

## **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	PATTTCMR.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, 2012

**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 :	Dunkirk & Fredonia Telephone Company
Address line 1:	40 Temple Street, PO Box 209
Address line 2:	Fredonia, New York 14063
For the period starting:	January 1, 2012
For the period ending:	December 31, 2012
Date due:	March 31, 2013
For the period starting January 1, 2012 For the period ending December 31, 2012 Year Ended December 31, 2012	

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

Annual Report of Dunkirk & Fredonia Telephone Company	For the period ending December 31, 2012
Annual Report of Dunkirk & Fredonia Telephone Company	For the period ending December 31, 2012
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Annual Report of Dunkirk & Fredonia Telephone Company	For the period ending December 31, 2012



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

COMPANY CODE:

TELEPHONE CORPORATIONS

# ANNUAL REPORT

OF

Dunkirk & Fredonia Telephone Company

---

Exact legal name of reporting telephone corporation

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

---

40 Temple Street, PO Box 209

---

Fredonia, New York 14063

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(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2012

TO THE

STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

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

Bruce Clark, Vice President of Finance

---

40 Temple Street, PO Box 209

---

Fredonia New York 14063-0209

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(716) 673-3083

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**1. GENERAL INSTRUCTIONS**

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

### Comment Sheet

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

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

Comments

**2. GENERAL INFORMATION**

1. Name and title of officer having custody of the general books of account and address of the office where such books are kept.  
Mark R. Maytum, President, COO & Treasurer  
40 Temple Street  
PO Box 209  
Fredonia, New York 14063
2. Name of state in which incorporated, date of incorporation, and designation of law under which incorporated. If not incorporated, show type of organization, date organized and the identity of the parties in interest together with the extent of their respective interests.  
  
New York State  
February 16, 1898  
Transportation Corporation Law
3. If at any time during the year the property of the company was held by a receiver or trustee, give (a) the name of the receiver or trustee, (b) the date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was vested, and (d) the date when possession by receiver or trustee ceased.  
  
N/A
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.  
  
The respondent is subject to regulations by the federal communications with respect to our telephone maintenance, paging service and all other interstate type services.
5. Name all classes of service furnished by respondent.  
  
Business services which include single party, metered, PBX service and enhanced centrex. Residential services include single party and metered residence.

**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.

**Attachment**

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	Robert A. Maytum	Chairman of the Board/CEO	7/1/2013	\$199,500	\$199,500
2	Kurt W. Maytum	President, CTO & Secretary	7/1/2013	218,519	219,105
3	Mark R. Maytum	President, COO & Treasurer	7/1/2013	168,211	167,865
4	David T Pihl	VP of Operations	7/1/2013	76,400	76,326
5	Bruce H. Clark	VP of Finance	7/1/2013	81,137	80,740
6	Robert E. Dolan	Assistant Treasurer	7/1/2013	0	0
7	Paul Goldstein	Director	7/1/2013	0	0
8	Evelyn Jerden	Director	7/1/2013	0	0
9	Leonard Higgins	Director	7/1/2013	0	0
10	Salvatore Muoio	Director	7/1/2013	0	0
11	William R. Westin	Director	7/1/2013	0	0
12	Neil Kiernan	Director	7/1/2013	0	0
13					
14					
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NOTES:

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

- 1) 100.0%
- 2) 98.6%
- 3) 75.9%
- 4) 60.6%
- 5) 79.5%

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

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

Deferred Compensation (f)	Incentive Pay (Bonuses, etc.) (g)	Savings Plans (h)	Stock Options (i)	Life Insurance Premiums (j)	Other (Explain Below) (k)	Total (e thru k) (l)	Line No.
					1 \$5,000	\$204,500	1
					2 6,680	225,785	2
					2 5,630	173,495	3
					3 496	76,822	4
					4 0	80,740	5
					5 10,000	10,000	6
					5 10,000	10,000	7
					1 5,000	5,000	8
					5 10,000	10,000	9
					1 5,000	5,000	10
					1 5,000	5,000	11
					5 10,000	10,000	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

NOTES:

- 1) Directors Fees
- 2) Directors Fees Plus Vehicle
- 3) Vehicle
- 4) None
- 5) Directors Fees/Audit Committee Paid to Corporate

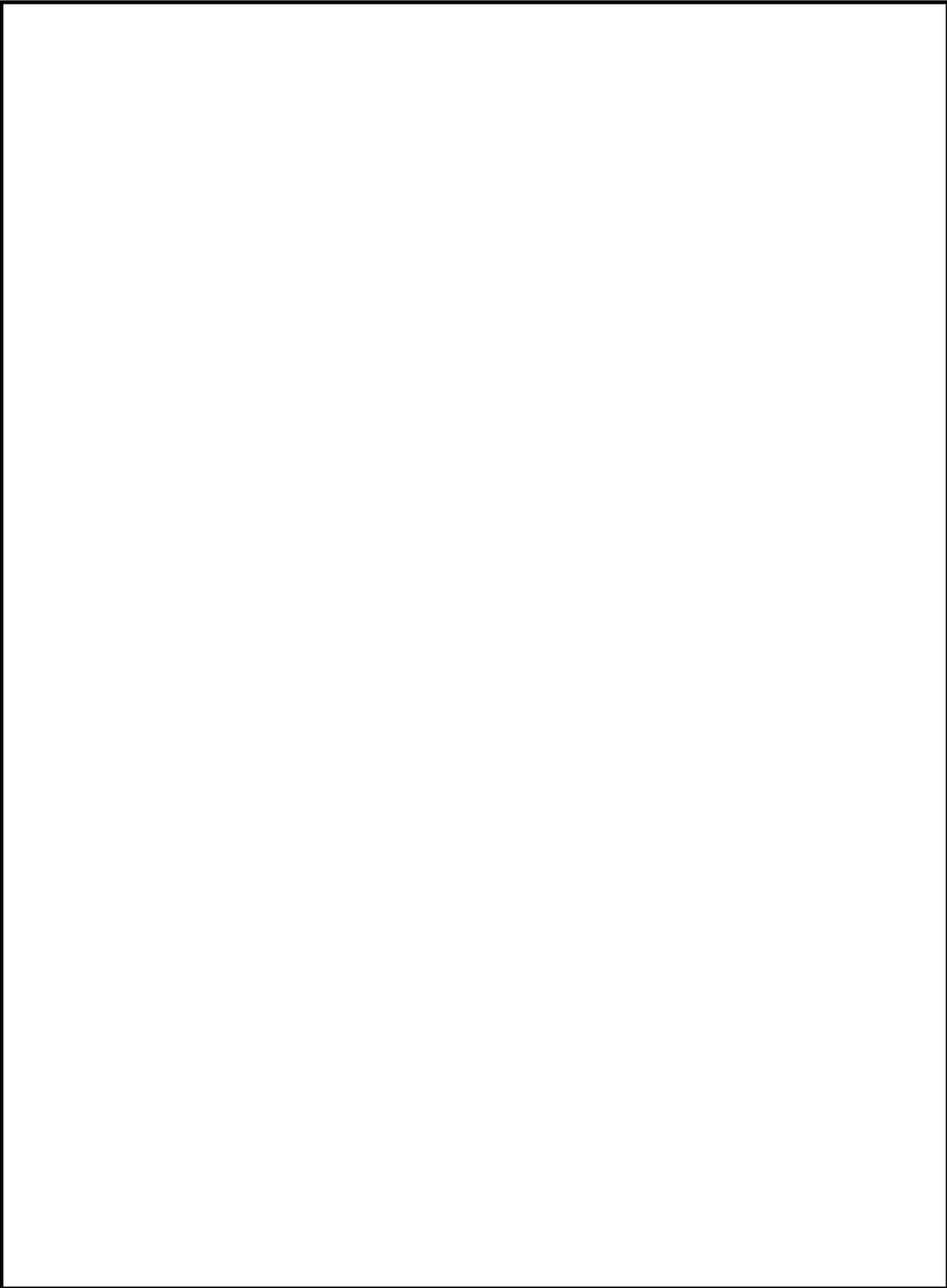
**4. CONTROL OVER RESPONDENT**

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

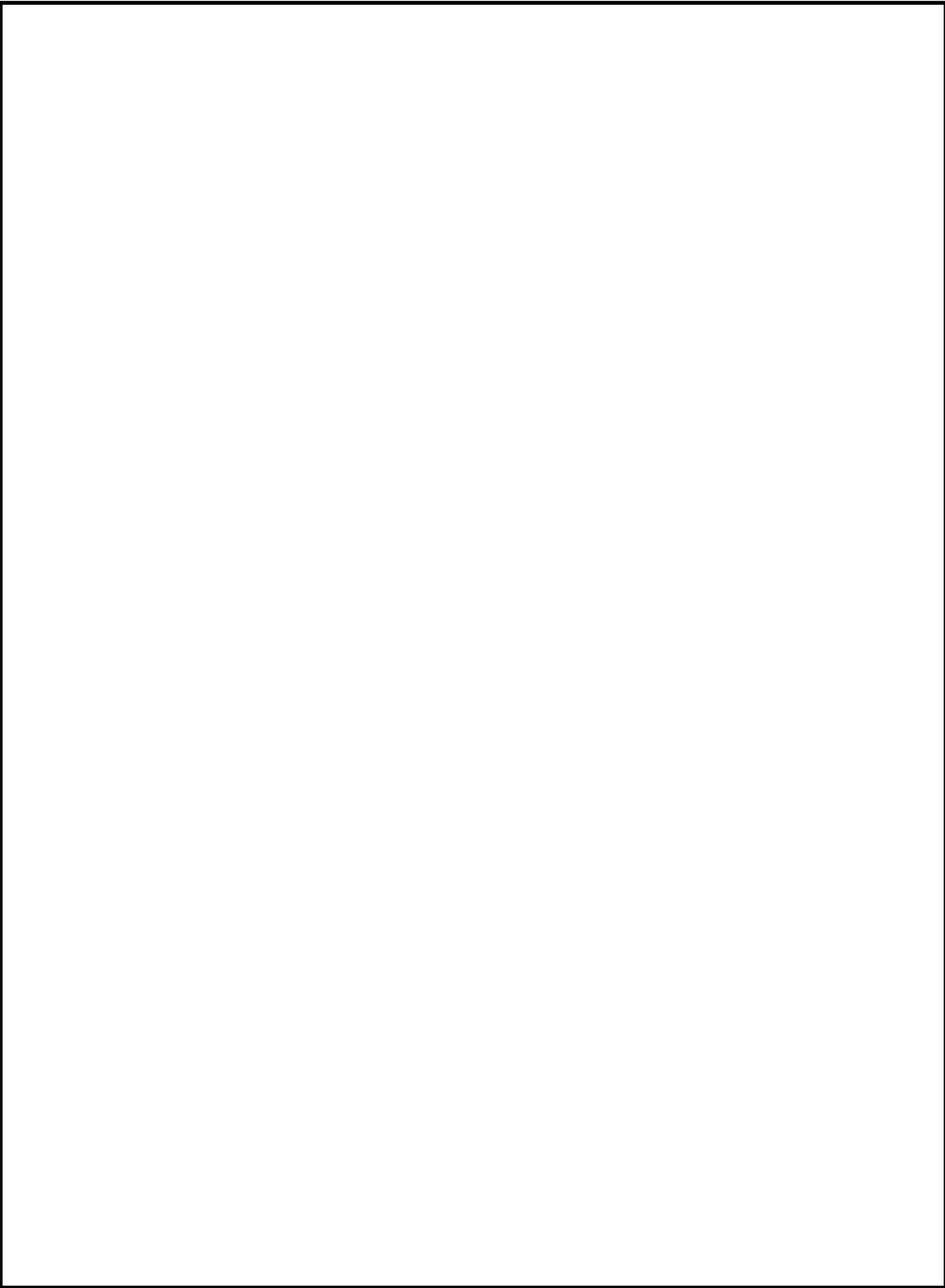
whom trust was maintained, and purpose of the trust. If other companies are controlled by the organization which holds control over the respondent, list the names of such companies and the kind of business each is engaged in.

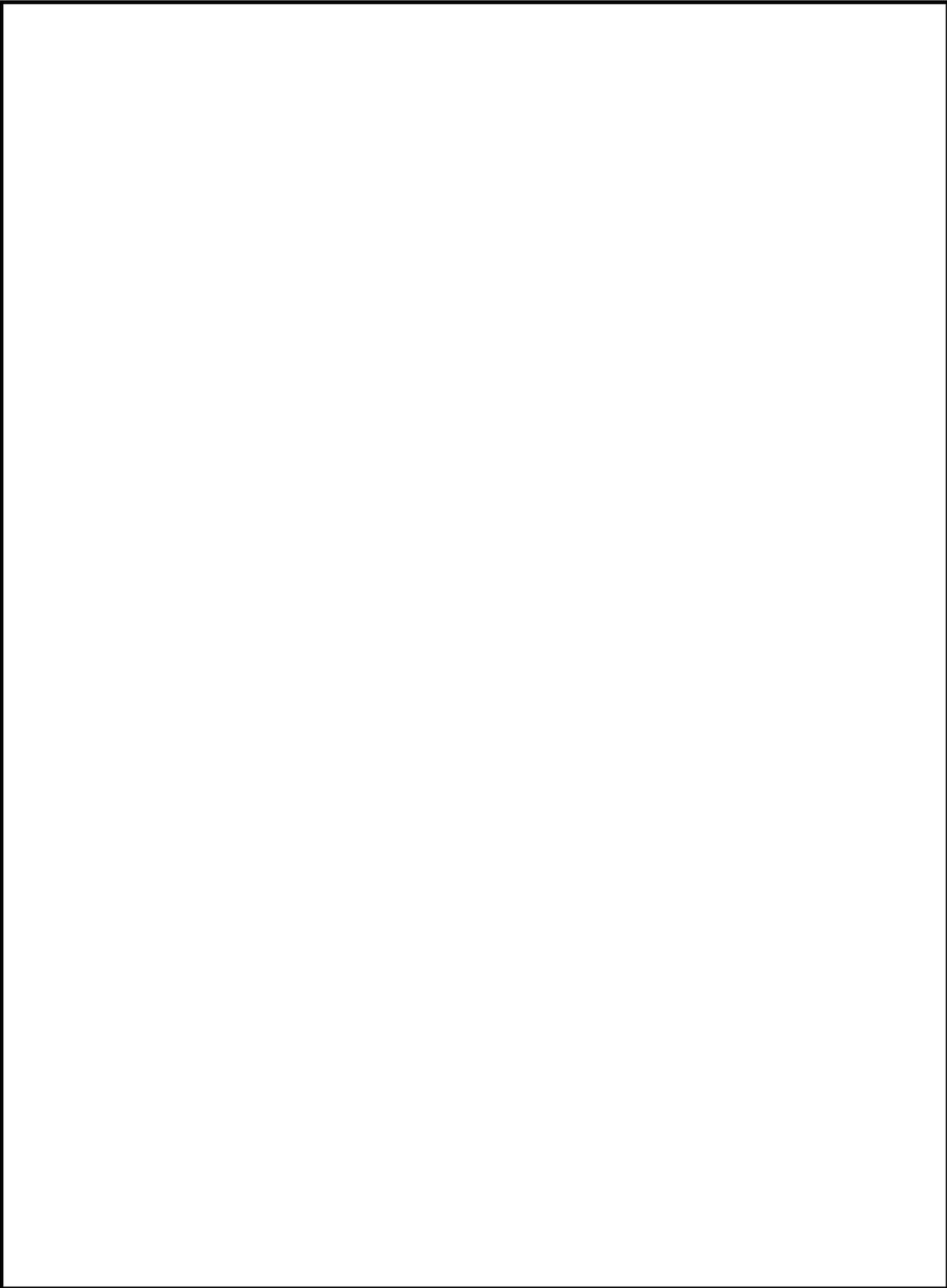
Dunkirk & Fredonia Telephone is owned by DFT Telephone Holding Company, LLC, who is owned by DFT Communications Corporation, who is owned by Brighton Communications, Inc., who is owned by LICT Corporation.





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)
<p>Cassadaga Telephone Corporation Comantel, Inc Macom, Inc</p>	<p>Telephone Communications Communications Macom is a provider of electrical contracting services.</p>	<p>100% 100% 100%</p>	

**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)	Common Stock (b)	Number of Votes as of	
			Other (Specify)	
			(c)	(d)
1	DFT Telephone Holding Company, LLC	11,733		
2				
3				
4				
5				
6				
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### 7. VOTING POWERS AND ELECTIONS

1. Has each share of stock the right to one vote? Yes
2. Are voting rights attached only to stock? Yes  
(if the answer to either query 1 or 2 is "No", give full particulars in a note.)
3. Is cumulative voting permitted? No
4. State the place and date of the latest general meeting held prior to the end of the year for the election of directors.  
40 Temple Street, Fredonia, NY 14063-0209 June 1, 2012.
5. State the total number of votes cast at such general meeting 11,733 and the total number cast by proxy 0.
6. State the total number of voting security holders 1 and the total of all voting securities 11,733 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. None

**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.

Items 1 - 5: None

Item 6: Interstate rate changes made per NECA revisions to F.C.C. No. 5 (Access Service) Tariff.

Items 7 - 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)
<b>Operating Revenues</b>							
1	Local Network Services	\$1,804,330			\$1,804,330	\$1,804,330	
2	Network Access Services	2,644,878			2,644,878	387,038	2,257,840
3	Long Distance Network Serv.	2			2	2	
4	Miscellaneous	346,663			346,663	346,663	
5	Settlements	32,441			32,441	32,441	
6	Nonregulated Revenues	0					
7	Subtotal	4,828,314	0	0	4,828,314	2,570,474	2,257,840
8	Uncollectibles	2,069			2,069	1,158	911
9	Total Operating Revenues	4,826,245	0	0	4,826,245	2,569,316	2,256,929
<b>Operating Expenses</b>							
10	Plant Specific	981,167			981,167	586,101	395,066
11	Plant Non-specific	263,267			263,267	157,263	106,004
12	Marketing	415,859			415,859	283,992	131,867
13	Customer Operations Services	622,607			622,607	392,755	229,852
14	Access	147,759			147,759	-	147,759
15	Corporate Operations	2,064,618			2,064,618	1,240,377	824,241
16	Subtotal	4,495,277	0	0	4,495,277	2,660,488	1,834,789
17	Depreciation & Amortization	689,100			689,100	391,484	297,616
18	Total Operating Expenses	5,184,377	0	0	5,184,377	3,051,972	2,132,405
19	Net Operating Revenues	(358,132)	0	0	(358,132)	(482,656)	124,524
<b>Operating Taxes</b>							
20	Operating FIT	(150,363)			(150,363)	(202,344)	51,981
21	Deferred Operating FIT-Net	(103,997)			(103,997)	(94,354)	(9,643)
22	Operating Investment Tax Credit - Amort (Option 2)	0					
23	Total Federal Income Taxes	(254,360)	0	0	(254,360)	(296,698)	42,338
24	Other Operating Taxes	311,740			311,740	186,218	125,522
25	Total Operating Taxes	57,380	0	0	57,380	(110,480)	167,860
26	Other Operating Income and Expenses	266			266	133	133
27	Net Operating Income*	(415,246)	0	0	(415,246)	(372,043)	(43,203)
28	Rate Case Adj, if applicable						
29	Net Operating Income after Rate Case Adj	(\$415,246)	\$0	\$0	(\$415,246)	(\$372,043)	(\$43,203)

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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	\$17,996,596			\$17,996,596	\$10,625,370	\$7,371,226
2	Noninterest Bearing Telephone Plant under Construction	81,124			81,124	48,460	32,664
3	Telephone Plant Held for Future Use						
4	Materials and Supplies	307,559			307,559	224,185	83,374
5	Prepayments	370,884			370,884	270,343	100,541
6	Cash Working Capital *	274,379			274,379	162,752	111,627
7	RTB Stock						
8	Other Rate Base Adjustments, If Applicable						
9	Unamortized Deferrals						
10	Depreciation Reserve	14,936,040			14,936,040	8,980,638	5,955,402
11	Amortization Reserve						
12	Accumulated Deferred Income Taxes	311,452			311,452	186,384	125,068
13	Accumulated Deferred Investment Tax Credit (Option 1 Only)						
14	Rate Base (Lines 1-9 minus lines 10-13)	\$3,783,050	\$0	\$0	\$3,783,050	\$2,164,088	\$1,618,962

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	\$ <u>(415,246)</u>	\$ <u>(372,043)</u>
2	Rate Base	\$ <u>3,783,050</u>	\$ <u>2,164,088</u>
3	Rate of Return	<u>-10.98%</u>	<u>-17.19%</u>
4	Return on Common Equity	<u>-16.68%</u>	<u>-25.20%</u>
5	Required Additional Revenues *	\$ <u>43,423</u>	\$ <u>24,840</u>

\* (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	\$ 120,623	1.84%	5.36%	0.10%
7	Notes Payable	1,652,500	25.23%	4.28%	1.08%
8	Customer Deposits	2,655	0.04%	1.63%	0.00%
9	Preferred Stock	-	0.00%	0.00%	0.00%
10	Common Equity	4,773,692	72.89%	-16.68%	-12.16%
11	Total	\$ 6,549,470	100.00%		-10.98%

**Capital Structure used for Intrastate\***

	Item	Amount (a)	Structure (b)	Cost Rate (c)	Weighted Cost (d)
12	Long-Term Debt	\$ 120,623	1.84%	5.36%	0.10%
13	Notes Payable	1,652,500	25.23%	4.28%	1.08%
14	Customer Deposits	2,655	0.04%	1.63%	0.00%
15	Preferred Stock	-	0.00%	0.00%	0.00%
16	Common Equity	4,773,692	72.89%	-25.20%	-18.37%
	Total	\$ 6,549,470	100.00%		-17.19%

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

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

\* Use alternative capital structure if applicable.

**11. BALANCE SHEET**

**Assets and Other Debits**

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

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)
<b>CURRENT ASSETS</b>					
1	1130	--	\$133,427	\$120,776	\$12,651
2	1140	--			0
3	1150	--	1,380	1,380	0
4	1160	--			0
5	1180	36	117,744	164,800	(47,056)
6	1181	36	21,300	18,700	2,600
7	1190.1	37	24,817	950	23,867
8	1190.2	37	451,352	554,860	(103,508)
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
14	1220	40	311,569	303,549	8,020
15	1290	--			0
16	1300	41-42	81,014	79,068	1,946
17	1310	--	16,166	20,935	(4,769)
18	1320	--	104,267	144,678	(40,411)
19	1330	--	134,049	161,590	(27,541)
20	1350	--	-	-	0
21	1360	43-44	33,877	31,555	2,322
22	Total Current Assets		1,388,362	1,565,441	(177,079)
<b>NONCURRENT ASSETS</b>					
23	1401.1	50-51	3,300,343	3,016,387	283,956
24	1401.2	52-53	0	0	0
25	1402	52-53	0	0	0
26	1406	54	979,476	973,780	5,696
27	1407	58-59	0	0	0
28	1408	--			0
29	1410	--	64,261	64,261	0
30	1438	--			0
31	1439	55	0	0	0
32	1500	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX
33	1510	43-44	874,380	860,635	13,745
34	Total Noncurrent Assets		5,218,460	4,915,063	303,397
<b>REGULATED PLANT</b>					
35	2001	24-25	17,311,349	18,681,841	(1,370,492)
36	2002	24-25	0	-	0
37	2003	24-25	83,613	78,636	4,977
38	2004	24-25	0	-	0
39	2005	24-25	0	-	0
40	2006	24-25	0	-	0
41	2007	24-25	0	-	0
42	Total Telecommunications Plant		17,394,962	18,760,477	(1,365,515)
43	3100-3300	32-33	14,411,142	15,310,140	(898,998)
44	3410-3600	32-33	78,942	71,855	7,087
45	Net Telecommunications Plant		2,904,878	3,378,482	(473,604)
46	<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>\$9,511,700</b>	<b>\$9,858,986</b>	<b>(\$347,286)</b>

For Notes to Balance Sheet see Page 18.

**11. BALANCE SHEET**  
**Liabilities and Other Credits**

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

Line No.	Accounts (a)	Sch. Page No. (b)	Balance at End of Year (c)	Balance at Beginning of Year (d)	Increase or (Decrease) (e)	
<b>CURRENT LIABILITIES</b>						
1	4010.1	Accounts Payable to Affiliated Companies .....	56	\$23,683	\$0	\$23,683
2	4010.2	Other Accounts Payable .....	56	317,650	446,144	(128,494)
3	4020.1	Notes Payable to Affiliated Companies .....	57	1,615,000	1,690,000	(75,000)
4	4020.2	Other Notes Payable .....	57	0	0	0
5	4030	Advance Billing and Payments .....	--	125,862	137,112	(11,250)
6	4040	Customers' Deposits .....	--	1,929	3,381	(1,452)
7	4050	Current Maturities-Long-Term Debt .....	58-59	19,300	18,564	736
8	4060	Current Maturities-Capital Leases .....	--	42,040	57,245	(15,205)
9	4070	Income Taxes-Accrued .....	41-42	800,793	355,707	445,086
10	4080	Other Taxes-Accrued .....	41-42	(785)	6,025	(6,810)
11	4100	Current Deferred Oper. Income Taxes-Cr. ....	45-47	0	0	0
12	4110	Current Def. Nonoper. Income Taxes-Cr. ....	45-47	0	0	0
13	4120	Other Accrued Liabilities .....	--	60,221	56,620	3,601
14	4130	Other Current Liabilities .....	--	213,627	306,978	(93,351)
15		<b>Total Current Liabilities</b>		<b>3,219,320</b>	<b>3,077,776</b>	<b>141,544</b>
<b>LONG-TERM DEBT</b>						
16	4210	Funded Debt .....	58-59	0	0	0
17	4220	Premium on Long-Term Debt .....	58-59	0	0	0
18	4230	Discount on Long-Term Debt .....	58-59	0	0	0
19	4240	Reacquired Debt .....	--			0
20	4250	Obligations Under Capital Leases .....	--	10,572	64,157	(53,585)
21	4260	Advances from Affiliated Companies .....	58-59	0		0
22	4270	Other Long-Term Debt .....	58-59	5,049	24,318	(19,269)
23		<b>Total Long-Term Debt</b>		<b>15,621</b>	<b>88,475</b>	<b>(72,854)</b>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>						
24	4310	Other Long-Term Liabilities .....	61	393,216	453,100	(59,884)
25	4320	Un. Oper. Invest. Tax Credits-Net .....	45-47	0	0	0
26	4330	Un. Nonoper. Invest. Tax Credits-Net .....	45-47	0	0	0
27	4340	Noncurrent Def. Oper Income Taxes-Cr. ....	45-47	981,790	1,069,720	(87,930)
28	4350	Noncurrent Def. Nonoper Income Taxes-Cr. ....	45-47	0	0	0
29	4360	Other Deferred Credits .....	62	264,257	260,029	4,228
30	4370	Other Juris. Liabilities & Def. Credits-Net .....	--	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXX
31		<b>Total Other Liabilities and Def. Credits</b>		<b>1,639,263</b>	<b>1,782,849</b>	<b>(143,586)</b>
<b>STOCKHOLDERS' EQUITY</b>						
32	4510.1	Capital Stock-Common .....	63	619,975	619,975	0
33	4510.2	Capital Stock-Preferred .....	63	0	0	0
34	4520	Additional Paid-in Capital .....	63	0	0	0
35	4530	Treasury Stock .....	63	0	0	0
36	4540	Other Capital .....	--			0
37	4550.1	Appropriated Retained Earnings .....	21	0	0	0
38	4550.2	Unappropriated Undistrib. Affil Earnings .....	21	5,296,770	5,012,814	283,956
39	4550.3	Unappropriated Retained Earnings .....	21	(1,279,249)	(722,903)	(556,346)
40		<b>Total Stockholders' Equity</b>		<b>4,637,496</b>	<b>4,909,886</b>	<b>(272,390)</b>
41		<b>TOTAL LIABILITIES AND OTHER CREDITS</b>		<b>\$9,511,700</b>	<b>\$9,858,986</b>	<b>(\$347,286)</b>

For Notes to Balance Sheet see Page 18.

**11. NOTES TO BALANCE SHEET**

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

NOTES:

None

ADDITIONAL NOTES TO BALANCE SHEET

**11. NOTES TO BALANCE SHEET (Continued)**

**12. INCOME AND RETAINED EARNINGS STATEMENT**

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

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
<b>INCOME</b>				
<b>TELEPHONE OPERATING INCOME</b>				
1	Operating Revenues.....	65	\$4,826,245	\$5,297,263
2	Operating Expenses.....	72	5,184,377	5,458,789
3	Net Operating Revenues		(358,132)	(161,526)
<b>OTHER OPERATING INCOME AND EXPENSE</b>				
4	7110 Income from Custom Work.....	--		
5	7130 Return from Nonregulated Use of Regulated Facilities.....	--		
6	7140 Gains and Losses from Foreign Exchange.....	--		
7	7151 Gains or Losses from Disposition of Land and Artworks.....	--		
8	7160 Other Operating Gains and Losses.....	--	266	51
9	Total Other Operating Income and Expenses		266	51
<b>OPERATING TAXES</b>				
10	7210 Operating Investment Tax Credits-Net.....	45-47		
11	7220 Operating Federal Income Taxes.....	73-74	(150,363)	(272,725)
12	7230 Operating State and Local Income Taxes.....	73-74	0	1
13	7240 Operating Other Taxes.....	73-74	311,740	315,063
14	7250 Provision for Deferred Operating Income Taxes-Net.....	43-47	(103,997)	53,745
15	Total Operating Taxes		57,380	96,084
16	Net Operating Income		(415,246)	(257,559)
<b>NONOPERATING INCOME AND EXPENSES</b>				
17	7310 Dividend Income.....	--		1
18	7320 Interest Income.....	--		14
19	7330 Income from Sinking and Other Funds.....	--		
20	7340 Allowance for Funds Used During Construction.....	--		0
21	7350 Gains or Losses from the Disposition of Certain Property.....	--		
22	7355 Equity in Earnings of Affiliated Companies.....	50-51	283,956	301,555
23	7360 Other Nonoperating Income.....	79	0	0
24	7370 Special Charges.....	77	46,855	29,207
25	Total Nonoperating Income Items and Expenses		237,101	272,363
<b>NONOPERATING TAXES</b>				
26	7410 Nonoperating Investment Tax Credits-Net (-).....	45-47		
27	7420 Nonoperating Federal Income Taxes.....	73	0	222,432
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		
31	Total Nonoperating Taxes		0	222,432
32	Total Nonoperating Income		237,101	49,931
33	Income Available for Fixed Charges		(178,145)	(207,628)
<b>INTEREST AND RELATED ITEMS</b>				
34	7510 Interest on Funded Debt.....	58-59	0	0
35	7520 Interest Expense-Capital Leases.....		4,800	7,700
36	7530 Amortization of Debt Issuance Expense.....	58-59	0	0
37	7540 Other Interest Deductions.....	78	66,925	109,991
38	Total Interest and Related Items		71,725	117,691
39	Income Before Extraordinary Items		(249,870)	(325,319)

## 12. INCOME AND RETAINED EARNINGS STATEMENT (Continued)

Line No.	Item (a)	Sch. Page No. (b)	TOTAL	
			Current Year (c)	Last Year (d)
<b>EXTRAORDINARY ITEMS</b>				
40	7610 Extraordinary Income Credits.....	80	0	0
41	7620 Extraordinary Income Charges.....	80	0	0
42	7630 Current Income Tax Effect of Extraordinary Items-Net.....	80	0	0
43	7640 Provision for Def. Income Tax Effect of Extra. Items-Net.....	80	0	0
44	Total Extraordinary Items		0	0
<b>JURISDICTIONAL DIFFERENCES AND NONREG. INCOME ITEMS</b>				
45	7910 Income Effect of Jurisdictional Ratemaking Differences-Net.....	--	xxxxxxxxxxxxxxxxxxxxxx	xxxxxxxxxxxxxxxxxxxxxx
46	7990 Nonregulated Net Income.....	--	(22,520)	(37,141)
47	Total Jurisdictional Differences and Extraordinary Items		(22,520)	(37,141)
48	Net Income		(\$272,390)	(\$362,460)
<b>RETAINED EARNINGS</b>				
49	4550.3 Unappropriated Retained Earnings (at Beginning of Period)..		(\$722,903)	(\$58,888)
50	4550.4 Balance Transferred from Income.....		(556,346)	(664,015)
51	4550.5 Appropriations of Retained Earnings.....			
52	4550.6 Dividends Declared-Preferred Stock.....	63	0	0
53	4550.7 Dividends Declared-Common Stock.....	63	0	0
54	4550.8 Adjustments to Retained Earnings.....	64		
55	Net Change to Unappropriated Retained Earnings		(556,346)	(664,015)
56	4550.3 Unappropriated Retained Earnings (End of Period).....		(1,279,249)	(722,903)
57	4550.1 Appropriated Retained Earnings (End of Period).....			
58	Total Retained Earnings		(\$1,279,249)	(\$722,903)
<b>UNAPPROPRIATED UNDISTRIBUTED AFFILIATE EARNINGS</b>				
59	4550.2 Unappropriated Undistributed Affiliate Earnings (beginning of period).....		\$5,012,814	\$4,711,259
60	Equity in Earnings for Period.....	51	283,956	301,555
61	Dividends Received.....			
62	Other Changes (explain).....			
63	4550.2 Unappropriated Undistributed Affiliate Earnings (end of period).....		\$5,296,770	\$5,012,814

## NOTES TO INCOME AND RETAINED EARNINGS STATEMENT





<b>13. STATEMENT OF CASH FLOWS</b>			
Line No.	Items (a)	Current Year (b)	Last Year (c)
	Cash flows from operating activities:		
1	Net Income	(\$272,390)	(\$362,460)
	Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
2	Depreciation and depletion	682,014	694,735
3	Amortizations	7,086	6,642
4	Increase (Decrease) in deferred taxes and investment tax credits-net	(87,930)	76,942
5	Equity (AFUDC)	0	0
6	Decrease (Increase) in receivables related to operations excluding unbilled revenues	129,298	(61,706)
7	Decrease (Increase) in inventory related to operations	(8,020)	(113,806)
8	Increase (Decrease) in accrued expenses and accounts payable related to operations	(122,871)	156,491
9	Unbilled revenues	-	-
10	Increase (Decrease) in current income taxes and other taxes payable	445,086	695,777
11	Increase (Decrease) in interest payable	-	-
12	Equity in loss(earnings) of affiliates	(283,956)	(301,555)
13	Dividends received from associated and subsidiary companies accounted for under the equity method	-	-
	Other Adjustments:		
14	Change in Non-regulated investments	(5,696)	(55,588)
15			
16	Other	(92,151)	(84,609)
17	Total Adjustments	662,860	1,013,323
18	Net cash provided by (used in) operating activities	390,470	650,863
	Cash flows from investing activities:		
	Cash outflows for construction (-)		
	Gross additions to:		
19	Telephone plant (include capital leases)	(250,818)	(590,174)
20	Common plant		
21	Non-utility plant		
22	Other plant		
	Adjustments to gross additions:		
23	Increase (Decrease) in payables related to construction		
24	Decrease (Increase) in inventory related to construction		
25	Capital leases		
26	Equity AFUDC		
27	Other adjustments		
28	Total cash outflows for construction	(250,818)	(590,174)
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	(75,000)	(1,645,000)
32	Repayments of advances by associated and subsidiary companies		
	Net proceeds from sale or disposition of:		
33	Property, plant and equipment	35,322	61,594
34	Investments in subsidiary & associated companies		
35	Other debt and equity investments		
36	Other non-current assets		
	Other:		
37	Redemption of Life Insurance Policy	-	1,580,336
38			
39	Total of any Insert Pages		
40	Net cash provided by (used in) investing activities	(290,496)	(593,244)

**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)		
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		
49	Long-term debt (5)(b)	(87,323)	(42,994)
	Dividends paid on: (-)		
50	Common stock		
51	Preferred stock		
	Other:(5)(e)		
52			
53			
54			
55			
56			
57			
58	Total of any Insert Pages		
59	Net cash provided by (used in) financing activities	(87,323)	(42,994)
60	Net increase(decrease) in cash and cash equivalents	12,651	14,625
61	Cash & cash equivalents at the beginning of the year	122,156	107,531
62	Cash & cash equivalents at the end of the year	\$134,807	\$122,156

**INSTRUCTIONS**

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

## 14. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

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

Line No.	Account (a)	Balance at Beginning of the Year (b)	Charges During the Year		Credits During The Year		Transfers and Adjustments Charges (Credits) (g)	Balance at End of the Year (h)
			Other Plant Added from Predecessor (c)	Other Plant Added or Transferred (d)	Plant Sold With Traffic (e)	Other Plt. Ret. or Transferred (f)		
<b>2001 Telecommunications Plant in Service</b>								
<b>General Support Assets</b>								
1	2111 Land	\$83,030						\$83,030
2	2112 Motor Vehicles	854,937				139,794		715,143
3	2113 Aircraft	0						0
4	2114 Special Purpose Vehicles	0						0
5	2115 Garage Work Equipment	14,158						14,158
6	2116 Other Work Equipment	321,137		1,945				323,082
7	2121 Buildings	1,891,520		52,655		7,152		1,937,023
8	2122 Furniture	310,006						310,006
9	2123 Office Equipment	0						0
10	.1 Office Support Equipment	241,417						241,417
11	.2 Company Communications Equipment	276,896						276,896
12	2124 General Purpose Computers	699,133		94,149		8,012		785,270
13	<b>Total General Support Assets</b>	<b>\$4,692,234</b>	<b>\$0</b>	<b>\$148,749</b>	<b>\$0</b>	<b>\$154,958</b>	<b>\$0</b>	<b>\$4,686,025</b>
<b>Central Office Assets</b>								
14	2211 Analog Electronic Switching	\$0						\$0
15	2212 Digital-Electronic Switching	4,940,247				1,363,880		3,576,367
16	2215 Electro-Mechanical Switching	0						0
17	.1 Step-by-Step Switching	0						0
18	.2 Crossbar Switching	0						0
19	.3 Other Electro-Mechanical Switching	0						0
20	2220 Operator Systems	0						0
21	2231 Radio Systems	0						0
22	.1 Satellite & Earth Station Facilities	0						0
23	.2 Other Radio Facilities	0						0
24	2232 Circuit Equipment	2,880,223		50,225		65,796		2,864,652
25	<b>Total Central Office Assets</b>	<b>\$7,820,470</b>	<b>\$0</b>	<b>\$50,225</b>	<b>\$0</b>	<b>\$1,429,676</b>	<b>\$0</b>	<b>\$6,441,019</b>

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)		
<b>Information Org./Term. Assets</b>								
26	2311 Station Apparatus	\$0						\$0
27	2321 Customer Premises Wiring	430,128						430,128
28	2341 Large Private Branch Exchanges	0						0
29	2351 Public Terminal Equipment	0						0
30	2362 Other Terminal Equipment	8,429						8,429
31	<b>Total Information Org./Term. Assets</b>	\$438,557	\$0	\$0	\$0	\$0	\$0	\$438,557
<b>Cable and Wire Facilities</b>								
32	2411 Poles	\$763,351		\$4,812		\$404		\$767,759
33	2421 Aerial Cable	3,803,263		20,309		30,105		3,793,467
34	2422 Underground Cable	335,387				1,021		334,366
35	2423 Buried Cable	607,670		1,011		169		608,512
36	2424 Submarine Cable	0						0
37	2425 Deep Sea Cable	0						0
38	2426 Intrabuilding Network Cable	45,224						45,224
39	2431 Aerial Wire	10,080						10,080
40	2441 Conduit	62,478						62,478
41	<b>Total Cable and Wire Facilities</b>	\$5,627,453	\$0	\$26,132	\$0	\$31,699	\$0	\$5,621,886
<b>Amortizable Assets</b>								
42	2681 Capital Leases	\$0						\$0
43	2682 Leasehold Improvements	103,127		20,735				123,862
44	2690 Intangibles	0						0
45	<b>Total Amortizable Assets</b>	\$103,127	\$0	\$20,735	\$0	\$0	\$0	\$123,862
46	<b>Total Telecommunications Plant in Service</b>	\$18,681,841	\$0	\$245,841	\$0	\$1,616,333	\$0	\$17,311,349
47	2002 Property Held for Future Telecom. Use	\$0						\$0
48	2003 Telecom. Plt. Under Constr.-Short Term	78,636		4,977				83,613
49	2004 Telecom. Plt. Under Constr.-Long Term	0						0
50	2005 Telecom. Plt. Acquisition Adjustment	0						0
51	.1 Tel. Plant Acquisition Adjustment	0						0
52	.2 Other Plant Adjustments	0						0
53	2006 Nonoperating Plant	0						0
54	2007 Goodwill	0						0
55	<b>Total Telecommunications Plant</b>	\$18,760,477	\$0	\$250,818	\$0	\$1,616,333	\$0	\$17,394,962

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

1. This schedule is intended to show the results of a summary analysis of the work orders still open for plant in process of construction, but not ready for service, which comprise the balance in this account at the balance sheet date. Particulars of individual work orders are not requested.

2. The amounts for plant shown in the appropriate columns should represent the approximate ultimate distribution to the primary accounts as indicated by the work order estimates.

Line No.	Account Classification (a)	2003 Telecommunications Plant Under Construction-Short Term (work orders open at end of year)		
		Charges (b)	Credits (c)	Balance at End of the Year Total (d)
	<b>General Support Assets</b>			
1	2111 Land			\$0
2	2112 Motor Vehicles			0
3	2113 Aircraft			0
4	2114 Special Purpose Vehicles			0
5	2115 Garage Work Equipment			0
6	2116 Other Work Equipment	5,000		5,000
7	2121 Buildings	20,818		20,818
8	2122 Furniture			0
9	2123 Office Equipment			0
10	2124 General Purpose Computers	6,464		6,464
				0
	<b>Central Office Assets</b>			0
11	2211 Analog Electronic Switching			0
12	2212 Digital Electronic Switching			0
13	2215 Electro-Mechanical Switching			0
14	2220 Operator Systems			0
15	2231 Radio Systems			0
16	2232 Circuit Equipment	6,881		6,881
				0
	<b>Information Orig/Termination Assets</b>			0
17	2311 Station Apparatus			0
18	2321 Customer Premises Wiring			0
19	2341 Large Private Branch Exchanges			0
20	2351 Public Telephone Terminal Equip.			0
21	2362 Other Terminal Equipment			0
				0
	<b>Cable and Wire Facilities Assets</b>			0
22	2411 Poles	24,082		24,082
23	2421 Aerial Cable	20,368		20,368
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
				0
31	<b>Total Plant Accounts</b>	83,613	0	83,613
	<b>Other Accounts</b>			
32	1190 Other accounts receivable			0
33				0
34				0
				0
35	<b>Total</b>	\$83,613	\$0	\$83,613

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

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

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

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

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

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

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**18. ANALYSIS OF ASSETS PURCHASED OR SOLD TO AFFILIATES**

- 1. Report separately, for each affiliate by account, sales and/or purchases of assets at any time during the year.
- 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	Cassadaga Telephone Corporation						\$0	(F) 1,612	2003		1220	1,612
2	Comantel Inc						0	(F) 5,848	2003		1220	5,848
3	DFT Local Service						0	(F) 286,575	2003		1220	286,575
4	Netsync Internet Service Corp.						0	(F) 433	2003		1220	433
5	Netsync Internet Service Corp.						0	(F) 1,271	2003	1,271		
6							0					
7							0					
8							0					
9							0					
10							0					
11							0					
12							0					
13							0					
14							0					
15							0					
16							0					
17							0					
18							0					
19							0					
20							0					
21							0					
22							0					
23							0					
24							0					
25							0					
26							0					
27							0					
28							0					
29							0					
30							0					
							\$0					

Notes:

**19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**

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

Line No.	Plant Account (a)	Balance at Beginning of Year (b)	Credits During the Year		
			Depreciation Accruals (c)	Salvage Insurance, etc. (d)	Other Credits (e)
	Telecommunications Plant in Service				
	General Support Assets				
1	2112 Motor Vehicles	\$419,604	\$95,232	\$39,131	
2	2113 Aircraft	0			
3	2114 Special Purpose Vehicles	0			
4	2115 Garage Work Equipment	19,096			
5	2116 Other Work Equipment	270,788	15,060		
6	2121 Buildings	962,388	65,283		
7	2122 Furniture	232,601	10,930		
8	2123 Office Equipment	0			
9	.1 Office Support Equipment	175,620	11,940		
10	.2 Company Communications Equipment	284,968	21,846		
11	2124 General Purpose Computers	899,025			
12	Total General Support Assets	3,264,090	220,291	39,131	0
	Central Office Assets				
13	2211 Analog Electronic Switching	0			
14	2212 Digital Electronic Switching	5,055,709			
15	2215 Electro-Mechanical Switching	0			
16	.1 Step-by Step	0			
17	.2 Crossbar	0			
18	.3 Other Electro-Mechanical Switching	0			
19	2220 Operator Systems	0			
20	2231 Radio Systems	0			
21	.1 Satellite and Earth Station Facilities	0			
22	.2 Other Radio Facilities	0			
23	2232 Circuit Equipment	1,941,325	208,165		
24	Total Central Office Assets	6,997,034	208,165	0	0
	Information Orig/Termination Assets				
25	2311 Station Apparatus	0			
26	2321 Customer Premises Wiring	430,128			
27	2341 Large Private Branch Exchanges	0			
28	2351 Public Telephone Terminal Equip.	26,328			
28	2362 Other Terminal Equipment	10,040			
29	Total Information Orig/Termination Assets	466,496	0	0	0
	Cable and Wire Facilities Assets				
30	2411 Poles	646,888	33,796	6,480	
31	2421 Aerial Cable	3,210,107	182,236	14,532	
32	2422 Underground Cable	145,728	11,713		
33	2423 Buried Cable	515,311	22,981	1,197	
34	2424 Submarine Cable	0			
35	2425 Deep Sea Cable	0			
36	2426 Intrabuilding Network Cable	20,981	1,578		
36	2431 Aerial Wire	26,932			
37	2441 Conduit Systems	16,573	1,250		
38	Total Cable and Wire Facilities Assets	4,582,520	253,554	22,209	0
39	3100 Other - Explain	0			
40	3100 Other - Explain	0			
41	3100 Total Accumulated Depreciation - TPIS	15,310,140	682,010	61,340	0
42	3200 Held for Future Communications Use	0			
43	3300 Nonoperating	0			
44	Total Accumulated Depreciation	15,310,140	682,010	61,340	0
45	3410 Capital Leases	0			
46	3420 Leasehold Improvements	71,855	7,087		
47	Accumulated Amortization - Tangible	71,855	7,087	0	0
48	3500 Accumulated Amortization - Intangible	0			
49	3600 Accumulated Amortization - Other	0			
50	Total Accumulated Amortization	71,855	7,087	0	0
51	Total Accumulated Depreciation & Amortization	\$15,381,995	\$689,097	\$61,340	\$0

## 19. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Line No.	Debits During the Year				Balance at End of the Year (j)
	Retirements with Traffic (f)	Retirements without Traffic (g)	Cost of Removal (h)	Other Charges (i)	
1	\$139,794				\$414,173
2					0
3					0
4					19,096
5					285,848
6	7,152				1,020,519
7					243,531
8					0
9					187,560
10					306,814
11	8,011				891,014
12	154,957	0	0	0	3,368,555
13					0
14	1,363,879				3,691,830
15					0
16					0
17					0
18					0
19					0
20					0
21					0
22					0
23	65,796		6,040		2,077,654
24	1,429,675	0	6,040	0	5,769,484
25					0
26					430,128
27					0
28					26,328
28					10,040
29	0	0	0	0	466,496
30	404		857		685,903
31	30,105		18,647		3,358,123
32	1,021				156,420
33	168		474		538,847
34					0
35					0
36					22,559
36					26,932
37					17,823
38	31,698	0	19,978	0	4,806,607
39					0
40					0
41	1,616,330	0	26,018	0	14,411,142
42					0
43					0
44	1,616,330	0	26,018	0	14,411,142
45					0
46					78,942
47	0	0	0	0	78,942
48					0
49					0
50	0	0	0	0	78,942
51	\$1,616,330	\$0	\$26,018	\$0	\$14,490,084

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**20. BASIS OF CHARGES FOR DEPRECIATION**

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

**Section I. Classes of Depreciable Plant**

Line No.	Plant Account (a)	Estimated Service Life in Years (b)	Estimated Net Salvage Factor (c)	Annual Composite Rate at End of the Year (d)	Ratio of Depreciation Charges to Ave Monthly Book Cost (e)
<b>General Support Assets</b>					
1	2112 Motor Vehicles	7.58	28.60%	11.15%	11.29%
2	2113 Aircraft				
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment	16.8	0.90%	0.00%	0.00%
5	2116 Other Work Equipment	19.4	9.10%	4.69%	4.69%
6	2121 Buildings	30.7	-5.10%	3.42%	3.41%
7	2122 Furniture	20	0.00%	3.53%	3.53%
8	2123 Office Equipment				
9	.1 Office Support Equipment	15	4.23%	4.95%	4.95%
10	.2 Company Communications Equipment	10	21.10%	7.89%	7.89%
11	2124 General Purpose Computers	4.93	1.10%	0.00%	0.00%
<b>Central Office Assets</b>					
12	2211 Analog Electronic Switching				
13	2212 Digital Electronic Switching	9.81	1.77%	0.00%	0.00%
14	2215 Electro-Mechanical Switching				
15	.1 step-by-step				
16	.2 Crossbar				
17	.3 Other Electro-Mechanical Switching				
18	2200 Operator Systems				
19	2231 Radio Systems				
20	.1 Satellite and Earth Station Facilities				
21	.2 Other Radio Facilities				
22	2232 Circuit Equipment	11.43	-1.08%	7.03%	7.25%
<b>Information Origination/Termination Assets</b>					
23	2311 Station Apparatus				
24	2321 Customer Premises Wiring				
25	2341 Large Private Branch Exchanges				
26	2351 Public Telephone Terminal Equipment				
27	2362 Other Terminal Equipment	10	0.00%	0.00%	0.00%
<b>Cable and Wire Facilities Assets</b>					
28	2411 Poles	34.9	-36.90%	4.42%	4.42%
29	2421 Aerial Cable	29.35	-28.13%	4.80%	4.80%
30	2422 Underground Cable	33.32	-15.27%	3.50%	3.50%
31	2423 Buried Cable	31.8	-8.87%	3.78%	3.78%
32	2424 Submarine Cable				
33	2425 Deep Sea Cable				
34	2426 Intrabuilding Network Cable	28.8	0.00%	3.49%	3.49%
35	2431 Aerial Wire	11.8	-20.00%	0.00%	0.00%
36	2441 Conduit Systems	50	0.00%	2.00%	2.00%
37					
38	Composite rate for all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	3.81%	
39	Composite rate for all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	3.79%	
40	Ratio to all depreciable accounts	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	3.84%
41	Ratio to all plant accounts included in account 2001	XXXXXXXXXX	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	3.75%

**20. BASES OF CHARGES FOR DEPRECIATION (Continued)**

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

**Section II. Subclasses of Depreciable Plant**

Line No.	Primary Acct. No. (f)	Name or Description of Subclass (g)	Estimated Service Life in Years (h)	Estimated Net Salvage Factor (i)	Annual Rate End of the Year (j)	Plant Balances Used in Computing Composite Rates (k)	Est. Annual Depreciation for Compositing Purposes (j)x(k) (l)
1	2112	Motor Vehicles - Line & Cable	10	18.40%	11.18%	312,719	34,962
2	2112	Motor Vehicles - Installers	8	10.60%	11.18%	171,157	19,135
3	2112	Motor Vehicles - Pool	4	55.70%	11.08%	137,504	15,235
4	2112	Motor Vehicles - Other	4	55.70%	11.08%	93,763	10,389
5							
6	2124	Computers - Mainframe	8	4.80%	0.00%	94,868	-
7	2124	Computers - PC's	4	1.20%	0.00%	343,389	-
8	2124	Computers - Mapcom	5	0.00%	0.00%	47,564	-
9	2124	Computers - C-Care	5	0.00%	0.00%	236,540	-
10	2124	Computers - Macc	5	0.00%	0.00%	62,910	-
11							
12	2212	DMS	9.9	1.80%	0.00%	3,449,688	-
13	2212	DMS - Emergency Generator	9.9	1.80%	0.00%	60,933	-
14	2212	DMS - Voice Mail	10	1.80%	0.00%	2,202	-
15	2212	DMS - Local Number Portability	5	0.00%	0.00%	63,545	-
16							
17	2232	COE - Inside Circuit Equipment	12.6	-2.00%	0.00%	678,485	-
18	2232	COE - Outside Circuit Equipment	12.7	-2.00%	8.03%	867,790	69,684
19	2232	COE - ADSL Circuit Equipment	10	0.00%	10.00%	1,318,376	131,838
20							
21							
22							
23	2421	Aerial Cable - Metallic	30.7	-30.00%	4.85%	2,712,994	131,580
24	2421	Aerial Cable - Fiber	25	-30.00%	5.20%	843,782	43,877
25	2421	Aerial Cable - Embedded Drops	0	0.00%	2.78%	236,692	6,580
26							
27							
28	2422	Underground Cable - Metallic	34.5	-15.30%	3.34%	292,732	9,777
29	2422	Underground Cable - Fiber	25	-15.00%	4.60%	41,633	1,915
30							
31	2423	Buried Cable - Metallic	31.8	-10.30%	3.97%	524,189	20,810
32	2423	Buried Cable - Embedded drops	0	0.00%	2.60%	84,322	2,192
33							
34	2426	IBN Cable - Metallic	30	0.00%	3.33%	34,389	1,145
35	2426	IBN Cable - Fiber	25	0.00%	4.00%	10,835	433
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	3,372	\$107,112
2	Customers and Agents-Service Discontinued	52	10,632
3	Total	3,424	117,744
4	Less Reserve for Uncollectible Accounts-Cr.	xxxx	21,300
5	Balance	xxxx	\$96,444

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	18,700
7	Accruals charged to account 5301	2,069
8	Collection of amounts previously written off	9,498
9	Other Credits (explain in a note)	-
10	Total credits	11,567
11	Uncollectible written off during the year	8,967
12	Other debits (explain in a note)	-
13	Total debits	8,967
14	Balance at end of year	\$21,300
15	Total operating revenues for the year	\$4,826,245
16	Net write offs during the year (line 11 minus line 8)	(\$531)
17	Ratio of line 16 to line 15	-0.01%
18	Ratio of line 7 to line 15	0.04%
19	Interstate Uncollectible Revenues (Account 5301.1)	N/A
20	Intrastate Uncollectible Revenues (Account 5301.2)	N/A

Insert additional pages, if applicable.

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

1. List the information for each affiliate and also the ten largest nonaffiliate debtors at end of year. Aggregate all other nonaffiliate receivables.
2. Report in column (f) the average of the twelve month-end balances for each item in column (a).

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Debits During Year (c)	Credits During Year (d)	Balance End of Year (e)	Average Month-end Balance (f)
	<b>Account 1190.1 Accounts Receivable from Affiliated Companies:</b>					
1	Netsync Internet Sevices Corporation	-	4,201,898	4,201,898	\$0	1,903,317
2	Cassadaga Telephone Corporation	-	594,842	594,842	0	254,277
3	Comantel, Inc.	-	816,102	816,102	0	353,646
4	DFT Security Services, Inc.	-	1,101,650	1,101,650	0	500,793
5	Macom, Inc.	-	347,226	347,226	0	176,047
6	World Surfer	-	665	-	665	55
7	DFT Local Service Corporation	-	3,597,333	3,597,333	0	1,521,696
8	DFT Communications Corporation	950	6,948,236	6,949,186	0	(921,981)
9	Bretton Woods Telephone	-	3,597	-	3,597	300
10	Lict Corporation	-	55,784	35,229	20,555	3,310
11						
12	<b>Total Accounts Receivable from Affiliated Companies</b>	\$950	\$17,667,333	\$17,643,466	\$24,817	\$3,791,460
	<b>Account 1190.2 Other Accounts Receivable:</b>					
13	Sprint	\$2,134	\$3,973		\$6,107	\$4,121
14	AT&T	52,025	325,681	352,942	24,764	76,789
15	The Maytum Company	122,596	27,879	12,674	137,801	130,199
16	MCI Worldcom	-	134,931	124,164	10,767	5,383
17	MACC	37,401	-	10,579	26,822	32,111
18	Global Crossing	11,250	27,133	29,954	8,429	9,840
19	Level 3 Communications	2,242	3,964	2,242	3,964	3,103
20	Global Naps	-	8,951	-	8,951	4,475
21	Neca	194,796	551,648	614,047	132,397	163,597
22	National Cablecraft	-	4,514	-	4,514	2,215
23	Aggregate of all Other Items	132,416	740,374	785,954	86,836	109,626
24	<b>Total Other Accounts Receivable</b>	\$554,860	\$1,829,048	\$1,932,556	\$451,352	\$541,459

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

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

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

None.

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

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

Line No.	Name of Debtor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate Per Annum (f)
1	<b>Account 1200.1 Notes Receivable from Affiliated Companies:</b> None					%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12	<b>Total</b>				\$0	xxx
13	<b>Account 1200.2 Other Notes Receivable:</b> None					
14						
15						
16						
17						
18						
19						
20						
21						
22						
23		Aggregate of all other items				
24	<b>Total</b>				\$0	xxx

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

Line No.	Particulars (a)	Affiliates (b)	Nonaffiliates (c)
25	Balance at beginning of the year	None	None
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)
<b>Subaccount 1220.1, Material and Supplies:</b>			
1	C.O. Equipment	\$181,896	\$157,272
2	Cable, Wire, and Poles	121,653	154,297
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	<b>Total</b>	\$303,549	\$311,569
<b>Subaccount 1220.2, Property Held for Sale or Lease:</b>			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26	<b>Total</b>	\$0	\$0
27	<b>Grand Total</b>	\$303,549	\$311,569

**26. PREPAID TAXES AND TAX ACCRUALS**

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

Line No.	Particulars (a)	Balance at Beginning of the Year		Taxes Accrued or Charged During the Year		Taxes Paid During the Year (f)	Adjustments Debit or (Credit) (g)	Balance at End of Year	
		Prepaid Taxes (Acct. 1300) (b)	Tax Accruals (Accts. 4070 and 4080) (c)	Acct. Chg.. (d)	Amount (e)			Prepaid Taxes (Acct. 1300) (h)	Tax Accruals (Accts. 4070 and 4080) (i)
1	<b>Federal:</b>								
2	Income Taxes		\$355,707	7220	(\$150,363)	(\$339,108)	(\$256,341)		\$800,793
3									
4									
5									
6									
7									
8									
9									
10	Social Security			6570	287,848	287,848			\$0
11									
12									
13	Unemployment			6570	3,748	3,748			\$0
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27	Subtotal	\$0	\$355,707		\$141,233	(\$47,512)	(\$256,341)	\$0	\$800,793

**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	<b>State:</b>								
29	Gross Earnings		338	7240	18,098	20,203			(\$1,767)
30	Gross Income		(1,473)	7240	70,602	74,962	(2)		(\$5,831)
31	Gross Earnings			7630					\$0
32	Gross Income			7630					\$0
33	Franchise		7,160	7240	7,018	7,365			\$6,813
34	Unemployment			6570	31,076	31,076			\$0
35	Disability Insurance			6730	11,203	11,203			\$0
36	Other		0	6570	140	140			\$0
37									
38									
39									
40									
41									
42	<b>Local:</b>								
43	Gross Receipts			7240	19,883	19,883			\$0
44	Property	79,068		Various	230,779	232,725		81,014	
45	Other								
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									
56	Total	\$79,068	\$361,732	xxxx	\$530,032	\$350,045	(\$256,343)	\$81,014	\$800,008

**27. DEFERRED INCOME TAXES-Dr.**

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

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	<b>Property Related</b>						
	<b>Current Deferred Operating Income Taxes-Dr. (Account 1360)</b>						
1	None						\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)</b>						
10	Deferred Operating Federal Income Taxes - Fasb 109	\$860,635		\$13,745			\$874,380
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18	<b>Total</b>	\$860,635	7250	\$13,745	\$0	\$0	\$874,380
19	<b>Total Property Related Deferred Operating Income Taxes-Dr.</b>	\$860,635		\$13,745	\$0	\$0	\$874,380
	<b>Nonproperty Related</b>						
	<b>Current Deferred Operating Income Taxes-Dr. (Account 1360)</b>						
20	Current Deferred Oper Income Taxes - Lifeline	\$25,197		\$1,438			\$26,635
21	Current Deferred Taxes - Bad debt	6,358		884			7,242
22							0
23							0
24							0
25							0
26							0
27							0
28	<b>Total</b>	\$31,555	7250	\$2,322	\$0	\$0	\$33,877

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**27. DEFERRED INCOME TAXES-Dr. (Continued)**

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	<b>Nonproperty Related</b>						
	<b>Noncurrent Deferred Operating Income Taxes-Dr. (Account 1510)</b>						
29	None						\$0
30							0
31							0
32							0
33							0
34							0
35							0
36	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
37	<b>Total Nonproperty Related Deferred Operating Income Taxes - Dr.</b>	\$31,555		\$2,322	\$0	\$0	\$33,877
	<b>Property Related</b>						
	<b>Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)</b>						
38	None		7450				\$0
39							0
40							0
41							0
42			7640				0
43	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account 1510)</b>						
44	None		7450				\$0
45							0
46							0
47							0
48			7640				0
49	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
50	<b>Total Property Related Deferred Nonoperating Income Taxes-Dr.</b>	\$0		\$0	\$0	\$0	\$0
	<b>Nonproperty Related</b>						
	<b>Current Deferred Nonoperating Income Taxes-Dr. (Account 1360)</b>						
51	None		7450				\$0
52							0
53							0
54							0
55			7640				0
56	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Nonoperating Income Taxes-Dr. (Account (1510))</b>						
57	None		7450				\$0
58							0
59							0
60			7640				0
61	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
62	<b>Total Nonproperty Related Deferred Nonoperating Income Taxes - Dr.</b>	\$0		\$0	\$0	\$0	\$0

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

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

Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
<b>Property Related</b>							
<b>Current Deferred Operating Income Taxes-Cr. (Account 4100)</b>							
1	None						\$0
2							0
3							0
4							0
5							0
6							0
7							0
8							0
9	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0
<b>Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)</b>							
10	Cost of removal	\$149,969		\$8,847			\$158,816
11	Depreciation - ADR	1,117,406			117,419		999,987
12	10% IPV	(24,136)					(24,136)
13							0
14							0
15							0
16							0
17							0
18	<b>Total</b>	\$1,243,239	7250	\$8,847	\$117,419	\$0	\$1,134,667
19	<b>Total Property Related Deferred Operating Income Taxes-Cr.</b>	\$1,243,239		\$8,847	\$117,419	\$0	\$1,134,667
<b>Nonproperty Related</b>							
<b>Current Deferred Operating Income Taxes-Cr. (Account 4100)</b>							
20	None						\$0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28	<b>Total</b>	\$0	7250	\$0	\$0	\$0	\$0

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)
	<b>Nonproperty Related</b>						
	<b>Noncurrent Deferred Operating Income Taxes-Cr. (Account 4340)</b>						
29	Deferred compensation	(\$173,519)		\$20,642			(\$152,877)
30							0
31							0
32							0
33							0
34							0
35							0
36	<b>Total</b>	(\$173,519)	7250	\$20,642	\$0	\$0	(\$152,877)
37	<b>Total Nonproperty Related Deferred Operating Income Taxes - Cr.</b>	(\$173,519)		\$20,642	\$0	\$0	(\$152,877)
	<b>Operating Investment Tax Credit (Account 4320)</b>						
38	None						\$0
39							0
40							0
41							0
42							0
43							0
44	<b>Total</b>	\$0	7210	\$0	\$0	\$0	\$0
	<b>Property Related</b>						
	<b>Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)</b>						
45	None		7450				\$0
46							0
47							0
48							0
49							0
50							0
51	<b>Total</b>	\$0	7640	\$0	\$0	\$0	\$0
	<b>Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)</b>						
52	None		7450				\$0
53							0
54							0
55							0
56							0
57							0
58	<b>Total</b>	\$0	7640	\$0	\$0	\$0	\$0
59	<b>Total Property Related Deferred Nonoperating Income Taxes-Cr.</b>	\$0		\$0	\$0	\$0	\$0

28. DEFERRED INCOME TAXES-Cr. AND INVESTMENT TAX CREDIT (Continued)							
Line No.	Description of Item (a)	Balance at Beginning of Year (b)	Contra Acct. (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
<b>Nonproperty Related</b>							
<b>Current Deferred Nonoperating Income Taxes-Cr. (Account 4110)</b>							
60	None		7450				\$0
61							0
62							0
63							0
64							0
65			7640				0
66	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
<b>Noncurrent Deferred Nonoperating Income Taxes-Cr. (Account 4350)</b>							
67	None		7450				\$0
68							0
69							0
70							0
71							0
72			7640				0
73	<b>Total</b>	\$0		\$0	\$0	\$0	\$0
74	<b>Total Nonproperty Related Deferred Nonoperating Income Taxes - Cr.</b>	\$0		\$0	\$0	\$0	\$0
75	<b>Nonoperating Investment Tax Credit (Account 4330)</b>						
76	None						\$0
77							0
78							0
79							0
80							0
81	<b>Total</b>	\$0	7410	\$0	\$0	\$0	\$0

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

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

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
1	Protected Excess Deferred FIT Balance		\$185,920	\$185,920			\$0
2	Unprotected Excess Deferred FIT Balance			0			0
3	Total Excess Deferred FIT Balance	\$0	\$185,920	\$185,920	\$0	\$0	\$0
	Excess Deferred FIT Balance Related to:						
4	1986 and Prior Vintage Assets			\$0			\$0
5	1987 to Current Vintage Assets			0			0
6	Deficient Deferred FIT Balance			0			0
	Average Remaining Amortization Period for:						
7	Protected Excess Deferred FIT Balance						
8	Unprotected Excess Deferred FIT Balance						
9	Deficient Deferred FIT Balance						
10	Total Embedded Deferred FIT			\$0			\$0

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

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

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

Line No.	Item (a)	Debits			Credits		
		Account 1360 (b)	Account 1510 (c)	Total (d)	Account 4100 (e)	Account 4340 (f)	Total (g)
	<b><u>AFUDC</u></b>						
1	AFUDC - Net of Tax - Plant	None		\$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
	<b><u>Prior Flow-Through Items</u></b>						
4	Depreciation			0			0
5	Asset Base Difference (non - ITC)			0			0
6	Other (specify)			0			0
				0			0
				0			0
				0			0
				0			0
	<b><u>ITC</u></b>						
7	Section 46(f)(1) ITC			0			0
8	Section 46(f)(2) ITC			0			0
	<b><u>Other Items</u></b>						
9				0			0
10				0			0
11				0			0
12	<b>Total</b>	\$0	\$0	\$0	\$0	\$0	\$0
13	<b>Gross-up of above amounts for income tax effects, etc.</b>			\$0			\$0

**30. Investments in Affiliated Companies**

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

Line No.	Item (A)	Date of Acquisition (B)	Acquisition Cost (C)	Type Of Security (D)	Amount of Inv. Beg of Year (E)	Invests Retired During Year (F)	Gain or loss on disposition (G)
1	Cassadaga Telephone Corporation	3/1/1963		C	\$1,499,088		
2	Cassadaga Telephone Corporation	5/26/1983		C	300,000		
3	Comantel, Inc.	5/6/1965		C	1,175,932		
4	Comantel, Inc.	2/1/1997		L	41,367		
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	Total	XXXXXXXX	\$0	XXXXXXXX	\$3,016,387	\$0	\$0

**30. Investments in Affiliated Companies**

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

Line No.	Percent of Ownership (H)	Equity Method			Cost Method			Amount of Investments End of Year (O)
		Equity in Earnings Of Affiliated Companies Account 7355 (I)	Dividends Declared (J)	Other Adjustments and Amortizations (K)	Dividend Income Account 7310 (L)	Decline in Value of Investments		
						Temporary Account 4540 (M)	Permanent (N)	
1	100%	\$70,143						\$1,569,231
2	100%							300,000
3	100%	213,813						1,389,745
4	100%							41,367
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	\$283,956	\$0	\$0	\$0	\$0	\$0	\$3,300,343

### 31. INVESTMENTS

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

Line No.	Class (a)	Description of Investment (Including nominal interest rate and term when appropriate) (b)	Book Cost of Investment at Beginning of the Year (c)	Book Cost of Investment Made During the Year (d)
1		<u>Account 1401.2, Advances to Affiliated Companies:</u>		
2		None		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18		Total Account 1401.2	\$0	\$0
19		<u>Account 1402, Investments in Nonaffiliated Companies:</u>		
20		None		
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37		Total Account 1402	\$0	\$0

**31. INVESTMENTS (Continued)**

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

Line No.	Book Cost of Investments Disposed of During the Year (e)	INVESTMENTS AT END OF YEAR		% of Total Voting Rights in Affiliates (h)	Lien References (i)	Gain (G) or Loss (L) from Investments Disposed of (j)
		Book Cost (f)	Shares of Stock or Face Amount of Other Investments (g)			
1		\$0				
2		0				
3		0				
4		0				
5		0				
6		0				
7		0				
8		0				
9		0				
10		0				
11		0				
12		0				
13		0				
14		0				
15		0				
16		0				
17		0				
18	\$0	\$0				\$0
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

2012

Interest or Dividends  
Credited  
to Income  
During the Year  
Account 7310, 7320  
(k)

\$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)
	<b>Subaccount 1406.1 Permanent Investment</b>				
1	Miscellaneous Physical Property	1,581,810	\$9,249		\$1,591,059
2	Accumulated Depreciation	(621,657)		36,307	(657,964)
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
11					0
	<b>Subaccount 1406.2 Receivable/Payable</b>				
12	Due from Customers and Agents	-			-
13	Reserve for Uncollectibles	-			-
14	Work in Progress	11,005	71,708	34,459	48,254
15	Advance Payments	-			-
16	Customer/Security Deposits	(4,480)	2,000		(2,480)
17	Federal Taxes Accrued	19,911	14,830	21,692	13,049
18	Accumulated Deferred FIT	(10,597)		1,449	(12,046)
19	Other Taxes Accrued	(221)	846	1,021	(396)
20	Other Current Liabilities	(1,991)	19,888	17,897	-
21					-
22					-
	<b>Subaccount 1406.3 Current Net Income or Loss</b>				
23					-
24					0
25					0
26					0
27					0
28					0
29					0
30					0
31					0
32					0
33					0
34	<b>Total</b>	\$973,780	\$118,521	\$112,825	\$979,476

**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)
<b>Account 4010.1 Accounts Payable to Affiliated Companies:</b>					
1	Netsync Internet Services Corporation	-	\$382,145	\$382,145	\$0
2	Cassadaga Telephone Corporation	-	163,942	163,942	-
3	Comantel, Inc.	-	66,894	66,894	-
4	DFT Security Services, Inc.	-	105,283	105,283	-
5	Macom, Inc.	-	11,998	11,998	-
6	DFT Long Distance Corporation	-	1,609	1,609	-
7	DFT Local Service Corporation	-	249,467	249,467	-
8	DFT Telephone Holding, LLC.	-	8,114	8,114	-
9	DFT Communications Corporation	-	12,030,975	12,032,678	1,703
10	LICT Corporation	-	8,771	21,714	12,943
11	Centracom Interactive	-	-	9,037	9,037
12					
13	<b>Total Accounts Payable to Affiliated Companies</b>	\$0	\$13,029,198	\$13,052,881	\$23,683
<b>Account 4010.2 Other Accounts Payable:</b>					
14	Calix	49,108	\$107,035	\$57,927	\$0
15	CTS Construction	29,380	45,066	15,686	-
16	M&T Corporate Card	27,075	235,235	218,400	10,240
17	Neonova Network Services	16,652	211,510	219,857	24,999
18	Security Investors Group	13,572	1,149,987	1,161,446	25,031
19	USAC	14,025	321,207	329,600	22,418
20	Cope Builders	-	-	21,091	21,091
21	Honeywell International	-	177,912	198,695	20,783
22	Sprint Corporation	-	242,475	261,783	19,308
23					
24					
25					
26					
27	Aggregate of all other items	296,332	18,153,842	18,031,290	173,780
28	<b>Total Other Accounts Payable</b>	\$446,144	\$20,644,269	\$20,515,775	\$317,650

**35. NOTES PAYABLE**

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

Line No.	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate per Annum (f)
	<b>Account 4020.1 Notes Payable to Affiliated Companies:</b>					
1	DFT Communications Corporation	Note payable	12/31/2011	Demand	\$1,615,000	3.80%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	<b>Total</b>				\$1,615,000	xxxxx
	<b>Account 4020.2 Other Notes Payable:</b>					
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Aggregate of all other items					
31	<b>Total</b>				\$0	xxxxx

**36. Long Term Debt**

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

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
1	<b>Account 4050, Current Maturities - Debt</b>											
2	Lakeshore Savings & Loan	4/04	3/14	\$19,300								
3												
4												
5												
6												
7												
8												
9												
10												
11	<b>Total</b>			\$19,300								
12	<b>Account 4210, Funded Debt</b>											
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	<b>Subtotal</b>			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

**36. Long Term Debt**

Line No.	Description of Obligation	Nominal Date of Issue	Date of Maturity	Face Amount Outstanding	Interest		Unamortized Balances			Amortizations		
					Stated Rate	Amount Acct. 7510.1	Debt Exp Acct. 1407	Premium Acct. 4220	Discount Acct. 4230	Debt Exp Acct. 7530	Discount Acct. 7510.2	Premium Acct. 7510.3
38	<b>Account 4210, Funded Debt (Continued)</b>											
39												
40												
41												
42												
43												
44												
45	<b>Total</b>			\$0								
46												
47	<b>Account 4260, Advances from Affiliated Companies</b>											
48												
49												
50												
51												
52												
53												
54	<b>Total</b>			\$0								
55												
56	<b>Account 4270, Other Long-Term Debt</b>											
57	Lakeshore Savings & Loan	4/04	3/14	\$5,049								
58												
59												
60												
61												
62												
63												
64												
65												
66												
67												
68												
69												
70												
71												
72												
73												
74												
75	<b>Total</b>			\$5,049								
76												
77												
78												
79	<b>Grand Total</b>			\$5,049		\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

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

Line No.	Description of Security (a)	REACQUIRED DURING THE YEAR				RETIRED DURING YEAR		
		REACQUISITION COST		Book or Face Amount (d)	No. of Shares of Stock (e)	Book or Face Amount (f)	No. of Shares of Stock (g)	
		Per \$100 of Debt (b)	Per Share of Stock (c)					
1	None							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	<b>Total</b>	xxxxxx	xxxxx	\$0	xxxxx	\$0	xxx	
Line No.	Effective Date of Call (if any) (h)	DISPOSITION OF						Remarks (o)
		Unamortized Discount (D) or Premium (P)		Redemption Premium (P) or Discount (D) and Expense		Reacquisition or Redemption Expenses		
		Acct. (i)	Amount (j)	Acct. (k)	Amount (l)	Acct. (m)	Amount (n)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12	xxxx	xxxx	\$0	xxxx	\$0	xxxx	\$0	

**38. Other Long-Term Liabilities**

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

Line No.	Account (or description of item)  (a)	Balance at Beginning of Year (b)	Credits During Year		Debits During Year		Balance at End of Year (g)
			Contra Acct. No. (c)	Amount (d)	Contra Acct. No. (e)	Amount (f)	
1	Deferred compensation	\$448,816	6711	\$5,738	4120.4	\$61,338	\$393,216
2	Other Noncurrent	4,284	Various	-	Various	4,284	0
3							0
4							0
5							0
6							0
7							0
8							0
9							0
10							0
11							0
12							0
13							0
14							0
15							0
16							0
17							0
18							0
19							0
20							0
21							0
22							0
23							0
24							0
25							0
26							0
27							0
28							0
29							0
30							0
31							0
32							0
33							0
34							0
35							0
36	<b>Totals</b>	\$453,100		\$5,738		\$65,622	\$393,216

**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	Other deferred credits-FASB 109	\$185,920	1510			\$185,920
2	Other deferred income tax-lifeline	74,109	1190		4,228	78,337
3						0
4						0
5						0
6						0
7						0
8						0
9						0
10						0
12						0
13						0
14						0
15						0
16						0
17						0
18						0
19						0
20						0
21						0
22						0
23						0
24						0
25						0
26						0
27						0
28						0
29						0
30		\$260,029	x x x	\$0	\$4,228	\$264,257

**40. CAPITAL STOCK**

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

Line No.	Class and Series of Stock (a)	Number of shares authorized by Articles of Incorporation (b)	OUTSTANDING PER BALANCE SHEET*				HELD BY RESPONDENT		DIVIDENDS DURING YEAR	
			Number of shares (c)	Par or stated value per share (d)	Amount (e)	Additional Paid in Capital (Acct. 4520) (f)	Shares (g)	Cost (Account 4530) (h)	Declared (i)	Paid (j)
1	<u>Account 4510.1 Capital Stock-Common</u>									
2	Common-No Par Value	12,400	11,733	53	\$619,975					
3										
4										
5										
6										
7										
8										
9	TOTALS (Account 4510.1)	12,400	11,733	xxxxxxx	\$619,975	\$0	0	\$0	\$0	\$0
10	<u>Account 4510.2 Capital Stock-Preferred</u>									
11	None									
12										
13										
14										
15										
16										
17										
18	TOTALS (Account 4510.2)	0	0	xxxxxxx	\$0	\$0	0	\$0	\$0	\$0

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

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

Line No.	Particulars (a)	Account Included In (b)	Debits (c)	Credits (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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<b>42. OPERATING REVENUES</b>			
Line No.	Item (a)	This Year Total (b)	Last Year Total (c)
<b>LOCAL NETWORK SERVICES REVENUES</b>			
1	5001 Basic Area	\$1,739,634	\$1,799,704
2	5002 Optional Extended Area Service		0
3	5003 Cellular Mobile		0
4	5004 Other Mobile Services		0
5	5010 Public Telephone		0
6	5040 Local Private Line		0
7	5050 Customer Premises	16,317	18,034
8	5060 Other Local Exchange	48,379	52,768
9	5069 Other Local Exchange Settlements	32,441	56,325
10	Total Local Network Services Revenues	1,836,771	1,926,831
<b>NETWORK ACCESS SERVICES REVENUES</b>			
11	5081 End User	461,194	472,770
12	5082 Switched Access	1,032,522	1,146,608
13	5083 Special Access	764,125	793,275
14	5084 State Access	387,037	457,307
15	Total Access Services Revenues	2,644,878	2,869,960
<b>LONG DISTANCE NETWORK SERVICES REVENUES</b>			
16	5100 Long Distance Message	2	1,683
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	2	1,683
<b>MISCELLANEOUS REVENUES</b>			
30	5230 Directory	229,332	277,400
31	5240 Rent	78,216	78,761
32	5250 Corporate Operations		0
33	5261 Special Billing Arrangements		0
34	5262 Customer Operations		0
35	5263 Plant Operations		0
36	5264 Other Incidental Regulated	6,004	69,899
37	5269 Other Settlements		0
38	5270.1 Interstate Billing and Collection		0
39	5270.2 Intrastate Billing and Collection	33,111	68,127
40	5280 Nonregulated		0
41	Total Miscellaneous Revenues	346,663	494,187
<b>UNCOLLECTIBLE REVENUES</b>			
42	5301 Uncollectible-Telecommunications	2,069	(4,602)
43	5302 Uncollectible-Other		0
44	Total Uncollectible Revenues	2,069	(4,602)
45	<b>TOTAL OPERATING REVENUES</b>	<b>\$4,826,245</b>	<b>\$5,297,263</b>
46	<b>FOOTNOTE: USF Revenues \$140,662</b>	XXXXXXXXXX	XXXXXXXXXX
47	<b>Recorded in Account: # 5083.2, 5081.2</b>	XXXXXXXXXX	XXXXXXXXXX

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**44. OPERATING EXPENSES BY CATEGORY**

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)
<b><u>Plant Specific Operations</u></b>			
<b><u>Network Support Expenses</u></b>			
1	6112 Motor Vehicle	20,226	6,691
2	Clearance		
3	Net Balance	20,226	6,691
4	6113 Aircraft		
5	Clearance		
6	Net Balance	0	0
7	6114 Special Purpose Vehicles		
8	Clearance		
9	Net Balance	0	0
10	6115 Garage Work Equipment	688	240
11	6116 Other Work Equipment	62	24
12	Clearance		
13	Net Balance	62	24
14	6110 Network Support Expenses	20,976	6,955
<b><u>General Support Expenses</u></b>			
15	6121 Land and Building	59,711	15,412
16	6122 Furniture and Artworks	59	18
17	6123 Office Equipment	0	0
18	6124 General Purpose Computers	82,994	22,205
19	6120 General Support Expenses	142,764	37,635
<b><u>Central Office Switching Expenses</u></b>			
20	6211 Analog Electronic		
21	6212 Digital Electronic	30,460	8,329
22	6215 Electro-Mechanical		
23	6210 Central Office Switching Expenses	30,460	8,329
24	6220 Operator Systems Expense		
<b><u>Central Office Transmission Expenses</u></b>			
25	6231 Radio Systems	2,530	728
26	6232 Circuit Equipment	97,118	27,184
27	6230 Central Office Transmission Expenses	99,648	27,912
<b><u>Information Origination/Termination Expenses</u></b>			
28	6311 Station Apparatus		
29	6321 Customer Premises Wiring		
30	6341 Large Private Branch Exchange		
31	6351 Public Telephone Terminal Equipment		
32	6362 Other Terminal Equipment		
33	6310 Information Origination/Termination Expenses	0	0



<b>44. OPERATING EXPENSES BY CATEGORY (Continued)</b>					
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.	
<b><u>Plant Specific Operations</u></b>					
<b><u>Network Support Expenses</u></b>					
6112	Motor Vehicle	52,922	79,839	113,887	1
	Clearance		0		2
	Net Balance	52,922	79,839	113,887	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	4,498	5,426	113	10
6116	Other Work Equipment	571	657	(507)	11
	Clearance		0		12
	Net Balance	571	657	(507)	13
6110	Network Support Expenses	57,991	85,922	113,493	14
<b><u>General Support Expenses</u></b>					
6121	Land and Building	196,983	272,106	298,853	15
6122	Furniture and Artworks	3,443	3,520	1,488	16
6123	Office Equipment	16,466	16,466	15,758	17
6124	General Purpose Computers	101,076	206,275	212,102	18
6120	General Support Expenses	317,968	498,367	528,201	19
<b><u>Central Office Switching Expenses</u></b>					
6211	Analog Electronic		0		20
6212	Digital Electronic	47,558	86,347	103,668	21
6215	Electro-Mechanical		0		22
6210	Central Office Switching Expenses	47,558	86,347	103,668	23
6220	<u>Operator Systems Expense</u>		0		24
<b><u>Central Office Transmission Expenses</u></b>					
6231	Radio Systems	2,194	5,452	216	25
6232	Circuit Equipment	74,885	199,187	183,162	26
6230	Central Office Transmission Expenses	77,079	204,639	183,378	27
<b><u>Information Origination/Termination Expenses</u></b>					
6311	Station Apparatus		0		28
6321	Customer Premises Wiring		0		29
6341	Large Private Branch Exchange		0		30
6351	Public Telephone Terminal Equipment		0		31
6362	Other Terminal Equipment		0		32
6310	Information Origination/Termination Expenses	0	0	0	33

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

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)
	Plant Specific Operations (cont.)		
	<u>Cable and Wire Facilities Expenses</u>		
34	6411 Poles	5,709	1,712
35	6421 Aerial Cable	44,069	11,643
36	6422 Underground Cable	17,600	4,740
37	6423 Buried Cable		
38	6424 Submarine Cable		
39	6425 Deep Sea Cable		
40	6426 Intrabuilding Network Cable		
41	6431 Aerial Wire		
42	6441 Conduit Systems	0	0
43	6410 Cable and Wire Facilities Expenses	67,378	18,095
44	Total Plant Specific Operations Expense	361,226	98,926
	<u>Plant Nonspecific Operations</u>		
	<u>Other Property, Plant &amp; Equipment Expenses</u>		
45	6511 Property Held for Future Telephone Use		
46	6512 Provisioning	45,866	14,223
47	Clearance		
48	Net Balance	45,866	14,223
49	6510 Total Other Property, Plant & Equipment Expenses	45,866	14,223
	<u>Network Operations Expenses</u>		
50	6531 Power		
51	6532 Network Administration	0	0
52	6533 Testing	21,779	7,258
53	6534 Plant Operations Administration	41,160	13,913
54	Clearance		
55	Net Balance	41,160	13,913
56	6535 Engineering	49,482	16,352
57	Clearance		
58	Net Balance	49,482	16,352
59	6530 Network Operations Expense	112,421	37,523
60	6540 Access Expense	0	0
	<u>Depreciation &amp; Amortization Expenses</u>		
61	6561 Depreciation-TPIS		
62	6562 Depreciation-Property Held for Future Tel.. Use		
63	6563 Amortization-Tangible		
64	6564 Amortization-Intangible		
65	6565 Amortization-Other		
66	6560 Depreciation & Amortization Expenses		
67	Total Plant Nonspecific Operations Expense	158,287	51,746



<b>44. OPERATING EXPENSES BY CATEGORY (Continued)</b>				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<b>Plant Specific Operations (cont.)</b>				
<u>Cable and Wire Facilities Expenses</u>				
6411 Poles	2,501	9,922	10,990	34
6421 Aerial Cable	13,712	69,424	95,386	35
6422 Underground Cable	4,206	26,546	1,134	36
6423 Buried Cable		0	27,403	37
6424 Submarine Cable		0	0	38
6425 Deep Sea Cable		0	0	39
6426 Intrabuilding Network Cable		0	0	40
6431 Aerial Wire		0	0	41
6441 Conduit Systems		0	0	42
6410 Cable and Wire Facilities Expenses	20,419	105,892	134,913	43
Total Plant Specific Operations Expense	521,015	981,167	1,063,653	44
<u>Plant Nonspecific Operations</u>				
<u>Other Property, Plant &amp; Equipment Expenses</u>				
6511 Property Held for Future Telephone Use		0	0	45
6512 Provisioning	4,168	64,257	79,649	46
Clearance		0	0	47
Net Balance	4,168	64,257	79,649	48
6510 Total Other Property, Plant & Equipment Expenses	4,168	64,257	79,649	49
<u>Network Operations Expenses</u>				
6531 Power		0	0	50
6532 Network Administration	1,171	1,171	62	51
6533 Testing	22,100	51,137	70,917	52
6534 Plant Operations Administration	602	55,675	41,581	53
Clearance		0	0	54
Net Balance	602	55,675	41,581	55
6535 Engineering	25,193	91,027	42,594	56
Clearance		0	0	57
Net Balance	25,193	91,027	42,594	58
6530 Network Operations Expense	49,066	199,010	155,154	59
6540 Access Expense	147,759	147,759	115,166	60
<u>Depreciation &amp; Amortization Expenses</u>				
6561 Depreciation-TPIS	682,014	682,014	694,733	61
6562 Depreciation-Property Held for Future Tel.. Use		0	0	62
6263 Amortization-Tangible		0	0	63
6564 Amortization-Intangible		0	0	64
6565 Amortization-Other	7,086	7,086	6,642	65
6560 Depreciation & Amortization Expenses	689,100	689,100	701,375	66
Total Plant Nonspecific Operations Expense	890,093	1,100,126	1,051,344	67

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

Line No.	Item (a)	Salaries & Wages (b)	Benefits (c)
<b><u>Customer Operations</u></b>			
<b><u>Marketing</u></b>			
68	6611 Product Management		
69	6612 Sales	148,557	50,882
70	6613 Product Advertising	58,260	19,509
71	6610 Marketing	206,817	70,391
<b><u>Services</u></b>			
72	6621 Call Completion Services	0	0
73	6622.1 Number Services-Directory Assistance		
74	6622.2 Number Services-Directory Publishing		
75	6623.1 Customer Services-Order Processing & Instruction	225,385	73,505
76	6623.2 Customer Services-Billing and Collections	83,414	27,806
77	6623.3 Customer Services-Public Telephone Expenses		
78	6620 Services	308,799	101,311
79	Total Customer Operations Expense	515,616	171,702
<b><u>Corporate Operations Expense</u></b>			
<b><u>Executive and Planning</u></b>			
80	6711 Executive	343,778	115,032
81	6712 Planning	58,979	19,729
82	6710 Executive and Planning	402,757	134,761
<b><u>General &amp; Administrative</u></b>			
83	6721 Accounting & Finance	238,184	67,865
84	6722 External Relations	16,950	5,691
85	6723 Human Resources	6,802	2,266
86	6724 Information Management	20,203	6,810
87	6725 Legal	0	0
88	6726 Procurement	1,769	571
89	6727 Research and Development		
90	6728 Other General & Administrative	38,779	22,867
91	6720 General & Administrative	322,687	106,070
92	6790 Provision for Uncollectible Notes Receivable		
93	Total Corporate Operations Expenses	725,444	240,831
94	TOTAL OPERATING EXPENSES	\$1,760,573	\$563,205

September 30, 2012

Rents  
(d)

\$

[Shaded area]

\$0

<b>44. OPERATING EXPENSES BY CATEGORY (Continued)</b>				
Item (a)	Other Expenses (e)	This Year Total (f)	Last Year Total (g)	Line No.
<b><u>Customer Operations</u></b>				
	\$	\$	\$	
<u>Marketing</u>				
6611	Product Management	0		68
6612	Sales	25,758	225,197	69
6613	Product Advertising	112,893	190,662	70
6610	Marketing	138,651	415,859	71
<u>Services</u>				
6621	Call Completion Services	25,920	25,920	72
6622.1	Number Services-Directory Assistance	0	0	73
6622.2	Number Services-Directory Publishing	184,517	184,517	74
6623.1	Customer Services-Order Processing & Instruction	(65,460)	233,430	75
6623.2	Customer Services-Billing and Collections	67,520	178,740	76
6623.3	Customer Services-Public Telephone Expenses	0	0	77
6620	Services	212,497	622,607	78
	Total Customer Operations Expense	351,148	1,038,466	79
<b><u>Corporate Operations Expense</u></b>				
<u>Executive and Planning</u>				
6711	Executive	473,830	932,640	80
6712	Planning	27,404	106,112	81
6710	Executive and Planning	501,234	1,038,752	82
<u>General &amp; Administrative</u>				
6721	Accounting & Finance	254,227	560,276	83
6722	External Relations	1,466	24,107	84
6723	Human Resources	24,031	33,099	85
6724	Information Management	739	27,752	86
6725	Legal	49,580	49,580	87
6726	Procurement		2,340	88
6727	Research and Development		0	89
6728	Other General & Administrative	267,066	328,712	90
6720	General & Administrative	597,109	1,025,866	91
6790	Provision for Uncollectible Notes Receivable		0	92
	Total Corporate Operations Expenses	1,098,343	2,064,618	93
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$2,860,599</b>	<b>\$5,184,377</b>	<b>94</b>

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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)
	<b>Federal Taxes:</b>						
1	Income	(150,363)	(150,363)				
2	FICA-Contribution	287,848					
3	Unemployment	3,748					
4	Other:	3,623					3,623
5							
6	<b>Total</b>	\$144,856	(\$150,363)	\$0	\$0	\$0	\$3,623
	<b>State Taxes:</b>						
7	Franchise-Gross Income-186a	70,604				14,158	56,446
8	Franch.-Gross Inc.-Access Charges						
9	Franchise-Gross Earnings-184	18,098				9,631	8,467
10	Franchise-Excess Div.-186	7,018				4,026	2,992
11	Temporary Surcharges-						
12	Sec. 186a (Gross Income)						
13	Sec. 184 (Gross Earnings)						
14	Sec. 186 ( Excess Dividend)						
15	MTA Surcharge						
16	Unemployment Insurance	31,076					
17	Disability Insurance	11,203					
18	Sales and Use						
19	Other						
20	<b>Total</b>	\$137,999	\$0	\$0	\$0	\$27,815	\$67,905
	<b>Local Taxes:</b>						
22	Real Estate	\$230,779				\$110,426	\$82,088
23	Special Franchise						
24	Municipal Gross Income	19,883				19,883	
25	NYC-Spec. Franchise						
26	Motor Vehicle						
27	Other						
28							
29	<b>Total</b>	\$250,662	\$0	\$0	\$0	\$130,309	\$82,088
30	Other (list):						
31							
32							
33	<b>Totals</b>	\$533,517	(\$150,363)	\$0	\$0	\$158,124	\$153,616

**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				7990	(\$13,049)
2	FICA-Contribution		8,175		Various	279,673
3	Unemployment		106		Various	3,642
4	Other					
5						
6	Total	\$0	\$8,281	\$0	XXXXXXX	\$270,266
	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		883		Various	30,193
17	Disability Insurance		318		Various	10,885
18	Sales and Use					
19	Other					
20	Total	\$0	\$1,201	\$0	XXXXXXX	\$41,078
21	Local Taxes:					
22	Real Estate				7990	\$38,265
23	Special Franchise					
24	Municipal Gross Income					
25	NYC-Spec. Franchise					
26	Motor Vehicle					
27	Other					
28						
29	Total	\$0	\$0	\$0	XXXXXXX	\$38,265
30	Other (list):					
31						
32						
33	Totals	\$0	\$9,482	\$0	XXXXXXX	\$349,609

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**46. MISCELLANEOUS TAX REFUNDS**

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

Line No.	Description of Item (a)	Amount (b)
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
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22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35	<b>Total</b>	<b>\$0</b>

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

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

Line No.	Particulars (a)	Amount (b)
1	Net Income for the Year per Income Statement (Schedule 12, line 48)	(\$272,390)
	Income Taxes Accrued:	
2	Federal income taxes	(265,960)
3		
4		
5		
6		
7		
8		
9		
10	Less: Nonregulated Income	(283,956)
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	Meals & Entertainment, Dues	\$40,068
17	Excess of salvage-Regulated	40,427
18	Change in bad debt reserve	2,600
19	Change in deferred compensation	(60,713)
20	Book vs. Tax depreciation	341,091
21	Cost of removal/Lifeline	(21,791)
22		
23		
24	Additional Deductions & Non-Taxable Income:	xxxxxxxxxxxx
25		
26		
27		
28		
29		
30		
31		
32		
33	Federal tax net income	(\$480,624)
	Computation of tax:	xxxxxxxxxxxx
34		
35		
36		
37		
38		(163,412)
39	Computed Federal Income Tax	(\$163,412)

### 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	Contributions, Social, Community	\$46,855
2		
3	Churches, Memorials, and Dues	-
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
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30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Total	\$46,855

**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)
	<b>Account 7540.1 Other Interest Deductions-Affiliated Companies</b>	
1	DFT Communications (variable rate)	\$65,396
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	<b>Total Other Interest Deductions-Affiliated Companies</b>	\$65,396
	<b>Account 7540.2 Other Interest Deductions</b>	
14	Lakeshore Savings & Loan @ 4.25%	\$1,493
15	Customer deposits @ 1.65%	36
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33	<b>Total Other Interest Deductions</b>	\$1,529

**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	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
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27		
28		
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30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
	Total	\$0

**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

**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					
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35		Total	X X X	\$ 0	X X X	\$ 0

**52. MEMBERSHIP FEES AND DUES**

Line No.	Particulars (a)	NUMBER OF		Amounts (d)
		Organizations (b)	Memberships (c)	
	<b>EXPENDITURES CHARGED TO OPERATING EXPENSES</b>			
1	Associations of telecommunications companies	2	3	\$16,550
2	Trade, technical and professional associations			
3	Other organizations (specify types):			
4	Social	1	3	9,710
5	Commerce	3	10	1,531
6				
7				
8				
9				
10				
11				
12				
13				
14	Total	6	16	\$27,791
	<b>EXPENDITURES CHARGED TO ACCOUNT 7370</b>			
15	Social and athletic clubs	3		\$4,055
16	Service clubs			
17	Other organizations (specify type):			
18	Community	6		42,800
19				
20				
21				
22				
23				
24				
25				
26				
27				
28	Total	9	0	\$46,855

**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.

Dental, Health & Life Insurance, Long Term Disability

- 1) All employees
- 2) Benefits provided through an insurance carrier
- 3) Total cost for the year: \$ 615,873

401K Plan

- 1) All employees
- 2) Benefits provided through an insurance carrier
- 3) Total cost for the year: \$ 170,457

**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.

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

\* 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)
<b>PLAN</b>			
1	Unrecognized net asset	None	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
<b>REPORTING COMPANY</b>			
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.

N/A

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

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

N/A

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

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

Line No.	Item (a)	Total Company (b)
<b>EXTERNALLY HELD OPEB DEDICATED FUNDS OR TRUSTS</b>		
1	Fair Value of Plan Assets at Beginning of Period	
Contributions to the Fund:		
2	Deposits of Company Funds	
3	Transfers from Pension Related Funds	
4	Other *	
5	Income or (Loss) Earned on Fund Assets	
6	Capital Appreciation or (Depreciation) of Fund Assets	
7	Cost Benefits Paid from the Fund To or For Plan Participants	
8	Other Expenses Paid By the Fund **	
9	Fair Value of Plan Assets at End of the Period	\$0

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

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

N/A

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

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

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

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

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

Line No.	Name of Affiliate or Other Company (a)	Valuation Method (b)	Account No. (c)	Service Provided For/To (d)	Amount (e)
	<b>Affiliates:</b>				
1	Netsync Internet Services Corporation	Cost	Various	All Labor	\$418,867
2	Netsync Internet Services Corporation	Cost	Various	All Benefits	148,736
3	Cassadaga Telephone Corporation	Cost	Various	All Labor	210,271
4	Cassadaga Telephone Corporation	Cost	Various	All Benefits	86,568
5	Comantel, Inc.	Cost	Various	All Labor	194,032
6	Comantel, Inc.	Cost	Various	All Benefits	93,432
7	DFT Security Services, Inc.	Cost	Various	All Labor	356,026
8	DFT Security Services, Inc.	Cost	Various	All Benefits	103,501
9	Macom, Inc.	Cost	Various	All Labor	92,608
10	Macom, Inc.	Cost	Various	All Benefits	45,694
11	DFT Communications Corp.	Cost	Various	All Labor	1,510
12	DFT Communications Corp.	Cost	Various	All Benefits	-
13	DFT Local Service Corporation	Cost	Various	All Labor	341,605
14	DFT Local Service Corporation	Cost	Various	All Benefits	151,587
15	DFT Telephone Holding Company, LLC	Cost	6711	Management fees	94,772
16					
17					
18					
19					
20					
21	Total Affiliates				2,339,209
	<b>Other Companies:</b>				
22	KPMG, LLC.	Cost	6721	Accounting/Auditing	74,686
23	Moss Adams, LLP.	Cost	6721	Accounting/Auditing	69,759
24	Robert A. Maytum	Cost	6711	Consulting	199,500
25	William Westin	Cost	6712	Consulting	51,220
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					159,341
42	Total Other Companies				554,506
43	Total General Services and Licenses				2,893,715

**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	216			216	1
February	217			217	1
March	222			222	3
April	229			229	2
May	221			221	-
June	216			216	-
July	215			215	-
August	215			215	-
September	211			211	-
October	205			205	-
November	117			117	-
December	137			137	-

**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 End of the Year (e)
		At Beginning of the Year (b)	During the Year		
			Added (c)	Discontinued (d)	
1	Fredonia	7,850	423	671	7,602
2					0
3					0
4					0
5					0
6					0
7					0
8					0
9					0
10					0
		7,850	423	671	7,602

**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	198	2,353		5,029	22			185
2								
3								
4								
5								
6								
7								
8								
9								
10	198	2,353	0	5,029	22	0	0	185

**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	Fredonia	64,799,936	416,713	1,389,276	42,065	172,128	128,818	789,828	65,387,532
2									0
3									0
4									0
5									0
6									0
7									0
8									0
9									0
10		64,799,936	416,713	1,389,276	42,065	172,128	128,818	789,828	65,387,532

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

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

Line No.	Service Measurement (a)	TOTAL COMPANY SERVICE QUALITY DATA						Number of Surveillance Level Failures (h)
		Average for the Year (b)	Measurement Opportunities					
			Cumulative Annual Total (c)	At Objective Level		At Weakspot Level		
			Number (d)	Percent (e)	Number (f)	Percent (g)		
1	Customer Trouble Report Rate Per 100 Access Lines	0.03	1	28	100%			
2	Percent Missed Repair Appointments							
3	Percent Out-of-Service Over 24 Hours							
4	Percent Regular Orders Installed Within 5 Days	100%	12,405	12,405	100%			
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	<b>TOTAL</b>		12,406	12,433		0		0
15	Number of Customer Complaints to the Public Service Commission During the Year is 0.							

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

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

Line No.	Underground Plant Constructed Within Subdivisions (a)	Amount (b)
	<b>A. Direct Buried (Plowed) Lines</b>	N/A
1	Total Length	_____ ft.
2	Cost of Plowing Only	_____
3	Average Cost of Plowing Only	_____ /ft.
	<b>B. Sole Occupancy Trenched Lines</b>	
4	Total Length	_____ ft.
5	Cost of Trenching Only	_____
6	Average Cost of Trenching Only	_____ /ft.
	<b>C. Shared Occupancy Trenched Lines</b>	
7	Total Length	_____ ft.
8	Cost of Trenching (telephone portion) Only	_____
9	Average Cost of Trenching (telephone portion) Only	_____ /ft.

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

	<b>A. Facilities Placed Underground</b>	N/A
10	Total Length	_____ ft.
11	Total Cost	_____
12	Average Total Cost	_____ /ft.
	<b>B. Facilities Placed Overhead</b>	
13	Total Length	_____ ft.
14	Total Cost	_____
15	Average Total Cost	_____ /ft.

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

Line No.	Account Group (a)	Amount (b)
1	Operating Expenses	\$1,760,573
2	Telecommunications Plant In Service	57,253
3	Telecommunications Plant Under Construction	104,566
4	Accumulated Depreciation	26,019
	Other (specify):	
5	Affiliates	1,614,919
6	Clearing accounts	343,236
7	Deregulated	9,982
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total Compensation of Officers and Employees	\$3,916,548
<b>65A. NUMBER OF EMPLOYEES</b>		
21	Officials and Managerial Assistants	14
22	Professional and Semiprofessional Employees	5
23	Business Office and Sales Employees	30
24	Clerical Employees	
25	Operators	
26	Construction, Installation and Maintenance Employees	
27	Central Office Crafts Employees	13
28	Installation and Exchange Repair Crafts Employees	12
29	Line, cable and conduit crafts employees	2
30	Building, Supplies and Motor Vehicle employees:	3
31	All Other Employees Not Elsewhere Classified	
32	Total Employees	79

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STATE OF NEW YORK  
Public Service Commission  
5 Year Book Data  
Dunkirk & Fredonia Telephone Company  
For the period ending December 31, 2012

Annual Report of Dunkirk & Fredonia Telephone Company

For the period ending

COMPARATIVE BALANCE SHEET

	Annual Report Source Sch 11, Pg 16 (C)	
<b>CURRENT ASSETS</b>		
1 Cash and Temporary Cash Investments	L1-4	\$134,807
2 Accounts Receivable (Net)	L(5,7,8) - L(6,9)	572613
3 Current Deferred Income Taxes	L21	33877
4 Other Current Assets	(Formula)	647065
5 <b>Total Current Assets</b>	L22	1388362
<b>NON-CURRENT ASSETS</b>		
6 Investments	L23-26	4279819
7 Unamortized Debt Issuance Costs	L27	0
8 Deferred Charges	L30-31	0
9 Other Jurisdictional Assets - Net	L32	
10 Non-Current Deferred Income Taxes	L33	874380
11 Other Non-Current Assets	(Formula)	64261
12 <b>Total Non-Current Assets</b>	L 34	5218460
<b>REGULATED PLANT</b>		
13 Total Telecommunications Plant	L42	17394961.89
14 Less: Accumulated Depreciation and Amort.	L43-44	14490084
15 <b>Net Regulated Plant</b>	(Formula)	2904877.89
16 <b>Total Assets &amp; Other Debits</b>	(Formula)	9511699.89

<b>CURRENT LIABILITIES</b>		<b>Source</b>	
		<b>Sch 11, Pg 17 (C)</b>	
17	Accounts Payable	L1-2	341333
18	Notes Payable	L3-4	1615000
19	Advanced Billings	L5	125862
20	Customer Deposits	L6	1929
21	Current Maturities - Long-Term Debt	L7-8	61340
22	Current Deferred Income Taxes	L11-12	0
23	Other Current Liabilities	(Formula)	1073856
<b>24</b>	<b>Total Current Liabilities</b>	<b>L15</b>	<b>3219320</b>
<b>LONG-TERM DEBT</b>			
25	Long-Term Debt	L23	15621
<b>OTHER LIAB. &amp; DEFERRED CREDITS</b>			
26	Unamortized ITC	L25-26	0
27	Non-Current Deferred Taxes	L27-28	981790
28	Other Deferred Credits	L29	264257
29	Other Jurisdictional Differences - Net	L30	
30	Other Liabilities	(Formula)	393216
<b>31</b>	<b>Total Other Liab. and Def. Credits</b>	<b>L31</b>	<b>1639263</b>
<b>STOCKHOLDER'S EQUITY</b>			
32	Common Stock	L32	619975
33	Preferred Stock	L33	0
34	Other Paid in Capital	L34-36	0
35	Retained Earnings	Formula	4017521
<b>36</b>	<b>Total Stockholder's Equity</b>	<b>L40</b>	<b>4637496</b>
<b>37</b>	<b>Total Liab. and Stockholder's Equity</b>	<b>(Formula)</b>	<b>\$9,511,700</b>

**INCOME STATEMENT**

<b>OPERATING REVENUES</b>		<b>Source</b>	
		<b>Sch 42, Pg 65 (b)</b>	
1	Local Network Services	L10	\$1,836,771
2	Network Access Services	L15	2,644,878
3	Long Distance Network Services	L29	2
4	Miscellaneous Revenues	L41	346,663
5	Less: Uncollectible Revenues	L44	2,069
<b>6</b>	<b>Total Operating Revenues</b>	(Formula)	<b>4,826,245</b>
<b>OPERATING EXPENSES</b>		<b>Sch 44, Pg 67 (F)</b>	
7	Network Support Expenses	L14	85,922
8	General Support Expenses	L19	498,367
9	Central Office Switching	L23	86,347
10	Operator Systems Expense	L24	0
11	Central Office Transmission	L27	204,639
12	Info. Origination/Termination	L33	0
13	Cable & Wire Facilities	L43	105,892
<b>14</b>	<b>Total Plant Specific Operations</b>	(Formula)	<b>981,167</b>
		<b>Sch 44, Pg 69 (F)</b>	
15	Other Plant, Property & Equipment	L49	64,257
16	Network Operations	L59	199,010
17	Access Expense	L60	147,759
18	Depreciation and Amortization	L66	689,100
<b>19</b>	<b>Total Plant Non-Specific Operations</b>	(Formula)	<b>1,100,126</b>
		<b>Sch 44, Pg 71 (F)</b>	
20	Marketing Expense	L71	415,859
21	Services Expense	L78	622,607
<b>22</b>	<b>Total Customer Operations</b>	(Formula)	<b>1,038,466</b>
		<b>Sch 44, Pg 73 (F)</b>	
23	Executive & Planning	L82	1,038,752
24	General & Administrative	L91	1,025,866
25	Provision - Uncollectible Notes Rec.	Less L92	0
26	Other		
<b>27</b>	<b>Total Corporate Operations</b>	(Formula)	<b>2,064,618</b>
<b>28</b>	<b>Total Operations Expense</b>	(Formula)	<b>5,184,377</b>
		<b>Sch 12, Pg 20 (C)</b>	
29	Other Operating Income & Expenses	L9	266
30	State & Local Income Taxes	L12	0
31	Other Taxes	L13	311,740
<b>32</b>	<b>Net Operating Income Before FIT</b>	(Formula)	<b>(669,606)</b>
33	Investment Tax Credits - Net	L10	0
34	Federal Income Taxes	L11	(150,363)
35	Provision - Def. Operating Income Taxes - Net	L14	(103,997)
<b>36</b>	<b>Net Operating Income</b>	(Formula)	<b>(\$415,246)</b>

**INCOME STATEMENT**

	<b>Source</b>	
<b>1 Net Operating Income</b>	From Above	<b>(\$415,246)</b>
<b>NON-OPERATING INCOME &amp; EXPENSES</b>	<b>Sch 12, Pg 20 (C)</b>	
2 Dividend Income	L17	0
3 Interest Income	L18	0
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	283,956
8 Other Non-Operating Income	L23	0
9 Special Charges	L24	46,855
10 Total Non-Operating Income & Expenses	(Formula)	237,101
<b>NON-OPERATING TAXES</b>	<b>Sch 12, Pg 20 (C)</b>	
11 Federal Income Taxes	L26+L27+L30	0
12 Other	L28+L29	0
13 Total Non-Operating Taxes	(Formula)	0
14 Income Available Before Interest Charges	(Formula)	(178,145)
<b>INTEREST CHARGES</b>		
15 Interest on Funded Debt	L34	0
16 Other Interest Expense	(Formula)	71,725
17 Total Interest Charges	L38	71,725
18 Income Before Extraordinary & Nonregulated Items	(Formula)	(249,870)
<b>Extraordinary &amp; Nonregulated Items</b>	<b>Sch 12, Pg 21 (C)</b>	
19 Extraordinary Items	L44	0
20 Nonregulated Revenues	L46	(22,520)
21 Total Extraordinary & Nonregulated Items	(Formula)	(22,520)
22 <b>Net Income</b>	(Formula)	<b>(\$272,390)</b>

	<b>Source</b>	
<b>RETAINED EARNINGS STATEMENT</b>		
<b>Sch 12, Pg 21 (C)</b>		
Unappropriated Retained Earnings:		
23 Beginning Year Balance	L49	(\$722,903)
24 Transferred from Income	L50	(556,346)
25 Appropriations	L51	0
Dividends Declared:		
26 Preferred Stock	L52	0
27 Common Stock	L53	0
28 Adjustments	L54	0
29 Ending Year Balance	(Formula)	(1,279,249)
30 Appropriated/Undistributed Affiliated Retained Earnings	L57+L60-L61+L62)	5,296,770
31 <b>Total Retained Earnings</b>	(Formula)	<b>\$4,017,521</b>

### CASH FLOW STATEMENT

	<b>Source</b>	
<b>Cash Flows from Operating Activities</b>		
1 Net Income	Formula	(\$272,390)
<b>Non-Cash Items Included in Net Income</b>		
2 Depreciation, Depletion & Amortization	L2+L3	689,100
3 Changes in Accumulated Deferred Income Taxes	L4	(87,930)
4 Changes in Working Capital	L6+L7+L8+L10+L11	443,493
5 Capitalized AFDC - Equity	L5	0
6 Other	(Formula)	(381,803)
7 Total Non-Cash Items	L17	662,860
8 Net Cash Provided by (Used In) Operating Activities	(Formula)	390,470
<b>Cash Flows from Investing Activities</b>		
9 Cash Flows from Construction	L28	(250,818)
10 Purchase of Other Investments	L29+L30+L31+L32	(75,000)
11 Sale of Other Investments	L33+L34+L35+L36	35,322
12 Other	L37+L38+L39	0
13 Net Cash Provided by (Used In) Investing Activities	(Formula)	(290,496)
<b>Cash Flows from Financing Activities</b>		
Net Proceeds (Payments)		
14 Long-Term Debt	L43+L49	(87,323)
15 Common Stock	L41+L47	0
16 Preferred Stock	L42+L48	0
17 Short-Term Debt	L44	0
18 Dividends Paid	L50+L51	0
19 Other Financing	(Formula)	0
20 Net Cash Provided by (Used In) Financing	L59	(87,323)
21 Net Increase (Decrease) in Cash & Equivalents	(Formula)	12,651
22 Cash & Equivalents at Beginning of Year	L61	122,156
23 <b>Cash &amp; Equivalents at End of Year</b>	(Formula)	<b>\$134,807</b>

**DISTRIBUTION OF TELEPHONE REVENUES**

1	Revenues	Source Formula Sch 61	\$4,826,245
2	Access Lines	Pg 96, L10 (e)	7602

**DOLLAR AMOUNTS**

3	Wages and Benefits	Sch 44 Pg 71, L94 (b) (c)	\$2,323,778
4	Depreciation and Amortization	(Formula)	689100
5	Other Operations Expense	(Formula)	2171499
6	Total Operation Expenses	(Formula)	5184377
7	Income Taxes - Operating Taxes	(Formula)	-254360
8	Other Taxes - Operating Taxes	(Formula)	311740
9	Capital Costs	(Formula)	-415512
10	Total	(Formula)	\$4,826,245

**PERCENT OF REVENUES**

11	Wages and Benefits	(Formula)	48.1
12	Depreciation and Amortization	(Formula)	14.3
13	Other Operations Expense	(Formula)	45.0
14	Income Taxes - Operating Taxes	(Formula)	(5.3)
15	Other Taxes - Operating Taxes	(Formula)	6.5
16	Capital Costs	(Formula)	(8.6)
17	Total	(Formula)	100.0

**DOLLARS PER ACCESS LINE**

18	Wages and Benefits	(Formula)	305.68
19	Depreciation and Amortization	(Formula)	90.65
20	Other Operations Expense	(Formula)	285.65
21	Income Taxes - Operating Taxes	(Formula)	(33.46)
22	Other Taxes - Operating Taxes	(Formula)	41.01
23	Capital Costs	(Formula)	(54.66)
24	Total	(Formula)	634.87

**TELECOMMUNICATIONS PLANT AND SELECTED RATIOS**

	<b>Source</b>	
<b><u>Plant In Service</u></b>	<b>Sch 14, Pg 24, 25</b>	
1 General Support Assets	L13	\$4,686,025
2 Central Office Assets	L25	6,441,019
3 Information Origination/Termination	L31	438,557
4 Cable And Wire Facilities	L41	5,621,886
5 Amortizable Assets	L45	123,862
<b>6 Total Plant In Service</b>	(Formula)	17,311,349
7 Property Held For Future Use	L47	0
Plant Under Construction -		
8 Short & Long Term	L48,49	83,613
9 Telecommunications Plant Adjustment:		
10 Tel. Acquisition	L51	0
11 Other Plant	L52	0
12 Nonoperating Plant	L53	0
13 Goodwill	L54	0
<b>14 Total Telecommunications Plant</b>	(Formula)	17,394,962
15 Less Acc. Prov. For Depreciation & Amort.	(Formula)	14,490,084
<b>16 Net Total Utility Plant</b>	(Formula)	\$2,904,878

**SELECTED RATIOS AND STATISTICS**

17	Current Assets / Current Liabilities	(Formula)	0.43
18	Total Capitalization	(Formula)	\$6,329,457
	<u>Percent Of Capitalization (Incl. S-T- Debt)</u>		
19	Long-Term Debt	(Formula)	0.2%
20	Preferred Stock	(Formula)	0.0%
21	Common Stock & Retained Earnings	(Formula)	73.3%
22	Short-Term Debt	(Formula)	26.5%
23	Pretax Coverage of Interest Expense	(Formula)	-6.03
24	Com. Stock Dividends as a % of Earnings	(Formula)	0.0%
25	Return on Common Equity	(Formula)	-5.4%
	Internal Cash Generated as a % of		
26	Cash Outflows for Construction	(Formula)	155.7%
27	CWIP as a % of Plant	(Formula)	0.5%
	Number of Employees	(Formula)	79
	<b>Source</b>		
	Current Assets	(Formula)	1388362
	Current Liabilities	(Formula)	3219320
	Total Capitalization	(Formula)	6329457
	Long-Term Debt	(Formula)	15621
	Preferred Stock	(Formula)	0
	Common Stock and Retained Earnings (Excl. Preferred Stock)	(Formula)	4637496
	Short-Term Debt	(Formula)	1676340
	Pretax Income	See Below	-432505
	Interest Expense	(Formula)	71725
	Common Dividends Paid	(Formula)	0
	Net Income (Excl. Preferred Stock Dividends)	See Below	-249870
	Internal Cash	(Formula)	390470
	Cash Outflows for Construction	(Formula)	-250818
	CWIP	(Formula)	83613
	Total Plant	(Formula)	17394961.89
	Shares Outstanding	Pg. 63, Ln 9 (c)	11733
	Number of Employees	Pg. 100, Ln 32	79
	<u>Additional Calculations</u>		
	Data used for "Pretax Income":	NOI Before FIT	-669606
		Non-Oper. Inc. & Exp.	237101
		Non-Oper. Tax - Other	0
		Total	(\$432,505)
	Data used for "Net Income":	Net Income	-249870
		Pref. Dividends	0
		Total	-249870