	44,416
5	Prepayments	155,082			155,082	76,987	78,095
6	Cash Working Capital *	391,579			391,579	198,771	192,808
7	RTB Stock						
8	Other Rate Base Adjustments, Other Deferred Credits	(2,431,406)			(2,431,406)	(2,247,640)	(183,766)
9	Unamortized Deferrals						
10	Depreciation Reserve	8,186,481	206,023		7,980,458	4,476,095	3,504,363
11	Amortization Reserve						
12	Accumulated Deferred Income Taxes	(432,522) (Net of A/C 1510 and 4340)			(432,522)	(516,037)	83,515
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)						
14	Rate Base (Lines 1-9 minus lines 10-13)	\$3,582,313	\$41,144	\$0	\$3,541,169	\$1,404,546	\$2,136,623

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

* Allowance based upon collection of revenues and operating expenses:

For Example:

	<u>Amount</u>	<u>Percentage</u>	<u>Lag Days</u>	<u>Weighted Days</u>
1. Advance Billings (Local Service, etc.)	\$40	40.0%	15	6
Arrears Billings (Toll, etc.)	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	\$ (149,602)	\$ (326,118)
2	Rate Base	\$ 3,541,169	\$ 1,404,546
3	Rate of Return	-4.22%	-23.22%
4	Return on Common Equity	-8.08%	-34.86%
5	Required Additional Revenues *	\$ 39,552	\$ 15,688

* (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	\$ 983,057	25.51%	5.00%	1.28%
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	137,350	3.56%	6.50%	0.23%
10	Common Equity	2,733,095	70.92%	-8.08%	-5.73%
11	Total	\$ 3,853,502	100.00%		-4.22%

Capital Structure used for Intrastate*

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12	Long-Term Debt	\$ 983,057	25.51%	5.00%	1.28%
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	137,350	3.56%	6.50%	0.23%
16	Common Equity	2,733,095	70.92%	-34.86%	-24.73%
	Total	\$ 3,853,502	100.00%		-23.22%

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

* Use alternative capital structure if applicable.

11. BALANCE SHEET

Assets and Other Debits

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

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT ASSETS					
1	1130	--	\$52,419	\$15,340	\$37,079
2	1140	--	9,380	16,895	(7,515)
3	1150	--	810	810	0
4	1160	--	83,379	150,839	(67,460)
5	1180	36	64,676	66,917	(2,241)
6	1181	36	5,861	5,354	507
7	1190.1	37	102,856	69,112	33,744
8	1190.2	37	2,173,877	1,888,535	285,342
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	114,479	157,474	(42,995)
15	1290	--	0	0	0
16	1300	41-42	67,378	73,359	(5,981)
17	1310	--	1,181	7,543	(6,362)
18	1320	--	20,284	2,573	17,711
19	1330	--	69,282	68,564	718
20	1350	--	0	-	0
21	1360	43-44	26,188	24,240	1,948
22			2,780,328	2,536,847	243,481
NONCURRENT ASSETS					
23	1401.1	50-51	147,767	25,514	122,253
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	6,881	8,329	(1,448)
28	1408	--	0	0	0
29	1410	--	0	0	0
30	1438	--	0	0	0
31	1439	55	0	0	0
32	1500	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXX
33	1510	43-44	1,250,905	1,235,684	15,221
34			1,405,553	1,269,527	136,026
REGULATED PLANT					
35	2001	24-25	13,001,232	12,991,205	10,027
36	2002	24-25	0	0	0
37	2003	24-25	28,919	148,723	(119,804)
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			13,030,151	13,139,928	(109,777)
43	3100-3300	32-33	8,297,599	8,075,363	222,236
44	3410-3600	32-33	0	0	0
45			4,732,552	5,064,565	(332,013)
46			\$8,918,433	\$8,870,939	\$47,494

For Notes to Balance Sheet see Page 18.

11. BALANCE SHEET
Liabilities and Other Credits

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

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
CURRENT LIABILITIES					
1	4010.1	56	\$3,986	\$2,428	\$1,558
2	4010.2	56	775,829	582,446	193,383
3	4020.1	57	0	0	0
4	4020.2	57	0	0	0
5	4030	--	20,625	11,175	9,450
6	4040	--	0	0	0
7	4050	58-59	162,081	162,081	0
8	4060	--	0	0	0
9	4070	41-42	(164,104)	(123,726)	(40,378)
10	4080	41-42	(4,909)	(5,384)	475
11	4100	45-47	0	0	0
12	4110	45-47	0	0	0
13	4120	--	1,048,665	910,538	138,127
14	4130	--	40,922	28,533	12,389
15	Total Current Liabilities		1,883,095	1,568,091	315,004
LONG-TERM DEBT					
16	4210	58-59	739,918	902,033	(162,115)
17	4220	58-59	0	0	0
18	4230	58-59	0	0	0
19	4240	--	0	0	0
20	4250	--	0	0	0
21	4260	58-59	0	0	0
22	4270	58-59	0	0	0
23	Total Long-Term Debt		739,918	902,033	(162,115)
OTHER LIABILITIES AND DEFERRED CREDITS					
24	4310	61	0	0	0
25	4320	45-47	0	0	0
26	4330	45-47	0	0	0
27	4340	45-47	808,105	813,441	(5,336)
28	4350	45-47	0	0	0
29	4360	62	2,434,271	2,428,542	5,729
30	4370	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXX
31	Total Other Liabilities and Def. Credits		3,242,376	3,241,983	393
STOCKHOLDERS' EQUITY					
32	4510.1	63	210,000	210,000	0
33	4510.2	63	137,350	137,350	0
34	4520	63	0	0	0
35	4530	63	0	0	0
36	4540	--	77,519	(26,533)	104,052
37	4550.1	21	0	0	0
38	4550.2	21	0	0	0
39	4550.3	21	2,628,175	2,838,015	(209,840)
40	Total Stockholders' Equity		3,053,044	3,158,832	(105,788)
41	TOTAL LIABILITIES AND OTHER CREDITS		\$8,918,433	\$8,870,939	\$47,494

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)
INCOME				
TELEPHONE OPERATING INCOME				
1	Operating Revenues.....	65	\$4,750,230	\$5,063,140
2	Operating Expenses.....	72	4,848,127	4,985,579
3	Net Operating Revenues		(97,897)	77,561
OTHER OPERATING INCOME AND EXPENSE				
4	7110 Income from Custom Work.....	--		
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--		
6	7140 Gains and Losses from Foreign Exchange.....	--	7	(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		7	(5)
OPERATING TAXES				
10	7210 Operating Investment Tax Credits-Net.....	45-47		0
11	7220 Operating Federal Income Taxes.....	73-74	(38,292)	12,015
12	7230 Operating State and Local Income Taxes.....	73-74		
13	7240 Operating Other Taxes.....	73-74	225,068	235,312
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	(76,002)	(77,943)
15	Total Operating Taxes		110,774	169,384
16	Net Operating Income		(208,664)	(91,828)
NONOPERATING INCOME AND EXPENSES				
17	7310 Dividend Income.....	--		
18	7320 Interest Income.....	--	763	645
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	122,253	(62,084)
23	7360 Other Nonoperating Income.....	79	22,600	18,100
24	7370 Special Charges.....	77	29,497	24,241
25	Total Nonoperating Income Items and Expenses		116,119	(67,580)
NONOPERATING TAXES				
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47		
27	7420 Nonoperating Federal Income Taxes.....	73	(2,086)	(1,930)
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		(2,086)	(1,930)
32	Total Nonoperating Income		118,205	(65,650)
33	Income Available for Fixed Charges		(90,459)	(157,478)
INTEREST AND RELATED ITEMS				
34	7510 Interest on Funded Debt.....	58-59	48,019	55,672
35	7520 Interest Expense-Capital Leases.....		0	0
36	7530 Amortization of Debt Issuance Expense.....	58-59	1,423	1,422
37	7540 Other Interest Deductions.....	78	1,124	0
38	Total Interest and Related Items		50,566	57,094
39	Income Before Extraordinary Items		(141,025)	(214,572)

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.....	--	xxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxxxx
46	7990 Nonregulated Net Income.....	--		
47	Total Jurisdictional Differences and Extraordinary Items		0	0
48	Net Income		(\$141,025)	(\$214,572)
RETAINED EARNINGS				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)..		\$2,838,015	\$3,121,402
50	4550.4 Balance Transferred from Income.....		(141,025)	(214,572)
51	4550.5 Appropriations of Retained Earnings.....			
52	4550.6 Dividends Declared-Preferred Stock.....	63	8,927	8,927
53	4550.7 Dividends Declared-Common Stock.....	63	59,888	59,888
54	4550.8 Adjustments to Retained Earnings.....	64		
55	Net Change to Unappropriated Retained Earnings		(209,840)	(283,387)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		2,628,175	2,838,015
57	4550.1 Appropriated Retained Earnings (End of Period).....			
58	Total Retained Earnings		\$2,628,175	\$2,838,015
UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....			
60	Equity in Earnings for Period.....	51		
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	(\$141,025)	(\$214,572)
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	516,505	551,547
3	Amortizations	1,449	1,449
4	Increase (Decrease) in deferred taxes and investment tax credits-net	(14,827)	(93,279)
5	Equity (AFUDC)		
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	(316,338)	90,771
7	Decrease (Increase) in inventory related to operations		
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	345,457	(636,729)
9	Unbilled revenues		
10	Increase (Decrease) in current income taxes and other taxes payable	(39,903)	947
11	Increase (Decrease) in interest payable		(1,300)
12	Equity in loss(earnings) of affiliates	(122,253)	62,084
13	Dividends received from associated and subsidiary companies accounted for under the equity method		
	Other Adjustments:		
14	(Increase) Decrease in prepaids	(6,087)	(3,969)
15	Increase (Decrease) in advanced billing and payments	9,450	8,211
16	(Increase) Decrease in Other Deferred Charges	(1,948)	105,846
17	Total Adjustments	371,505	85,578
18	Net cash provided by (used in) operating activities	230,480	(128,994)
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)	(199,415)	(238,978)
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	42,995	2,842
25	Capital leases		
26	Equity AFUDC		
27	Other adjustments		
28	Total cash outflows for construction	(156,420)	(236,136)
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	14,923	1,369
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	(141,497)	(234,767)

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)	(162,116)	(154,268)
	Dividends paid on: (-)		
50	Common stock	(59,888)	(59,888)
51	Preferred stock	(8,927)	(8,927)
	Other:(5)(e)		
52	Increase in other long term liabilities (OPEB)		790,918
53	Change in other capital	104,052	(39,943)
54			
55			
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	(126,879)	526,392
60	Net increase(decrease) in cash and cash equivalents	(37,896)	162,631
61	Cash & cash equivalents at the beginning of the year	183,884	21,253
62	Cash & cash equivalents at the end of the year	\$145,988	\$183,884

INSTRUCTIONS

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

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

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

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
2001 Telecommunications Plant in Service								
General Support Assets								
1	2111 Land	\$58,058						\$58,058
2	2112 Motor Vehicles	511,080	7,962			98,626	(1)	420,415
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	68,994						68,994
9	2123 Office Equipment	0						0
10	.1 Office Support Equipment	22,635						22,635
11	.2 Company Communications Equipment	100,445	3,561					104,006
12	2124 General Purpose Computers	356,618	4,211			18,784		342,045
13	Total General Support Assets	\$2,682,805	\$15,734	\$0	\$0	\$117,410	(\$1)	\$2,581,128
Central Office Assets								
14	2211 Analog Electronic Switching							\$0
15	2212 Digital-Electronic Switching	956,407				33,817	(12,131)	910,459
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	2,127,256	168,031			115,926	12,131	2,191,492
25	Total Central Office Assets	\$3,083,663	\$168,031	\$0	\$0	\$149,743	\$0	\$3,101,951

14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
Information Org./Term. Assets								
26	2311 Station Apparatus							\$0
27	2321 Customer Premises Wiring							0
28	2341 Large Private Branch Exchanges							0
29	2351 Public Terminal Equipment							0
30	2362 Other Terminal Equipment	26,734						26,734
31	Total Information Org./Term. Assets	\$26,734	\$0	\$0	\$0	\$0	\$0	\$26,734
Cable and Wire Facilities								
32	2411 Poles	\$1,009,329	\$22,479			\$1,391		\$1,030,417
33	2421 Aerial Cable	3,318,331	81,557			15,094	1,705	3,386,499
34	2422 Underground Cable	1,015,896					(12,741)	1,003,155
35	2423 Buried Cable	1,081,521	17,569			2,410	430	1,097,110
36	2424 Submarine Cable	0						0
37	2425 Deep Sea Cable	0						0
38	2426 Intrabuilding Network Cable	23,864					(1,341)	22,523
39	2431 Aerial Wire	0						0
40	2441 Conduit	749,062	2,653					751,715
41	Total Cable and Wire Facilities	\$7,198,003	\$124,258	\$0	\$0	\$18,895	(\$11,947)	\$7,291,419
Amortizable Assets								
42	2681 Capital Leases							\$0
43	2682 Leasehold Improvements							0
44	2690 Intangibles							0
45	Total Amortizable Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46	Total Telecommunications Plant in Service	\$12,991,205	\$308,023	\$0	\$0	\$286,048	(\$11,948)	\$13,001,232
47	2002 Property Held for Future Telecom. Use							\$0
48	2003 Telecom. Plt. Under Constr.-Short Term	148,723	188,219			308,023		28,919
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	Total Telecommunications Plant	\$13,139,928	\$496,242	\$0	\$0	\$594,071	(\$11,948)	\$13,030,151

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)
	General Support Assets			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment			0
7	2121 Buildings			0
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers			0
	Central Office Assets			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment	23,136		23,136
	Information Orig/Termination Assets			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	Cable and Wire Facilities Assets			0
22	2411 Poles			0
23	2421 Aerial Cable	4,186		4,186
24	2422 Underground Cable	137		137
25	2423 Buried Cable	1,186		1,186
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intra-building Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems			0
31	Total Plant Accounts	28,645	0	28,645
	Other Accounts			
32	Operating Expenses	274		274
33	Depreciation Reserve Accounts			0
34				0
35	Total	\$28,919	\$0	\$28,919

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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)
	General Support Assets			
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
	Central Office Assets			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment			0
	Information Orig/Termination Assets			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
	Cable and Wire Facilities Assets			0
22	2411 Poles			0
23	2421 Aerial Cable			0
24	2422 Underground Cable			0
25	2423 Buried Cable			0
26	2424 Submarine Cable			0
27	2425 Deep Sea Cable			0
28	2426 Intra-building Network Cable			0
29	2431 Aerial Wire			0
30	2441 Conduit Systems			0
31	Total Plant Accounts	0	0	0
	Other Accounts			
32				0
33				0
34				0
35	Total	\$0	\$0	\$0

16. PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE

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

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

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18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES

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

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

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

Notes:

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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	\$400	\$7,862	
2	2113 Aircraft	0			
3	2114 Special Purpose Vehicles	860			
4	2115 Garage Work Equipment	9,125			
5	2116 Other Work Equipment	435,444	26,328		
6	2121 Buildings	588,385	24,885		
7	2122 Furniture	64,262	3,698		
8	2123 Office Equipment	0			
9	.1 Office Support Equipment	(14,718)	1,374		
10	.2 Company Communications Equipment	49,760	4,521		
11	2124 General Purpose Computers	356,619	4,211		
12	Total General Support Assets	2,000,818	65,417	7,862	0
	Central Office Assets				
13	2211 Analog Electronic Switching	0			
14	2212 Digital Electronic Switching	790,045	46,195		
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	982,615	142,453	600	
24	Total Central Office Assets	1,737,248	188,648	600	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	26,733			
29	Total Information Orig/Termination Assets	46,733	0	0	0
	Cable and Wire Facilities Assets				
30	2411 Poles	1,007,424	26,763		
31	2421 Aerial Cable	2,184,947	155,184	4,390	1,536
32	2422 Underground Cable	225,793	30,458		
33	2423 Buried Cable	701,549	44,695	2,071	430
34	2424 Submarine Cable	0			
35	2425 Deep Sea Cable	0			
36	2426 Intra-building Network Cable	12,365	795		
36	2431 Aerial Wire	0			
37	2441 Conduit Systems	163,355	15,041		
38	Total Cable and Wire Facilities Assets	4,295,433	272,936	6,461	1,966
39	3100 Other - Explain	(4,869)			
40	3100 Other - Explain				
41	3100 Total Accumulated Depreciation - TPIS	8,075,363	527,001	14,923	1,966
42	3200 Held for Future Communications Use				
43	3300 Nonoperating				
44	Total Accumulated Depreciation	8,075,363	527,001	14,923	1,966
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	\$8,075,363	\$527,001	\$14,923	\$1,966

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		\$98,627		\$1	\$420,715
2					0
3					860
4					9,125
5					461,772
6					613,270
7					67,960
8					0
9					(13,344)
10					54,281
11		18,784			342,046
12	0	117,411	0	1	1,956,685
13					0
14		33,817	54		802,369
15					0
16					0
17					0
18					0
19					(35,412)
20					0
21					0
22					0
23		115,925	564		1,009,179
24	0	149,742	618	0	1,776,136
25					0
26					0
27					0
28					20,000
28					26,733
29	0	0	0	0	46,733
30		1,391	2,380		1,030,416
31		15,094	18,525		2,312,438
32				12,741	243,510
33		2,410			746,335
34					0
35					0
36				1,341	11,819
36					0
37					178,396
38	0	18,895	20,905	14,082	4,522,914
39					(4,869)
40					0
41	0	286,048	21,523	14,083	8,297,599
42					0
43					0
44	0	286,048	21,523	14,083	8,297,599
45					0
46					0
47	0	0	0	0	0
48					0
49					0
50	0	0	0	0	0
51	\$0	\$286,048	\$21,523	\$14,083	\$8,297,599

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 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.	To BE Updated Plant Account (a)	Estimated Service Life in Years (b)	Estimated Net Salvage Factor (c)	Annual Composite Rate at End of the Year (d)	Ratio of Depreciation Charges to Ave Monthly Book Cost (e)
	General Support Assets				
1	2112 Motor Vehicles	7	32.00%	0.10%	0.09%
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%	4.35%	4.42%
11	2124 General Purpose Computers	6	5.10%	1.23%	1.21%
	Central Office Assets				
12	2211 Analog Electronic Switching				
13	2212 Digital Electronic Switching	9	0.00%	5.07%	4.95%
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%	6.50%	6.60%
	Information Origination/Termination Assets				
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%	0.00%	0.00%
	Cable and Wire Facilities Assets				
28	2411 Poles	30	-98.50%	2.60%	2.62%
29	2421 Aerial Cable	25	-20.00%	4.62%	4.63%
30	2422 Underground Cable	35	0.00%	3.00%	3.02%
31	2423 Buried Cable	25	0.00%	4.11%	4.10%
32	2424 Submarine Cable				
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable	30	0.00%	3.53%	3.43%
35	2431 Aerial Wire				
36	2441 Conduit Systems	50	0.00%	2.00%	2.00%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX		
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX		
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXX	4.05%
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXX	4.06%

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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%	2,557,505	123,016
2		Aerial cable - fiber	25	0.00%	4.00%	734,863	29,395
3		Aerial cable - drop and block			4.34%	94,311	4,093
4					4.62%	3,386,679	156,504
5							
6	2422	Underground cable - metallic	35	0.00%	2.89%	904,165	26,130
7		Underground cable - fiber	25	0.00%	4.00%	98,969	3,959
8					3.00%	1,003,134	30,089
9							
10	2423	Buried cable - metallic	25	0.00%	4.12%	884,210	36,429
11		Buried cable - fiber	25	0.00%	4.00%	139,192	5,568
		Buried cable - drop and block			4.23%	73,706	3,118
12					4.11%	1,097,108	45,115
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							

21. TELECOMMUNICATIONS ACCOUNTS RECEIVABLE AND ACCOUNTS RECEIVABLE ALLOWANCE

Line No.	Item (a)	Number of Accounts (b)	Amount at End of the Year (c)
1	Customers and Agents-Receiving Service	962	\$51,601
2	Customers and Agents-Service Discontinued	108	13,075
3	Total	1,070	64,676
4	Less Reserve for Uncollectible Accounts-Cr.	xxxx	5,861
5	Balance	xxxx	\$58,815

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	5,354
7	Accruals charged to account 5301	3,000
8	Collection of amounts previously written off	3,355
9	Other Credits (explain in a note)	0
10	Total credits	6,355
11	Uncollectible written off during the year	5,848
12	Other debits (explain in a note)	
13	Total debits	5,848
14	Balance at end of year	\$5,861
15	Total operating revenues for the year	
16	Net write offs during the year (line 11 minus line 8)	\$2,493
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)
	Account 1190.1 Accounts Receivable from Affiliated Companies:					
1	PrimeLink, Inc	\$69,112	\$1,049,182	\$1,018,661	\$99,633	\$275,063
2	Champlain PCS	-				
3	Champlain Networks	-				
4		-				
5	K&S Communications, Inc	-				
6	K&S 101, Inc	-			-	
7	K&S 102, Inc	-	56,586	53,363	3,223	1,496
8	K&S 103, Inc	-			-	
9					-	
10					-	
11						
12	Total Accounts Receivable from Affiliated Companies	\$69,112	\$1,105,768	\$1,072,024	\$102,856	\$276,559
	Account 1190.2 Other Accounts Receivable:					
13	NECA Settlement Pool	\$93,379	\$950,458	\$977,992	\$65,845	28,748
14	CABS Receivable	1,768,531	2,457,670	2,261,549	1,964,652	2,016,403
15	Revenue Requirement Receivable	(86,458)	2,616,705	2,529,101	1,146	76,018
16	Unbilled CABS	100,000			100,000	100,000
17	A/R Directory Revenue	11,423	22,515	14,138	19,800	3,858
18					0	
19					0	
20	A/R Directory Advertising				0	
21		0			0	
22		0			0	
23	Aggregate of all Other Items	1,660	1,947,227	1,926,453	22,434	45,749
24	Total Other Accounts Receivable	\$1,888,535	\$7,994,575	\$7,709,233	\$2,173,877	\$2,270,776

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	Account 1200.1 Notes Receivable from Affiliated Companies:					%
2		None				
3						
4						
5						
6						
7						
8						
9						
10						
11						
12	Total				\$0	xxx
13	Account 1200.2 Other Notes Receivable:					
14		None				
15						
16						
17						
18						
19						
20						
21						
22						
23		Aggregate of all other items				
24	Total				\$0	xxx

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

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

25. INVENTORIES

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

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

Line No.	Class of Material (a)	Amount at Beginning of Year (b)	Amount at End of Year (c)
	Subaccount 1220.1, Material and Supplies:		
1			
2	Central office materials	5,495	5,495
3	Outside plant materials	125,476	99,820
4	Exempt materials	26,503	9,164
5			
6			
7			
8			
9			
10			
11			
12	Total	\$157,474	\$114,479
	Subaccount 1220.2, Property Held for Sale or Lease:		
13			
14	None		
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26	Total	\$0	\$0
27	Grand Total	\$157,474	\$114,479

26. PREPAID TAXES AND TAX ACCRUALS

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

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
1	Federal:								
2	Income Taxes		(\$123,726)	7220	(\$38,292)				(\$164,104)
3				7420	(2,086)				
4				1510					
5				7250					
6									
7									
8									
9									
10	Social Security		0	6570	162,595	162,595			0
11									
12									
13	Unemployment		0	6570	1,933	1,933			0
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27	Subtotal	\$0	(\$123,726)		\$124,150	\$164,528	\$0	\$0	(\$164,104)

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		(1,691)	7240	21,787	21,665			(1,569)
30	Gross Income		(3,693)	7240	40,403	39,425			(2,715)
31	Franchise		0	7240	4,700	5,325			(625)
32	Unemployment		0	6570	4,405	4,405			0
33	Disability Insurance		0	6570	457	457			0
34	Other		0						0
35	NYS PSC Assessment		0	7240	851	851			0
36									
37									
38									
39									
40									
41									
42	Local:								
43	Gross Receipts								
44	Property	73,359			157,842	151,861		67,378	
45	Other								
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									
56	Total	\$73,359	(\$129,110)	xxxx	\$354,595	\$388,517	\$0	\$67,378	(\$169,013)

27. DEFERRED INCOME TAXES-Dr.

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

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

27. DEFERRED INCOME TAXES-Dr. (Continued)

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Nonproperty Related						
	Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)						
29	Bad Debt Reserve	\$1,820	7250	172			\$1,992
30	Alternative Minimum Tax	145,320	7250				145,320
31	OPEB	278,580	7250	77,151	53,602		302,129
32	NOL Carryforward	-	7250				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	8,500	7250		8,500		0
36	Total	\$1,235,684	7250	\$77,323	\$62,102	\$0	\$1,250,905
37	Total Nonproperty Related Deferred Operating Income Taxes - Dr.	\$1,235,684		\$77,323	\$62,102	\$0	\$1,250,905
	Property Related						
	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)						
38	State Lifeline	\$24,240	7250	\$1,948			\$26,188
39							0
40							0
41							0
42	Deferred Income Tax Effect of Extraordinary Items		7640				0
43	Total	\$24,240		\$1,948	\$0	\$0	\$26,188
	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)						
44			7450				\$0
45							0
46							0
47							0
48	Deferred Income Tax Effect of Extraordinary Items		7640				0
49	Total	\$0		\$0	\$0	\$0	\$0
50	Total Property Related Deferred Nonoperating Income Taxes-Dr.	\$24,240		\$1,948	\$0	\$0	\$26,188
	Nonproperty Related						
	Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)						
51			7450				\$0
52							0
53							0
54							0
55	Deferred Income Tax Effect of Extraordinary Items		7640				0
56	Total	\$0		\$0	\$0	\$0	\$0
	Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account (1510))						
57			7450				\$0
58							0
59							0
60	Deferred Income Tax Effect of Extraordinary Items		7640				0
61	Total	\$0		\$0	\$0	\$0	\$0
62	Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.	\$0		\$0	\$0	\$0	\$0

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

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

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	Property Related						
1	Current Deferred Operating Income Taxes-Cr. (Account 4100)						\$0
2	None						0
3							0
4							0
5							0
6							0
7							0
8							0
9	Total	\$0	7250	\$0	\$0	\$0	\$0
10	Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)						
11	Plant Related	\$813,441	7250		\$5,336		\$808,105
12							0
13							0
14							0
15							0
16							0
17							0
18	Total	\$813,441	7250	\$0	\$5,336	\$0	\$808,105
19	Total Property Related Deferred Operating Income Taxes-Cr.	\$813,441		\$0	\$5,336	\$0	\$808,105
	Nonproperty Related						
20	Current Deferred Operating Income Taxes-Cr. (Account 4100)						\$0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	Total	\$0	7250	\$0	\$0	\$0	\$0

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

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

29. EXCESS/DEFICIENT DEFERRED FEDERAL INCOME TAX BALANCES *

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

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

30. Investments in Affiliated Companies

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

Line No.	Item (A)	Date of Acquisition (B)	Acquisition Cost (C)	Type Of Security (D)	Amount of Inv. Beg of Year (E)	Invests Retired During Year (F)	Gain or loss on disposition (G)
1	K&S Communications, Inc	1985	\$6,000	C	\$25,514		
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	\$25,514	\$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 proprietary, this schedule as included in the report form may be filed with totals only. However, the respondent is required to file one complete copy of this schedule, including all detail by affiliate, accompanied by a request for proprietary treatment in accordance with General Instruction 2 of this report form.

Line No.	Percent of Ownership (H)	Equity Method			Cost Method			Amount of Investments End of Year (O)
		Equity in Earnings Of Affiliated Companies Account 7355 (I)	Dividends Declared (J)	Other Adjustments and Amortizations (K)	Dividend Income Account 7310 (L)	Decline in Value of Investments		
						Temporary Account 4540 (M)	Permanent (N)	
1	100.00%	\$122,253						\$147,767
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	\$122,253	\$0	\$0	\$0	\$0	\$0	\$147,767

31. INVESTMENTS

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

Line No.	Class (a)	Description of Investment (Including nominal interest rate and term when appropriate) (b)	Book Cost of Investment at Beginning of the Year (c)	Book Cost of Investment Made During the Year (d)
1		<u>Account 1401.2, Advances to Affiliated Companies:</u> K&S Communications, Inc.	\$0	\$0
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18		Total Account 1401.2	\$0	\$0
19		<u>Account 1402, Investments in Nonaffiliated Companies:</u> None		
20				
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	Subaccount 1406.1 Permanent Investment				\$0
2	None				0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12	Subaccount 1406.2 Receivable/Payable				0
13	None				0
14					0
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23	Subaccount 1406.3 Current Net Income or Loss				0
24	None				0
25					0
26					0
27					0
28					0
29					0
30					0
31					0
32					0
33					0
34	Total	\$0	\$0	\$0	\$0

33. OTHER DEFERRED CHARGES

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

Line No.	Description of Item (a)	Balance at Beg. of Year (b)	Debits (c)	Credits		Balance at End of Year (f)
				Account Credited (d)	Amount (e)	
1	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	Totals from Insert Pages					0
28	Total	\$0	\$0		\$0	\$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)
	Account 4010.1 Accounts Payable to Affiliated Companies:				
1	PrimeLink, Inc	\$2,428	\$62,899	\$64,457	\$3,986
2					0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
12					0
13	Total Accounts Payable to Affiliated Companies	\$2,428	\$62,899	\$64,457	\$3,986
	Account 4010.2 Other Accounts Payable:				
14	Unbilled CABS Estimated	\$100,000			\$100,000
15	NECA Access Settlement	(13,084)	1,820,925	1,827,074	(6,935)
16	ATT PARS	80	55,316	55,408	172
17	Verizon PARS	188	12,888	12,712	12
18	PrimeLink PARS	0	995,066	995,066	0
19					0
20					0
21					0
22					0
23					0
24					0
25					0
26					0
27	Aggregate of all other items	495,262	6,199,086	6,386,404	682,580
28	Total Other Accounts Payable	\$582,446	\$9,083,281	\$9,276,664	\$775,829

35. NOTES PAYABLE

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

Line No.	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate per Annum (f)
	Account 4020.1 Notes Payable to Affiliated Companies:					
1						
2	None					
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	Total				\$0	xxxxx
	Account 4020.2 Other Notes Payable:					
17						
18	None					
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Aggregate of all other items					
31	Total				\$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	Account 4050, Current Maturities - Debt											
2	RUS "A" Note	7/3/1980	7/3/2015	\$32,733	5.00%	\$1,743	\$250			\$52		
3	RUS "B" Note	7/3/1980	7/3/2015	129,348	5.00%	6,886	987			204		
4												
5												
6												
7												
8												
9												
10												
11	Total			\$162,081								
12	Account 4210, Funded Debt											
13	RUS "A" Note	7/3/1980	7/3/2015	\$149,432	5.00%	7,955	1,140			236		
14	RUS "B" Note	7/3/1980	7/3/2015	590,486	5.00%	31,435	4,504			931		
15	Part-x allocation to deregulated subsidiary											
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38	Subtotal			\$739,918		\$48,019	\$6,881	\$0	\$0	\$1,423	\$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			\$739,918								
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			\$739,918		\$48,019	\$6,881	\$0	\$0	\$1,423	\$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			\$35,532				
2	Rus "B" Loan			126,583				
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	Total	xxxxxx	xxxxx	\$162,115	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	1/31/2010							
2	4/30/2010							
3	7/31/2010							
4	10/31/2010							
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	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	Totals	\$0		\$0		\$0	\$0

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	\$71,295			\$5,729	\$77,024
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		\$2,428,542	x x x	\$0	\$5,729	\$2,434,271

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 non-voting	7,000	2,747	\$50	\$137,350				\$8,927	\$8,927
11										
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			104,052
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
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45				
45				
46				
47				
48				
49				
50				

42. OPERATING REVENUES			
Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
LOCAL NETWORK SERVICES REVENUES			
1	5001 Basic Area	\$978,754	\$1,045,391
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	129,994	138,213
9	5069 Other Local Exchange Settlements		
10	Total Local Network Services Revenues	1,108,748	1,183,604
NETWORK ACCESS SERVICES REVENUES			
11	5081 End User	397,391	417,217
12	5082 Switched Access	2,474,157	2,672,168
13	5083 Special Access		
14	5084 State Access	692,505	718,769
15	Total Access Services Revenues	3,564,053	3,808,154
LONG DISTANCE NETWORK SERVICES REVENUES			
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
MISCELLANEOUS REVENUES			
30	5230 Directory	11,879	18,441
31	5240 Rent	12,035	12,035
32	5250 Corporate Operations		
33	5261 Special Billing Arrangements	2,569	6,696
34	5262 Customer Operations		
35	5263 Plant Operations		
36	5264 Other Incidental Regulated	37,409	15,006
37	5269 Other Settlements		
38	5270.1 Interstate Billing and Collection	482	1,208
39	5270.2 Intrastate Billing and Collection	16,055	22,996
40	5280 Nonregulated		
41	Total Miscellaneous Revenues	80,429	76,382
UNCOLLECTIBLE REVENUES			
42	5301 Uncollectible-Telecommunications	3,000	5,000
43	5302 Uncollectible-Other		
44	Total Uncollectible Revenues	3,000	5,000
45	TOTAL OPERATING REVENUES	\$4,750,230	\$5,063,140
46	FOOTNOTE: USF Revenues \$ 112,182	XXXXXXXXXX	XXXXXXXXXX
47	Recorded in Account: 5082	XXXXXXXXXX	XXXXXXXXXX

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44. OPERATING EXPENSES BY CATEGORY

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
<u>Plant Specific Operations</u>				
<u>Network Support Expenses</u>				
1	6112 Motor Vehicle	37	17	46,917
2	Clearance	37	17	25,505
3	Net Balance	0	0	21,412
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	21,412
<u>General Support Expenses</u>				
15	6121 Land and Building	9,405	5,561	296
16	6122 Furniture and Artworks			
17	6123 Office Equipment			3,925
18	6124 General Purpose Computers	98,874	54,871	38,344
19	6120 General Support Expenses	108,279	60,432	42,565
<u>Central Office Switching Expenses</u>				
20	6211 Analog Electronic			
21	6212 Digital Electronic	123,236	68,630	3,770
22	6215 Electro-Mechanical			
23	6210 Central Office Switching Expenses	123,236	68,630	3,770
24	6220 Operator Systems Expense			
<u>Central Office Transmission Expenses</u>				
25	6231 Radio Systems			
26	6232 Circuit Equipment	173,542	97,449	54,480
27	6230 Central Office Transmission Expenses	173,542	97,449	54,480
<u>Information Origination/Termination Expenses</u>				
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.	
<u>Plant Specific Operations</u>					
<u>Network Support Expenses</u>					
6112	Motor Vehicle	179,141	226,112	192,001	1
	Clearance	169,688	195,247	166,296	2
	Net Balance	9,453	30,865	25,705	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	18,595	18,595	13,441	11
	Clearance	16,727	16,727	11,893	12
	Net Balance	1,868	1,868	1,548	13
6110	Network Support Expenses	11,321	32,733	27,253	14
<u>General Support Expenses</u>					
6121	Land and Building	79,917	95,179	112,819	15
6122	Furniture and Artworks	34	34	1,077	16
6123	Office Equipment	27,256	31,181	38,876	17
6124	General Purpose Computers	131,751	323,840	332,086	18
6120	General Support Expenses	238,958	450,234	484,858	19
<u>Central Office Switching Expenses</u>					
6211	Analog Electronic		0		20
6212	Digital Electronic	118,848	314,484	273,560	21
6215	Electro-Mechanical		0		22
6210	Central Office Switching Expenses	118,848	314,484	273,560	23
6220	<u>Operator Systems Expense</u>		0		24
<u>Central Office Transmission Expenses</u>					
6231	Radio Systems		0		25
6232	Circuit Equipment	88,171	413,642	436,826	26
6230	Central Office Transmission Expenses	88,171	413,642	436,826	27
<u>Information Origination/Termination Expenses</u>					
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	6,329	5	40,800
35	6421 Aerial Cable	106,113	57,772	3,699
36	6422 Underground Cable	4,495	319	38
37	6423 Buried Cable	34,437	17,340	1,051
38	6424 Submarine Cable			
39	6425 Deep Sea Cable			
40	6426 Intrabuilding Network Cable			
41	6431 Aerial Wire			
42	6441 Conduit Systems	181		
43	6410 Cable and Wire Facilities Expenses	151,555	75,436	45,588
44	Total Plant Specific Operations Expense	556,612	301,947	167,815
	<u>Plant Nonspecific Operations</u>			
	<u>Other Property, Plant & 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		711	
52	6533 Testing	50,871	28,565	
53	6534 Plant Operations Administration	38,952	22,077	
54	Clearance	5,093	2,778	
55	Net Balance	33,859	19,299	0
56	6535 Engineering	53,546	28,865	0
57	Clearance	4,884	2,555	0
58	Net Balance	48,662	26,310	0
59	6530 Network Operations Expense	133,392	74,885	0
60	6540 Access Expense			
	<u>Depreciation & Amortization Expenses</u>			
61	6561 Depreciation-TPIS			
62	6562 Depreciation-Property Held for Future Tel.. Use			
63	6563 Amortization-Tangible			
64	6564 Amortization-Intangible			
65	6565 Amortization-Other			
66	6560 Depreciation & Amortization Expenses			
67	Total Plant Nonspecific Operations Expense	133,392	74,885	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	133	47,267	43,691	34
6421 Aerial Cable	39,848	207,432	168,899	35
6422 Underground Cable	958	5,810	7,922	36
6423 Buried Cable	12,820	65,648	66,035	37
6424 Submarine Cable		0		38
6425 Deep Sea Cable		0		39
6426 Intrabuilding Network Cable		0	2,978	40
6431 Aerial Wire		0		41
6441 Conduit Systems	574	755		42
6410 Cable and Wire Facilities Expenses	54,333	326,912	289,525	43
Total Plant Specific Operations Expense	511,631	1,538,005	1,512,022	44
<u>Plant Nonspecific Operations</u>				
<u>Other Property, Plant & Equipment Expenses</u>				
6511 Property Held for Future Telephone Use		0		45
6512 Provisioning		0	3,735	46
Clearance		0	3,735	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	34,929	34,929	35,790	50
6532 Network Administration	4,751	5,462	9,636	51
6533 Testing	1,067	80,503	74,889	52
6534 Plant Operations Administration	10,037	71,066	46,537	53
Clearance	996	8,867	5,068	54
Net Balance	9,041	62,199	41,469	55
6535 Engineering	52,125	134,536	83,041	56
Clearance	4,245	11,684	7,554	57
Net Balance	47,880	122,852	75,487	58
6530 Network Operations Expense	97,668	305,945	237,271	59
6540 Access Expense	74,451	74,451	63,261	60
<u>Depreciation & Amortization Expenses</u>				
6561 Depreciation-TPIS	516,505	516,505	551,547	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	516,505	516,505	551,547	66
Total Plant Nonspecific Operations Expense	688,624	896,901	852,079	67

44. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)	Rents (d)
	<u>Customer Operations</u>			\$
	<u>Marketing</u>			
68	6611 Product Management	7,012	2,913	
69	6612 Sales			
70	6613 Product Advertising	4,354	1,975	
71	6610 Marketing	11,366	4,888	
	<u>Services</u>			
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	22,948	13,790	
76	6623.2 Customer Services-Billing and Collections	36,039	22,071	
77	6623.3 Customer Services-Public Telephone Expenses			
78	6620 Services	58,987	35,861	
79	Total Customer Operations Expense	70,353	40,749	
	<u>Corporate Operations Expense</u>			
	<u>Executive and Planning</u>			
80	6711 Executive	466,339	260,648	
81	6712 Planning			
82	6710 Executive and Planning	466,339	260,648	
	<u>General & Administrative</u>			
83	6721 Accounting & Finance	397,361	220,075	
84	6722 External Relations	209,095	116,874	
85	6723 Human Resources	107	61	
86	6724 Information Management			
87	6725 Legal			
88	6726 Procurement			
89	6727 Research and Development			
90	6728 Other General & Administrative			
91	6720 General & Administrative	606,563	337,010	
92	6790 Provision for Uncollectible Notes Receivable			
93	Total Corporate Operations Expenses	1,072,902	597,658	
94	TOTAL OPERATING EXPENSES	\$1,833,259	\$1,015,239	\$167,815

44. OPERATING EXPENSES BY CATEGORY (Continued)				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<u>Customer Operations</u>				
	\$	\$	\$	
<u>Marketing</u>				
6611	3,041	12,966	8,645	68
6612	1,720	1,720	1,892	69
6613	8,445	14,774	14,302	70
6610	13,206	29,460	24,839	71
<u>Services</u>				
6621	26,417	26,417	26,073	72
6622.1	693	693	943	73
6622.2	7,497	7,497	26,406	74
6623.1	33	36,771	62,968	75
6623.2	35,885	93,995	168,153	76
6623.3		0	0	77
6620	70,525	165,373	284,543	78
	83,731	194,833	309,382	79
<u>Corporate Operations Expense</u>				
<u>Executive and Planning</u>				
6711	74,754	801,741	804,857	80
6712		0		81
6710	74,754	801,741	804,857	82
<u>General & Administrative</u>				
6721	141,740	759,176	623,688	83
6722	55,711	381,680	348,745	84
6723	1,133	1,301	2,594	85
6724		0	0	86
6725	191,287	191,287	416,763	87
6726		0	0	88
6727		0	0	89
6728	83,203	83,203	115,449	90
6720	473,074	1,416,647	1,507,239	91
6790		0		92
	547,828	2,218,388	2,312,096	93
	\$1,831,814	\$4,848,127	\$4,985,579	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	(40,378)	(38,292)	(2,086)			
2	FICA-Contribution	162,595					
3	Unemployment	1,933					
4	Other:						
5	FCC Fees	2,152					2,152
6	Total	\$126,302	(\$38,292)	(\$2,086)	\$0	\$0	\$2,152
	State Taxes:						
7	Franchise-Gross Income-186a						
8	Franch.-Gross Inc.-Access Charges	40,403				22,885	17,518
9	Franchise-Gross Earnings-184	21,787				12,341	9,446
10	Franchise-Excess Div.-186	4,700				2,662	2,038
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 (Excess Dividend)						
15	MTA Surcharge						
16	Unemployment Insurance	4,405					
17	Disability Insurance	457					
18	Sales and Use						
	Other - PSC Assessment	852				483	369
19	FCC Fees					0	0
20	Total	\$72,604	\$0	\$0	\$0	\$38,371	\$29,371
21	Local Taxes:						
22	Real Estate	\$157,842				89,406	68,436
23	Special Franchise						
24	Municipal Gross Income						
25	NYC-Spec. Franchise						
26	Motor Vehicle						
27	Other allocation to deregulated	(2,668)				(1,511)	(1,157)
28							
29	Total	\$155,174	\$0	\$0	\$0	\$87,895	\$67,279
30	Other (list):						
31						0	0
32							
33	Totals	\$354,080	(\$38,292)	(\$2,086)	\$0	\$126,266	\$98,802

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	\$162,595
3	Unemployment				6750	\$1,933
4	Other					
5						
6	Total	\$0	\$0	\$0	XXXXXXX	\$164,528
	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	\$4,405
17	Disability Insurance				6750	\$457
18	Sales and Use					
19	Other					
20	Total	\$0	\$0	\$0	XXXXXXX	\$4,862
	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	\$169,390

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
4. or rulemaking. In this report, the utility also shall either propose a method of distributing to its customers the entire amount refunded or show why it should not make such a distribution.

Line No.	Description of Item (a)	Amount (b)
1	None	
2		
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32		
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34		
35	Total	\$0

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

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

Line No.	Particulars (a)	Amount (b)
1	Net Income for the Year per Income Statement (Schedule 12, line 48)	(\$141,023)
	Income Taxes Accrued:	
2	7210	
3	7220	(38,292)
4	7250	(76,002)
5	7420	(2,086)
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	\$14,923
17	Non -deductible meals and entertainment	4,013
18	Book over tax depreciation	37,218
19	OPEB SFAS 106	226,914
20	Loss from subsidiaray	
21	Lifeline deferral	5,729
22	Bad Debt Adjustment	507
23		
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25	Cost of removal	\$21,523
26	Meals and Entertainment	
27	Deferred compensation	25,000
28	Income from subsidiary	122,253
29	Depreciation	
30		
31		
32		
33	Federal tax net income	(\$136,875)
	Computation of tax:	xxxxxxxxxxxx
34	Federal Income Tax	(\$49,324)
35		
36		
37		
38		
39	Computed Federal Income Tax	(\$49,324)

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

Line No.	Particulars (a)	Amount (b)
	Additional Income & Unallowable Deductions:	

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	\$8,258
2	Lobbying	4,325
3	Late fees	17,289
4	Scholarships	(375)
5	Allocation to subsidiary	
6		
7		
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43		
44	Totals from Insert Pages	
45	Total	\$29,497

49. OTHER INTEREST DEDUCTIONS

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

Line No.	Description of Item (a)	Amount (b)
	Account 7540.1 Other Interest Deductions-Affiliated Companies	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	Total Other Interest Deductions-Affiliated Companies	\$0
	Account 7540.2 Other Interest Deductions	
14	Short Term Bank Note 7.5% interest	\$1,124
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	Total Other Interest Deductions	\$1,124

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	\$22,600
2		
3		
4		
5		
6		
7		
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9		
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37		
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41		
42		
43		
44		
45		
	Total	\$22,600

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 (d)	
				7630	7640
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					

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	\$29,374
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	\$29,374
	EXPENDITURES CHARGED TO ACCOUNT 7370			
15	Social and athletic clubs			
16	Service clubs			
17	Other organizations (specify type):			
18				
19	NYS Telpac	1	1	100
20	OPASTCO	1	1	3,325
21				
22				
23				
24				
25				
26				
27				
28	Total	2	2	\$3,425

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 lesser 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 - \$10,954

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 - \$280,416

Pension

Defined benefit multi employer pension plan covering all employees

Provided by National Telephone Cooperative Association

Total cost to the company - \$248,990

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 - \$

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 - \$13,642

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 - \$99

53. Employee Protective Plans (Continued)

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54. ANALYSIS OF PENSION COST

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

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

54. ANALYSIS OF PENSION COST (Continued)		
Line No.	Item (a)	Current Year (b)
	<u>PLAN</u>	
1	Accumulated Benefit Obligation	\$ <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.	

* Specify in the space below the reason(s) for any difference between the amounts reported on lines 23(b) and 24(b).

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)
<u>ANALYSIS OF OPEB COSTS</u>		
	Accumulated Benefit Obligation Attributable to:	
1	Retirees Covered by the Plan	\$ 17
2	Other Fully Eligible Plan Participants	\$ 26
3	Other Active Plan Participants	\$
4	Fair Value of Plan Assets Held in an Exterior Fund or Trust	\$ 1,291,479
	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	\$ 445,244
9	Unrecognized Prior Service Costs	\$ 0
10	Unrecognized Gains or (Losses)	\$ 562,697
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.	12/31/10
14	Discount Rate	5.75%
15	Expected Long-Term Rate of Return on Assets (Exterior Fund)	7.45%
16	Interest Rate Applied to NYS Jurisdiction Internal Reserve Balance	\$
17	Salary Progression Rate (if applicable)	3.00%
<u>NET PERIODIC OPEB COST</u>		
18	Service Cost	\$ 53,315
19	Interest Cost	122,161
20	Actual Return on Plan Assets [(Gain) or Loss]	(96,197)
21	Deferral of Asset Gain or (Loss)	\$
22	Amortization of Transition Amount	111,312
23	Amortization of Unrecognized Prior Service Cost	\$
24	Amortization of (Gains) or Losses from Earlier Periods	(19,706)
25	(Gain) or Loss Due to a Temporary Deviation From a Substantive Plan	\$
26	Net Periodic OPEB Cost	\$ 170,885

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

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

Line No.	Item (a)	Total Company (b)
EXTERNALLY HELD OPEB DEDICATED FUNDS OR TRUSTS		
1	Fair Value of Plan Assets at Beginning of Period	1,316,834
	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	173,783
6	Capital Appreciation or (Depreciation) of Fund Assets	
7	Cost Benefits Paid from the Fund To or For Plan Participants	199,139
8	Other Expenses Paid By the Fund **	
9	Fair Value of Plan Assets at End of the Period	\$1,291,478

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

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

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

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

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

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

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

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
	Affiliates:				
1	PrimeLink, Inc	Cost	6112	Champlain Telephone Company	\$3,884
2	PrimeLink, Inc	Cost	6116	Champlain Telephone Company	589
3	PrimeLink, Inc	Cost	6121 & 6122	Champlain Telephone Company	7,025
4	PrimeLink, Inc	Cost	6123	Champlain Telephone Company	8,034
5	PrimeLink, Inc	Cost	6124	Champlain Telephone Company	24,198
6	PrimeLink, Inc	Cost	6561	Champlain Telephone Company	9,789
7	PrimeLink, Inc	Cost	6611	Champlain Telephone Company	411
8	PrimeLink, Inc	Cost	6612	Champlain Telephone Company	85
9	PrimeLink, Inc	Cost	6613	Champlain Telephone Company	52
10	PrimeLink, Inc	Cost	6623	Champlain Telephone Company	463
11	PrimeLink, Inc	Cost	6711	Champlain Telephone Company	7,660
12	PrimeLink, Inc	Cost	6721	Champlain Telephone Company	5,518
13	PrimeLink, Inc	Cost	6722	Champlain Telephone Company	2,235
14	PrimeLink, Inc	Cost	6723	Champlain Telephone Company	69
15	PrimeLink, Inc	Cost	6728	Champlain Telephone Company	1,020
16	PrimeLink, Inc	Cost	7240	Champlain Telephone Company	2,386
17	PrimeLink, Inc	Cost	7250	Champlain Telephone Company	(907)
18	PrimeLink, Inc	Cost	7370	Champlain Telephone Company	437
19	PrimeLink, Inc	Cost	7510	Champlain Telephone Company	910
20			7530 & 7540	Champlain Telephone Company	44
21	Total Affiliates				73,902
22	Other Companies:				
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	Aggregate of All Other Items				
42	Total Other Companies				0
43	Total General Services and Licenses				73902

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	251			251	
February	255			255	
March	260			260	
April	274			274	
May	280			280	
June	46			46	
July	294			294	
August	309			309	
September	245			245	
October	269			269	
November	274			274	
December	280			280	

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	1,514			1,535
2	Rouses Point	1,283			1,219
3	Mooers	1,578			1,449
4					0
5					0
6					0
7					0
8					0
9					0
10		4,375	0	0	4,203

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	708	58		769				
2	410	84		725				
3	197	60		1,192				
4								
5								
6								
7								
8								
9								
10	1,315	202	0	2,686	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	9,368,100	467,544	1,868,802	113,736	526,391	460,620	1,966,604	10,410,000
2									0
3									0
4									0
5									0
6									0
7									0
8									0
9									0
10		9,368,100	467,544	1,868,802	113,736	526,391	460,620	1,966,604	10,410,000

63. STATISTICS RELATING TO TELEPHONE SERVICE QUALITY

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

Line No.	Service Measurement (a)	TOTAL COMPANY SERVICE QUALITY DATA						Number of Surveillance Level Failures (h)
		Average for the Year (b)	Cumulative Annual Total (c)	Measurement Opportunities		Measurement Opportunities		
				At Objective Level Number (d)	At Objective Level Percent (e)	At Weakspot Level Number (f)	At Weakspot Level Percent (g)	
1	Customer Trouble Report Rate Per 100 Access Lines	1.11	13.33					
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		13.33	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)
A. Direct Buried (Plowed) Lines		
1	Total Length	0 ft.
2	Cost of Plowing Only	\$0.00
3	Average Cost of Plowing Only	/ft.
B. Sole Occupancy Trenched Lines		
4	Total Length	0 ft.
5	Cost of Trenching Only	\$0.00
6	Average Cost of Trenching Only	/ft.
C. Shared Occupancy Trenched Lines		
7	Total Length	0 ft.
8	Cost of Trenching (telephone portion) Only	\$0.00
9	Average Cost of Trenching (telephone portion) Only	/ft.

II. Plant Constructed To Connect Subdivisions To The Existing Telephone Distribution System

A. Facilities Placed Underground		
10	Total Length	0 ft.
11	Total Cost	0
12	Average Total Cost	/ft.
B. Facilities Placed Overhead		
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	1,800,810
2	Telecommunications Plant In Service	
3	Telecommunications Plant Under Construction	43,554
4	Accumulated Depreciation	
	Other (specify):	
5	Compensated time off	370,310
6	Charged to subsidiaries	475,076
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$2,689,750
65A. NUMBER OF EMPLOYEES		
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:	
31	All Other Employees Not Elsewhere Classified	
32	Total Employees	33

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STATE OF NEW YORK
Public Service Commission
5 Year Book Data
The Champlain Telephone Company
For the period ending December 31, 2010

Annual Report of The Champlain Telephone Company

For the period ending D

COMPARATIVE BALANCE SHEET

	Annual Report Source Sch 11, Pg 16 (C)	
CURRENT ASSETS		
1 Cash and Temporary Cash Investments	L1-4	\$145,988
2 Accounts Receivable (Net)	L(5,7,8) - L(6,9)	2335548
3 Current Deferred Income Taxes	L21	26188
4 Other Current Assets	(Formula)	272604
5 Total Current Assets	L22	2780328
NON-CURRENT ASSETS		
6 Investments	L23-26	147767
7 Unamortized Debt Issuance Costs	L27	6881
8 Deferred Charges	L30-31	0
9 Other Jurisdictional Assets - Net	L32	
10 Non-Current Deferred Income Taxes	L33	1250905
11 Other Non-Current Assets	(Formula)	0
12 Total Non-Current Assets	L 34	1405553
REGULATED PLANT		
13 Total Telecommunications Plant	L42	13030151
14 Less: Accumulated Depreciation and Amort.	L43-44	8297599
15 Net Regulated Plant	(Formula)	4732552
16 Total Assets & Other Debits	(Formula)	8918433

CURRENT LIABILITIES		Source	
		Sch 11, Pg 17 (C)	
17	Accounts Payable	L1-2	779815
18	Notes Payable	L3-4	0
19	Advanced Billings	L5	20625
20	Customer Deposits	L6	0
21	Current Maturities - Long-Term Debt	L7-8	162081
22	Current Deferred Income Taxes	L11-12	0
23	Other Current Liabilities	(Formula)	920574
24	Total Current Liabilities	L15	1883095
LONG-TERM DEBT			
25	Long-Term Debt	L23	739918
OTHER LIAB. & DEFERRED CREDITS			
26	Unamortized ITC	L25-26	0
27	Non-Current Deferred Taxes	L27-28	808105
28	Other Deferred Credits	L29	2434271
29	Other Jurisdictional Differences - Net	L30	
30	Other Liabilities	(Formula)	0
31	Total Other Liab. and Def. Credits	L31	3242376
STOCKHOLDER'S EQUITY			
32	Common Stock	L32	210000
33	Preferred Stock	L33	137350
34	Other Paid in Capital	L34-36	77519
35	Retained Earnings	Formula	2628175
36	Total Stockholder's Equity	L40	3053044
37	Total Liab. and Stockholder's Equity	(Formula)	\$8,918,433

INCOME STATEMENT

OPERATING REVENUES		Source	
		Sch 42, Pg 65 (b)	
1	Local Network Services	L10	\$1,108,748
2	Network Access Services	L15	3,564,053
3	Long Distance Network Services	L29	0
4	Miscellaneous Revenues	L41	80,429
5	Less: Uncollectible Revenues	L44	3,000
6	Total Operating Revenues	(Formula)	4,750,230
OPERATING EXPENSES		Sch 44, Pg 67 (F)	
7	Network Support Expenses	L14	32,733
8	General Support Expenses	L19	450,234
9	Central Office Switching	L23	314,484
10	Operator Systems Expense	L24	0
11	Central Office Transmission	L27	413,642
12	Info. Origination/Termination	L33	0
13	Cable & Wire Facilities	L43	326,912
14	Total Plant Specific Operations	(Formula)	1,538,005
		Sch 44, Pg 69 (F)	
15	Other Plant, Property & Equipment	L49	0
16	Network Operations	L59	305,945
17	Access Expense	L60	74,451
18	Depreciation and Amortization	L66	516,505
19	Total Plant Non-Specific Operations	(Formula)	896,901
		Sch 44, Pg 71 (F)	
20	Marketing Expense	L71	29,460
21	Services Expense	L78	165,373
22	Total Customer Operations	(Formula)	194,833
		Sch 44, Pg 73 (F)	
23	Executive & Planning	L82	801,741
24	General & Administrative	L91	1,416,647
25	Provision - Uncollectible Notes Rec.	Less L92	0
26	Other		
27	Total Corporate Operations	(Formula)	2,218,388
28	Total Operations Expense	(Formula)	4,848,127
		Sch 12, Pg 20 (C)	
29	Other Operating Income & Expenses	L9	7
30	State & Local Income Taxes	L12	0
31	Other Taxes	L13	225,068
32	Net Operating Income Before FIT	(Formula)	(322,958)
33	Investment Tax Credits - Net	L10	0
34	Federal Income Taxes	L11	(38,292)
35	Provision - Def. Operating Income Taxes - Net	L14	(76,002)
36	Net Operating Income	(Formula)	(\$208,664)

INCOME STATEMENT

	Source	
1 Net Operating Income	From Above	(\$208,664)
NON-OPERATING INCOME & EXPENSES		Sch 12, Pg 20 (C)
2 Dividend Income	L17	0
3 Interest Income	L18	763
4 Income - Sinking and Other Funds	L19	0
5 Allowance for Funds Used During Construction	L20	0
6 Gains/Losses - Disposal of Property	L21	0
7 Equity in Earnings of Affiliated Companies	L22	122,253
8 Other Non-Operating Income	L23	22,600
9 Special Charges	L24	29,497
10 Total Non-Operating Income & Expenses	(Formula)	116,119
NON-OPERATING TAXES		Sch 12, Pg 20 (C)
11 Federal Income Taxes	L26+L27+L30	(2,086)
12 Other	L28+L29	0
13 Total Non-Operating Taxes	(Formula)	(2,086)
14 Income Available Before Interest Charges	(Formula)	(90,459)
INTEREST CHARGES		
15 Interest on Funded Debt	L34	48,019
16 Other Interest Expense	(Formula)	2,547
17 Total Interest Charges	L38	50,566
18 Income Before Extraordinary & Nonregulated Items	(Formula)	(141,025)
Extraordinary & Nonregulated Items		Sch 12, Pg 21 (C)
19 Extraordinary Items	L44	0
20 Nonregulated Revenues	L46	0
21 Total Extraordinary & Nonregulated Items	(Formula)	0
22 Net Income	(Formula)	(\$141,025)

RETAINED EARNINGS STATEMENT		Sch 12, Pg 21 (C)
Unappropriated Retained Earnings:		
23 Beginning Year Balance	L49	\$2,838,015
24 Transferred from Income	L50	(141,025)
25 Appropriations	L51	0
Dividends Declared:		
26 Preferred Stock	L52	8,927
27 Common Stock	L53	59,888
28 Adjustments	L54	0
29 Ending Year Balance	(Formula)	2,628,175
30 Appropriated/Undistributed Affiliated Retained Earnings	L57+L60-L61+L62)	0
31 Total Retained Earnings	(Formula)	\$2,628,175

CASH FLOW STATEMENT

	Source	
Cash Flows from Operating Activities		
1 Net Income	Formula	(\$141,025)
Non-Cash Items Included in Net Income		
2 Depreciation, Depletion & Amortization	L2+L3	517,954
3 Changes in Accumulated Deferred Income Taxes	L4	(14,827)
4 Changes in Working Capital	L6+L7+L8+L10+L11	(10,784)
5 Capitalized AFDC - Equity	L5	0
6 Other	(Formula)	(120,838)
7 Total Non-Cash Items	L17	371,505
8 Net Cash Provided by (Used In) Operating Activities	(Formula)	230,480
Cash Flows from Investing Activities		
9 Cash Flows from Construction	L28	(156,420)
10 Purchase of Other Investments	L29+L30+L31+L32	0
11 Sale of Other Investments	L33+L34+L35+L36	14,923
12 Other	L37+L38+L39	0
13 Net Cash Provided by (Used In) Investing Activities	(Formula)	(141,497)
Cash Flows from Financing Activities		
Net Proceeds (Payments)		
14 Long-Term Debt	L43+L49	(162,116)
15 Common Stock	L41+L47	0
16 Preferred Stock	L42+L48	0
17 Short-Term Debt	L44	0
18 Dividends Paid	L50+L51	(8,927)
19 Other Financing	(Formula)	44,164
20 Net Cash Provided by (Used In) Financing	L59	(126,879)
21 Net Increase (Decrease) in Cash & Equivalents	(Formula)	(37,896)
22 Cash & Equivalents at Beginning of Year	L61	183,884
23 Cash & Equivalents at End of Year	(Formula)	\$145,988

DISTRIBUTION OF TELEPHONE REVENUES

1	Revenues	Source Formula Sch 61	\$4,750,230
2	Access Lines	Pg 96, L10 (e)	4203

DOLLAR AMOUNTS

3	Wages and Benefits	Sch 44 Pg 71, L94 (b) (c)	\$2,848,498
4	Depreciation and Amortization	(Formula)	516505
5	Other Operations Expense	(Formula)	1483124
6	Total Operation Expenses	(Formula)	4848127
7	Income Taxes - Operating Taxes	(Formula)	-114294
8	Other Taxes - Operating Taxes	(Formula)	225068
9	Capital Costs	(Formula)	-208671
10	Total	(Formula)	\$4,750,230

PERCENT OF REVENUES

11	Wages and Benefits	(Formula)	60.0
12	Depreciation and Amortization	(Formula)	10.9
13	Other Operations Expense	(Formula)	31.2
14	Income Taxes - Operating Taxes	(Formula)	(2.4)
15	Other Taxes - Operating Taxes	(Formula)	4.7
16	Capital Costs	(Formula)	(4.4)
17	Total	(Formula)	100.0

DOLLARS PER ACCESS LINE

18	Wages and Benefits	(Formula)	677.73
19	Depreciation and Amortization	(Formula)	122.89
20	Other Operations Expense	(Formula)	352.87
21	Income Taxes - Operating Taxes	(Formula)	(27.19)
22	Other Taxes - Operating Taxes	(Formula)	53.55
23	Capital Costs	(Formula)	(49.65)
24	Total	(Formula)	1,130.20

TELECOMMUNICATIONS PLANT AND SELECTED RATIOS

		Source
		Sch 14, Pg 24, 25
Plant In Service		
1 General Support Assets	L13	\$2,581,128
2 Central Office Assets	L25	3,101,951
3 Information Origination/Termination	L31	26,734
4 Cable And Wire Facilities	L41	7,291,419
5 Amortizable Assets	L45	0
6 Total Plant In Service	(Formula)	13,001,232
7 Property Held For Future Use	L47	0
Plant Under Construction -		
8 Short & Long Term	L48,49	28,919
9 Telecommunications Plant Adjustment:		
10 Tel. Acquisition	L51	0
11 Other Plant	L52	0
12 Nonoperating Plant	L53	0
13 Goodwill	L54	0
14 Total Telecommunications Plant	(Formula)	13,030,151
15 Less Acc. Prov. For Depreciation & Amort.	(Formula)	8,297,599
16 Net Total Utility Plant	(Formula)	\$4,732,552

SELECTED RATIOS AND STATISTICS

17	Current Assets / Current Liabilities	(Formula)	1.48
18	Total Capitalization	(Formula)	\$3,955,043
	<u>Percent Of Capitalization (Incl. S-T- Debt)</u>		
19	Long-Term Debt	(Formula)	18.7%
20	Preferred Stock	(Formula)	3.5%
21	Common Stock & Retained Earnings	(Formula)	73.7%
22	Short-Term Debt	(Formula)	4.1%
23	Pretax Coverage of Interest Expense	(Formula)	-4.09
24	Com. Stock Dividends as a % of Earnings	(Formula)	-39.9%
25	Return on Common Equity	(Formula)	-5.1%
	Internal Cash Generated as a % of		
26	Cash Outflows for Construction	(Formula)	147.3%
27	CWIP as a % of Plant	(Formula)	0.2%
	Number of Employees	(Formula)	33
		Source	
	Current Assets	(Formula)	2780328
	Current Liabilities	(Formula)	1883095
	Total Capitalization	(Formula)	3955043
	Long-Term Debt	(Formula)	739918
	Preferred Stock	(Formula)	137350
	Common Stock and Retained Earnings (Excl. Preferred Stock)	(Formula)	2915694
	Short-Term Debt	(Formula)	162081
	Pretax Income	See Below	-206839
	Interest Expense	(Formula)	50566
	Common Dividends Paid	(Formula)	59888
	Net Income	See Below	-149952
	(Excl. Preferred Stock Dividends)		
	Internal Cash	(Formula)	230480
	Cash Outflows for Construction	(Formula)	-156420
	CWIP	(Formula)	28919
	Total Plant	(Formula)	13030151
	Shares Outstanding	Pg. 63, Ln 9 (c)	74860
	Number of Employees	Pg. 100, Ln 32	33
	<u>Additional Calculations</u>		
	Data used for "Pretax Income":	NOI Before FIT	-322958
		Non-Oper. Inc. & Exp.	116119
		Non-Oper. Tax - Other	0
		Total	(\$206,839)
	Data used for "Net Income":	Net Income	-141025
		Pref. Dividends	8927
		Total	-149952