

**TELEC CONSULTING
RESOURCES**

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June 29, 2004

Ms. Pam Bonrud, Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

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JUN 30 2004

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Dear Ms. Bonrud:

On behalf of Kennebec Telephone Company (the "Company"), we enclose five copies of the Company's 2003 intrastate switched access cost development package and the Company's individual switched access rates developed in accordance with ARSD Chapters 20:10:27 to 20:10:29, inclusive. The enclosed cost study replaces the 2002 study filed in June 2003. The Company is included in the Local Exchange Carriers ("LECA") consolidated tariff filing. Attachment A hereto is provided in lieu of tariff sheets.

If you should have any questions, please feel free to call us at (402) 398-0062.

Sincerely,



Wendel Aanerud
TELEC Consulting Resources, Inc.

Enclosures

cc: Mr. Rod Bowar, Kennebec Telephone Company

ATTACHMENT A

TARIFF SHEET

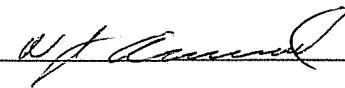
Kennebec Telephone Company (the "Company") does not currently have its own tariff for switched access services. The Company has adopted the National Exchange Carriers Association (NECA) tariff for the interstate jurisdiction and Local Exchange Carrier Association (LECA) tariff for the state jurisdiction.

If the Company were to develop and adopt a switched access tariff using its own revenue requirements as determined by the PUC program, the resulting rates would be as follows:

Switched Access Rates per minute (RPM)¹

	<u>Carrier Common Line</u>	<u>Local Switching</u>	<u>Local Transport</u>
Originating RPM	\$0.115455	\$0.070787	\$0.066321
Terminating RPM	\$0.127543	\$0.078198	\$0.066321

Note (1) - Same rates for all Feature Groups.

By:  _____

Of: TELECOM Consulting Resources, Inc.

For: Kennebec Telephone Company

COMPANY Kennebec Telephone Company
 YEAR 2003

<u>Ck</u>	<u>Tab</u>	<u>Description</u>	<u>Source (Workbook, sheets)</u>
<u>X</u>	1	SDPUC cost study & disk	COS98.WK4
<u>X</u>	2	SDPUC rate development	Study Support.xls, Rate Dev
<u>X</u>	3	Financial statement from accountant	Endorf, Lurken, Olson & Co.
<u>X</u>	4	Trial balance from Company	Trial Balance 12 31 03.xls
<u>X</u>	5	Account adjustments	Acc adj worksheet - 2003.xls
<u>X</u>	6	Capital investment support	Study Support.xls, COE, OSP, Mat_Supl
<u>X</u>	7	COE adjustments for Common and Power	Common and Power.xls
<u>X</u>	8	Land and Building adjustment for Non-Reg	Land and Bldg adj.xls
<u>X</u>	9	Expense adjustment support (6620)	03_Time.xls
<u>X</u>	10	Minutes of use factors	03_TRAF_S.D._Method_3.WK4, Factors, SLU, SPF, DEM, CM_CMM, H_R, CABS, Usage
<u>X</u>	11	Loops worksheet	03_Facts.xls, Loops
<u>X</u>	12	Circuit terminations and miles	Study Support.xls
<u>X</u>	13	Lease expense adjustment	03_Frrpa.xls
<u>X</u>	14	Misc. factor support	Study Support.xls, Factor_Sup, EU_Bill Uncollectibles.xls, Direct assignment 6720.xls OPRINTR.xls
<u>X</u>	15	Known and Measurable (Cap. Exp.)	Known and Measurables.xls

TAB 1

Kennebec Telephone Company

***** FCC PART 69 *****

Intrastate Toll Revenue Requirement Summary		Part 36 Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)			
INTRALATA:											
15	Net Investment	\$1,240,348	J13	\$722,728	\$214,687	\$0	\$153,900	\$0	\$149,033	O.K.	
16	Rate of Return	10.00%		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		
17											
18	Return on Rate Base	\$124,035		\$72,273	\$21,469	\$0	\$15,390	\$0	\$14,903	O.K.	
19	Return Adjustments	(2,949)	J18-20	(1,554)	(733)	0	(352)	0	(310)	O.K.	
20											
21	Net Return on Rate Base	\$121,086		\$70,719	\$20,736	\$0	\$15,038	\$0	\$14,593	O.K.	
22	Income Taxes	39,543	J31-32	23,126	6,730	0	4,913	0	4,774	O.K.	
23	Expenses and Other Taxes	491,850	J33-35, 40	167,935	133,535	51	123,426	14,753	52,150	O.K.	
24											
25	Total IntraLATA Rev. Req.	\$652,479		\$261,780	\$161,001	\$51	\$143,377	\$14,753	\$71,518	O.K.	
26		=====		=====	=====	=====	=====	=====	=====		
27											
28											
29	INTERLATA:										
30											
31	Net Investment	\$60,644	P13	\$39,550	\$12,376	\$0	\$8,719	\$0	\$0	O.K.	
32	Rate of Return	10.00%		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		
33											
34	Return on Rate Base	\$6,064		\$3,955	\$1,238	\$0	\$872	\$0	\$0	O.K.	
35	Return Adjustments	(143)	P18-20	(84)	(40)	0	(19)	0	0	O.K.	
36											
37	Net Return on Rate Base	\$5,921		\$3,871	\$1,197	\$0	\$852	\$0	\$0	O.K.	
38	Income Taxes	1,957	P31-32	1,282	394	0	282	0	0	O.K.	
39	Expenses and Other Taxes	56,279	P33-35, 4013,454		9,263	3	7,633	777	25,149	O.K.	
40											
41	Total InterLATA Rev. Req.	\$64,157		\$18,607	\$10,854	\$3	\$8,768	\$777	\$25,149	O.K.	
42		=====		=====	=====	=====	=====	=====	=====		
43											
44											
45	TOTAL INTRASTATE REV. REQ.	\$716,637		\$280,387	\$171,855	\$54	\$152,144	\$15,530	\$96,666		
		=====		=====	=====	=====	=====	=====	=====		
	ACCESS ELEMENT MINUTES OF USE			2,294,045	2,294,045		2,294,045				
	ACCESS RATE PER MINUTE	\$0.263459		\$0.122224	\$0.074914		\$0.066321				

Kennebec Telephone Company

		Intrastate								
		Message Telephone Service				Private Line		TOTAL		
***** FCC PART 36 ***** Revenue Requirement Summary		TOTAL COMPANY	Source/ Allocator	Interstate and Other	InterLATA	IntraLATA	InterLATA	IntraLATA	INTRASTATE	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13	State Income Tax Rate	0.00%	---	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
14	Federal Income Tax Rate	34.00%	---	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	
15	Gross Receipts Tax Rate	3.00%	---	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
16										
17										
18	Net Investment	\$4,647,108	C68	\$3,346,115	\$60,644	\$1,113,705	\$0	\$126,643	\$1,300,992	O.K.
19	Rate of Return	10.00%	---	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
20										
21	Return on Rate Base	\$464,711		\$334,612	\$6,064	\$111,371	\$0	\$12,664	\$130,099	O.K.
22										
23	AFUDC	(10,713)	H43	-7620.768935019	-143.30825427347	-2682.2573620747	0	-266.66390952866	(3,092)	O.K.
24	ITC Amortization	0	H36	0	0	0	0	0	0	O.K.
25	Other Return Adjustments	0	V242	0	0	0	0	0	0	O.K.
26										
27	Net Return	\$453,998		\$326,991	\$5,921	\$108,688	\$0	\$12,398	\$127,007	O.K.
28										
29	Contributions	0	H52	0	0	0	0	0	0	O.K.
30	Interest Expense	166,032	H44	119,586	2,121	39,810	0	4,515	46,446	O.K.
31	Capital Lease Expense	0	H46	0	0	0	0	0	0	O.K.
32	Capitalized Payroll taxes	0	H36	0	0	0	0	0	0	O.K.
33	Depreciation Adjustment	0	H36	0	0	0	0	0	0	O.K.
34	Other Income Adjustments	0	V248	0	0	0	0	0	0	O.K.
35										
36	After Tax Income	\$287,966		\$207,405	\$3,800	\$68,879	\$0	\$7,882	\$80,561	O.K.
37										
38	State Income Taxes	\$0	Formula	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
39	Federal Income Taxes	148,346	Formula	106,845	1,957	35,483	0	4,061	41,501	O.K.
40	Operating Expenses and Taxes	1,605,918	I196	1,084,156	54,355	428,398	0	39,009	521,762	O.K.
41	Uncollectibles	4,868	V249	0	0	4,868	0	0	4,868	O.K.
42	Other Revenue Adjustments	0	V250	0	0	0	0	0	0	O.K.
43										
44	Net Revenue	\$2,213,130		\$1,517,992	\$62,233	\$577,437	\$0	\$55,467	\$695,138	O.K.
45	Gross Receipts Taxes	68,447	Formula	46,948	1,925	17,859	0	1,715	21,499	O.K.
46	Other Revenue Taxes	0	V251	0	0	0	0	0	0	O.K.
47										
	TOTAL REVENUE REQUIREMENT	\$2,281,577		\$1,564,940	\$64,158	\$595,296	\$0	\$57,183	\$716,637	O.K.

Kennebec Telephone Company

		Intrastate								
***** FCC PART 36 ***** Investment Summary		TOTAL COMPANY	Source/ Allocator	Interstate and Other	Message Telephone Service		Private Line		TOTAL INTRASTATE	
(A)	(B)	(C)	(D)	InterLATA	IntraLATA	InterLATA	IntraLATA	(I)		
13	Land and Support Investment	\$1,392,104	D33	\$991,002	\$18,636	\$347,789	\$0	\$34,677	\$401,101	O.K.
14										
15	COE Operator Equipment	\$0	D43	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
16	COE Switching Equipment	1,126,505	D68	695,345	21,914	409,246	0	0	431,160	O.K.
17	COE Transmission Equipment	1,184,102	D85	824,098	16,902	315,040	0	28,062	360,004	O.K.
18										
19	Total COE	\$2,310,607		\$1,519,444	\$38,816	\$724,285	\$0	\$28,062	\$791,163	O.K.
20	Info. Orig./Term. Equipment	0	D94	0	0	0	0	0	0	O.K.
21	Cable and Wire Facilities	4,644,883	D137	3,431,988	54,296	1,013,401	0	145,197	1,212,894	1
22										
23	Total COE, IOT, C&WF	\$6,955,490		\$4,951,432	\$93,111	\$1,737,687	\$0	\$173,259	\$2,004,057	1
24										
25	Total Capital Leases	\$0	D173	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
26										
27	Leasehold Improvements	\$0	D186	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
28										
29	Intangible Assets	\$6,064	D209	\$0	\$0	\$6,064	\$0	\$0	\$6,064	O.K.
30										
31										
32	Total Tele. Plt. In Service	\$8,353,658		\$5,942,434	\$111,747	\$2,091,539	\$0	\$207,936	\$2,411,223	1.20014463365078
33										
34	Plant Held, Future Use	\$0	D214-215	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
35	TPUC, Short-term	0	D216-217	0	0	0	0	0	0	O.K.
36	TPUC, Long-term	22,010	D218-219	15,657	294	5,511	0	548	6,353	O.K.
37	Tel. Plt. Adjustment	0	D220-221	0	0	0	0	0	0	O.K.
38										
39	Total Other Tel. Plt.	\$22,010		\$15,657	\$294	\$5,511	\$0	\$548	\$6,353	O.K.
40										
41										
42	TOTAL TELEPHONE PLANT	\$8,375,668		\$5,958,091	\$112,042	\$2,097,050	\$0	\$208,484	\$2,417,576	1.20330674387515

Kennebec Telephone Company

	Intrastate									
	TOTAL COMPANY	Source/ Allocator	Message Telephone Service			Private Line			TOTAL INTRASTATE	
			InterLATA	IntraLATA	(F)	InterLATA	IntraLATA	(H)		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
***** FCC PART 36 ***** Investment Summary										
56 Other Assets, Net	0	V105	0	0	0	0	0	0	0	O.K.
57 Accumulated Depr./Amort	(3,808,258)	E34	(2,668,856)	(53,655)	(1,001,357)	0	(84,390)	(1,139,402)	O.K.	
58 Accum. Def. Inc. Taxes, Net	(52,995)	E47	(37,698)	(709)	(13,269)	0	(1,319)	(15,297)	O.K.	
59 Oth. Liab. & Def. Cr., Net	0	V106	0	0	0	0	0	0	O.K.	
60										
61 TOTAL NET PLANT	\$4,514,415		\$3,251,537	\$57,678	\$1,082,424	\$0	\$122,775	\$1,262,877	O.K.	
62										
63 Materials and Supplies	83,362	H31	61,594	974	18,188	0	2,606	21,768	O.K.	
64 Rural Tel. Bank Stock	0	H35	0	0	0	0	0	0	O.K.	
65 Cash Working Capital	49,331	Formula	32,984	1,992	13,093	0	1,262	16,347	O.K.	
66 Equal Access Investment	0	---	0	0	0	0	0	0	O.K.	
67										
68 TOTAL NET INVESTMENT	\$4,647,108		\$3,346,115	\$60,644	\$1,113,705	\$0	\$126,643	\$1,300,992	O.K.	
69										

Kennebec Telephone Company

***** FCC PART 36 ***** Plant Investment Detail (A)	TOTAL COMPANY (B)	Source/ Allocator (C)	Interstate and Other (D)	Intrastate				TOTAL INTRASTATE (I)	
				Message Telephone Service		Private Line			
				InterLATA (E)	IntraLATA (F)	InterLATA (G)	IntraLATA (H)		
13 LAND AND SUPPORT ASSETS:									
14									
15 Land, Allocable	\$24,620	H33	\$17,526	\$330	\$6,151	\$0	\$613	\$7,094	O.K.
16 Land, Direct	0	V22	0	0	0	0	0	0	O.K.
17									
18 Total Land	\$24,620		\$17,526	\$330	\$6,151	\$0	\$613	\$7,094	O.K.
19									
20 Motor Vehicles	\$512,153	H33	\$364,588	\$6,856	\$127,951	\$0	\$12,758	\$147,565	O.K.
21 Aircraft	0	H33	0	0	0	0	0	0	O.K.
22 Special Purpose Vehicles	0	H33	0	0	0	0	0	0	O.K.
23 Garage Work Equipment	0	H33	0	0	0	0	0	0	O.K.
24 Other Work Equipment	55,462	H33	39,482	742	13,856	0	1,382	15,980	O.K.
25 Buildings, Allocable	633,341	H33	450,859	8,478	158,227	0	15,776	182,482	O.K.
26 Buildings, Direct	0	V29	0	0	0	0	0	0	O.K.
27 Furniture	36,950	H33	26,304	495	9,231	0	920	10,646	O.K.
28 Office Equipment	41,932	H33	29,850	561	10,476	0	1,045	12,082	O.K.
29 General Purpose Computers	87,646	H33	62,393	1,173	21,897	0	2,183	25,253	O.K.
30									
31 Total Support Assets	\$1,367,484		\$973,476	\$18,306	\$341,638	\$0	\$34,064	\$394,008	O.K.
32									
33 Tot. Land and Support Assets	\$1,392,104		\$991,002	\$18,636	\$347,789	\$0	\$34,677	\$401,101	O.K.
34									
35									
36 CENTRAL OFFICE EQUIPMENT:									
37									
38 CAT 1 Oper. Sys., TSPS	\$0	G22	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
39 CAT 1 Oper. Sys., Other TSPS	0	G21	0	0	0	0	0	0	O.K.
40 CAT 1 Oper. Sys., Aux. Pos.	0	G23	0	0	0	0	0	0	O.K.
41 CAT 1 Oper. Sys., Other	0	V36	0	0	0	0	0	0	O.K.
42									
43 Total CAT 1	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
44									
45									
46 CAT 2 Tandem Sw. Allocable	\$0	G26	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
47 CAT 2 Tandem Sw. Direct	0	V38	0	0	0	0	0	0	O.K.
48									
49 Total CAT 2	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.

Kennebec Telephone Company

		Intrastate								
		Message Telephone Service				Private Line		TOTAL		
***** FCC PART 36 ***** Plant Investment Detail		TOTAL COMPANY	Source/ Allocator	Interstate and Other	InterLATA	IntraLATA	InterLATA	IntraLATA	INTRASTATE	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
63	CAT 3 Local Sw. Allocable	\$1,126,505	G15	\$695,345	\$21,914	\$409,246	\$0	\$0	\$431,160	O.K.
64	CAT 3 Local Sw. Direct	0	V40	0	0	0	0	0	0	O.K.
65										
66	Total CAT 3	\$1,126,505		\$695,345	\$21,914	\$409,246	\$0	\$0	\$431,160	O.K.
67										O.K.
68	Total COE Sw. CAT 2&3	\$1,126,505		\$695,345	\$21,914	\$409,246	\$0	\$0	\$431,160	O.K.
69										
70										
71	COE TRANSMISSION:									
72										
73	CAT 4.12 Exchange Trunk	\$0	123	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
74	CAT 4.12 Exch. Tr. Direct	0	V42	0	0	0	0	0	0	O.K.
75	CAT 4.13 Exch. Ln. Message	824,983	G13	618,737	10,482	195,763	0	0	206,246	O.K.
76	CAT 4.13 PL, WATS, Local	34,332	F18	26,254	0	0	0	8,078	8,078	O.K.
77	CAT 4.13 Direct	0	V45	0	0	0	0	0	0	O.K.
78	CAT 4.23 Message	253,126	G18	133,488	6,081	113,558	0	0	119,638	O.K.
79	CAT 4.23 PL, WATS	46,629	F24	26,645	0	0	0	19,984	19,984	O.K.
80	CAT 4.23 Direct	0	V48	0	0	0	0	0	0	O.K.
81	CAT 4.3 H/R Message	25,032	G29	18,974	339	5,719	0	0	6,058	O.K.
82	CAT 4.3 WATS	0	V50	0	0	0	0	0	0	O.K.
83	CAT 4.3 Direct	0	V51	0	0	0	0	0	0	O.K.
84										
85	Total COE CAT 4	\$1,184,102		\$824,098	\$16,902	\$315,040	\$0	\$28,062	\$360,004	O.K.
86										
87										
88	INFORMATION ORIGINATION/TERMINATION:									
89										
90	CAT 1 Other IOT Equipment	\$0	G13	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
91	CAT 1 Coinless Pay Phones	0	G18	0	0	0	0	0	0	O.K.
92	CAT 2 CP Equipment	0	V70	0	0	0	0	0	0	O.K.
93										
94	Total IOT Equipment	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
95										
96										

Kennebec Telephone Company

***** FCC PART 36 ***** Plant Investment Detail (A)	TOTAL COMPANY (B)	Source/ Allocator (C)	Interstate and Other (D)	Intrastate				TOTAL INTRASTATE (I)	
				Message Telephone Service		Private Line			
				InterLATA (E)	IntraLATA (F)	InterLATA (G)	IntraLATA (H)		
111 CABLE AND WIRE FACILITIES:									
112									
113 CAT 1.1 IntraLATA PL/WATS	91,714	F31	\$53,097	\$0	\$0	\$0	\$38,616	\$38,616	O.K.
114 CAT 1.2 InterLATA PL/WATS	72,406	F31	72,406	0	0	0	0	0	O.K.
115 CAT 1.3 Joint Message	3,943,687	G13	2,957,765	50,108	935,813	0	0	985,922	O.K.
116 Other CAT 1 C&WF	0	V74	0	0	0	0	0	0	O.K.
117									
118 Total CAT 1 C&WF	\$4,107,807		\$3,083,268	\$50,108	\$935,813	\$0	\$38,616	\$1,024,538	1
119									
120 CAT 2 C&WF	\$0	G28	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
121 CAT 2 C&WF, Wideband	0	V76	0	0	0	0	0	0	O.K.
122									
123 Total CAT 2 C&WF	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
124									
125 CAT 3 Joint Message	160,339	G17	84,556	3,852	71,931	0	0	\$75,783	O.K.
126 CAT 3 PL/WATS etc.	351,976	F36	245,395	0	0	0	106,581	106,581	O.K.
127 CAT 3 Direct	0	V79	0	0	0	0	0	0	O.K.
128									
129 Total CAT 3 C&WF	\$512,315		\$329,951	\$3,852	\$71,931	\$0	\$106,581	\$182,364	O.K.
130									
131 CAT 4 Message	\$24,761	G29	\$18,769	\$335	\$5,657	\$0	\$0	\$5,992	O.K.
132 CAT 4 WATS	0	V81	0	0	0	0	0	0	O.K.
133 CAT 4 Direct	0	V82	0	0	0	0	0	0	O.K.
134									
135 Total CAT 4 C&WF	\$24,761		\$18,769	\$335	\$5,657	\$0	\$0	\$5,992	O.K.
136									
137 TOTAL C&WF	\$4,644,883		\$3,431,988	\$54,296	\$1,013,401	\$0	\$145,197	\$1,212,894	1
138									
139									
140 CAPITAL LEASES:									
141									
142 Allocable Support Leases	\$0	H14	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
143 Direct Support Leases	0	V84	0	0	0	0	0	0	O.K.
144									
145 Total Support Leases	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 36 ***** Plant Investment Detail (A)	Intrastate								TOTAL INTRASTATE (I)	
	TOTAL COMPANY (B)	Source/ Allocator (C)	Interstate and Other (D)	Message Telephone Service		Private Line		TOTAL INTRASTATE (I)		
				InterLATA	IntraLATA	InterLATA	IntraLATA			
				(E)	(F)	(G)	(H)			
160										
161 COE Operator	\$0	H16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
162 COE Tandem Switch	0	H17	0	0	0	0	0	0	0	O.K.
163 COE Local Switch	0	H18	0	0	0	0	0	0	0	O.K.
164 COE Transmission	0	H20	0	0	0	0	0	0	0	O.K.
165 COE Direct	0	V89	0	0	0	0	0	0	0	O.K.
166										
167 Total COE Leases	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
168										
169 IOT Leases	\$0	V90	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
170										
171 C&WF Leases	\$0	V91	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
172										
173 TOTAL CAPITAL LEASES	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
174	=====		=====	=====	=====	=====	=====	=====	=====	
175										
176 LEASEHOLD IMPROVEMENTS:										
177										
178 Land and Support Assets	\$0	H14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
179 COE Switching	0	H18	0	0	0	0	0	0	0	O.K.
180 COE Operator	0	H16	0	0	0	0	0	0	0	O.K.
181 COE Transmission	0	H20	0	0	0	0	0	0	0	O.K.
182 IOT	0	V96	0	0	0	0	0	0	0	O.K.
183 C&WF	0	V97	0	0	0	0	0	0	0	O.K.
184 Other	0	V98	0	0	0	0	0	0	0	O.K.
185										
186 TOTAL LEASEHOLD IMPROVEMENT	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
187	=====		=====	=====	=====	=====	=====	=====	=====	
188										
189 TPIS, EXCL. ACCT. No. 2690	\$8,347,594		\$5,942,434	\$111,747	\$2,085,475	\$0	\$207,936	\$2,405,159		1.20014463365078

Kennebec Telephone Company

***** FCC PART 36 ***** Plant Investment Detail	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				TOTAL INTRASTATE		
				Message Telephone Service		Private Line				
				InterLATA	IntraLATA	InterLATA	IntraLATA			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
204 INTANGIBLE ASSETS:										
205										
206 Allocable Acct. No. 2690	\$0	H36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
207 Direct Acct. No. 2690	6,064	V100	0	0	6,064	0	0	6,064	0	O.K.
208										
209 Total Intangible Assets	\$6,064		\$0	\$0	\$6,064	\$0	\$0	\$6,064	0	O.K.
210										
211										
212 OTHER TELEPHONE PLANT:										
213										
214 Held for Fut. Use - Alloc.	\$0	---	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
215 Held for Fut. Use - Direct	0	---	0	0	0	0	0	0	0	O.K.
216 TPUC, Short-term - Alloc.	0	H35	0	0	0	0	0	0	0	O.K.
217 TPUC, Short-term - Direct	0	V124	0	0	0	0	0	0	0	O.K.
218 TPUC, Long-term - Alloc.	22,010	H35	15,657	294	5,511	0	548	6,353	0	O.K.
219 TPUC, Long-term - Direct	0	V126	0	0	0	0	0	0	0	O.K.
220 Tele. Plt. Adjust. - Alloc.	0	H35	0	0	0	0	0	0	0	O.K.
221 Tele. Plt. Adjust. - Direct	0	V104	0	0	0	0	0	0	0	O.K.
222										
223 Total Other Telephone Plant	\$22,010		\$15,657	\$294	\$5,511	\$0	\$548	\$6,353	0	O.K.

Kennebec Telephone Company

***** FCC PART 36 ***** Reserves and Deferrals	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				TOTAL INTRASTATE		
				Message Telephone Service		Private Line				
				InterLATA	IntraLATA	InterLATA	IntraLATA			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13 ACCUM. DEPRECIATION, TPIS:										
14										
15 Support Assets	\$469,764	H13	\$334,413	\$6,289	\$117,361	\$0	\$11,702	\$135,351	O.K.	
16 COE Switching	850,639	H19	525,065	16,547	309,027	0	0	325,574	O.K.	
17 COE Operator	0	H16	0	0	0	0	0	0	O.K.	
18 COE Transmission	672,058	H20	467,732	9,593	178,806	0	15,927	204,326	O.K.	
19 IOT Equipment	0	H25	0	0	0	0	0	0	O.K.	
20 Cable and Wire Facilities	1,815,797	H31	1,341,647	21,225	396,163	0	56,761	474,150	O.K.	
21 Other Plant	0	V135	0	0	0	0	0	0	O.K.	
22										
23 Total Accum. Depr., TPIS	\$3,808,258		\$2,668,856	\$53,655	\$1,001,357	\$0	\$84,390	\$1,139,402	O.K.	
24										
25 ACCUM. AMORTIZATION:										
26										
27 Accum. Depreciation, PHFU	\$0	H38	\$0	\$0	\$0	\$0	\$0	\$0	O.K.	
28 Accum. Amort., Tangible Inv.	0	H40	0	0	0	0	0	0	O.K.	
29 Accum. Amort., Intang. Inv.	0	H41	0	0	0	0	0	0	O.K.	
30 Accum. Amort., Other	0	V138	0	0	0	0	0	0	O.K.	
31										
32 Tot. Accum. Amortization	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.	
33										
34 Total Accum. Depr./Amort.	\$3,808,258		\$2,668,856	\$53,655	\$1,001,357	\$0	\$84,390	\$1,139,402	O.K.	
35										
36										
37 ACCUM. DEF. INC. TAXES, NET:										
38										
39 Support Assets	0	H13	\$0	\$0	\$0	\$0	\$0	\$0	O.K.	
40 COE Switching	0	H19	0	0	0	0	0	0	O.K.	
41 COE Operator	0	H16	0	0	0	0	0	0	O.K.	
42 COE Transmission	0	H20	0	0	0	0	0	0	O.K.	
43 IOT Equipment	0	H25	0	0	0	0	0	0	O.K.	
44 Cable and Wire Fac.	0	H31	0	0	0	0	0	0	O.K.	
45 Unclassified	52,995	V145	37,698	709	13,269	0	1,319	15,297	O.K.	
46										
47 Total Accum. Def. Inc. Taxes	\$52,995		\$37,698	\$709	\$13,269	\$0	\$1,319	\$15,297	O.K.	

Kennebec Telephone Company

***** FCC PART 36 ***** Functional Distribution of Selected Investments (A)	Private Line									
	TOTAL COMPANY (B)	Joint Use Message (C)	Interstate				Intrastate		Extended Area Service (H)	Other (I)
			InterLATA (D)	IntraLATA (E)	InterLATA (F)	IntraLATA (G)				
13 TRANS. CCT EQUIPMENT:										
14										
15 Working Loops	851	817	15	0	0	8	0	11	O.K.	
16 Avg. Cost per Loop	1,009.77	1,009.77	1,009.77	1,009.77	1,009.77	1,009.77	1,009.77	1,009.77		
17										
18 CAT 4.13 Exch Ln. Invest.	\$859,315	\$824,983	\$15,147	\$0	\$0	\$8,078	\$0	\$11,107		
19										
20										
21 Circuit Terminations	135	114	12	0	0	9	0	0	O.K.	
22 Avg. Cost per Termination	2,220.41	2,220.41	2,220.41	2,220.41	2,220.41	2,220.41	2,220.41	2,220.41		
23										
24 CAT 4.23 Other IX	\$299,755	\$253,126	\$26,645	\$0	\$0	\$19,984	\$0	\$0		
25										
26										
27 C&WF INVESTMENT:										
28										
29 Working Loops	851	817	15	0	0	8	0	11		
30 Loops Factor	1.000000	0.960047	0.017626	0.000000	0.000000	0.009401	0.000000	0.012926		
31 CAT 1 Exchange C&WF	\$4,107,806	\$3,943,687	\$72,406	\$0	\$0	\$38,616	\$0	\$53,097	O.K.	
32										
33										
34 Equivalent IX Circuit Miles	14,257	4,462	6,829	0	0	2,966	0	0	O.K.	
35 IX Cct. Miles Factor	1.000000	0.312969	0.478993	0.000000	0.000000	0.208038	0.000000	0.000000		
36 CAT 3 Interexch. C&WF	\$512,315	\$160,339	\$245,395	\$0	\$0	\$106,581	\$0	\$0		

Kennebec Telephone Company

		Intrastate								
		TOTAL COMPANY	Source/ Allocator	Interstate and Other	Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
***** FCC PART 36 ***** Physical Allocation Factors	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Subscriber Plant Fact. (SPF)	1.000000	SPF	0.750000	0.012706	0.237294	0.000000	0.000000	0.250000	O.K.
14										
15	Dial Equipment Minutes (DEM)	1.000000	DEM	0.617259	0.019453	0.363288	0.000000	0.000000	0.382741	O.K.
16										
17	Conversation Minute-Miles	1.000000	CMM	0.527358	0.024022	0.448620	0.000000	0.000000	0.472642	O.K.
18	Conversation Minutes	1.000000	CM	0.527358	0.024022	0.448620	0.000000	0.000000	0.472642	O.K.
19	Subscriber Minutes (SLU)	1.000000	SLU	0.808630	0.009726	0.181644	0.000000	0.000000	0.191370	O.K.
20										
21	TSPS Processor Time	0.000000	TSP	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
22	Wtd. Stand. Work Sec., Toll	0.000000	WST	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
23	Wtd. Stand. Work Sec., Aux.	0.000000	WSA	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
24	Wtd. Stand. Work Sec., Comb.	1.000000	WSC	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
25										
26	COE CAT 2 Minutes	0.000000	CT2	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
27										
28	Exchange Trunk Minutes	1.000000	ETM	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
29	MOU-Mi., Host/Remote	1.000000	HRM	0.757997	0.013548	0.228455	0.000000	0.000000	0.242003	O.K.
30										
31	C&WF CAT 4, WATS	0.000000	CT4	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
32										
33	Equal Access MOU	0.000000	EAM	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
34										
35	Current Billings	1.000000	CB	0.708408	0.204011	0.011528	0.000000	0.076053	0.291592	O.K.
36	EU Presubscription Factor	0.000000	EPRE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
37	EU MTS & WATS Factor	1.000000	EMTS	0.708408	0.204011	0.011528	0.000000	0.076053	0.291592	O.K.
38	EU Access, P/L and All Other Factor	1.000000	EPLO	0.708408	0.204011	0.011528	0.000000	0.076053	0.291592	O.K.
39	IX Special Access Factor	0.000000	ISPA	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
40	IX Switched Access Factor	0.000000	ISWA	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
41	IX Billing & Collection Services Factor	0.000000	IBC	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
42	Coin Revenue Percent	0.000000	CR	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
43	Relative Toll/Local Msgs.	1.000000	TLM	0.143575	0.045804	0.810621	0.000000	0.000000	0.856425	O.K.
44	Relative Users Percent	1.000000	RUP	0.666666	0.016942	0.316392	0.000000	0.000000	0.333334	O.K.
45	CABS Percent	1.000000	CAB	0.500000	0.025413	0.474587	0.000000	0.000000	0.500000	O.K.
46	Foreign Directories Percent	0.000000	FD	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.

Kennebec Telephone Company

***** FCC PART 36 ***** Internal Allocation Factors		TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				TOTAL INTRASTATE	
					Message Telephone Service		Private Line			
					InterLATA	IntraLATA	InterLATA	IntraLATA		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13	Support Assets	1.000000	D31	0.711874	0.013387	0.249830	0.000000	0.024910	0.288126	0.00000014377132
14	Land and Support Assets	1.000000	D33	0.711874	0.013387	0.249830	0.000000	0.024910	0.288126	0.00000014377132
15										
16	COE Operator	0.000000	D43	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
17	COE Tandem Switching	0.000000	D49	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
18	COE Local Switching	1.000000	D66	0.617259	0.019453	0.363288	0.000000	0.000000	0.382741	O.K.
19	COE Total Switching	1.000000	D68	0.617259	0.019453	0.363288	0.000000	0.000000	0.382741	O.K.
20	COE Transmission	1.000000	D85	0.695969	0.014274	0.266058	0.000000	0.023699	0.304031	O.K.
21	Total COE	1.000000	C19	0.657595	0.016799	0.313461	0.000000	0.012145	0.342405	O.K.
22										
23	Info. Orig./Term. CAT 1	0.000000	D90	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
24	Info. Orig./Term. CAT 2	0.000000	D92	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
25	Total IOT	0.000000	D94	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
26										
27	C&WF CAT 1	1.000000	D118	0.750587	0.012198	0.227813	0.000000	0.009401	0.249412	0.0000002434389
28	C&WF CAT 2	0.000000	D120	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
29	C&WF CAT 3	1.000000	D129	0.644040	0.007518	0.140404	0.000000	0.208038	0.355960	O.K.
30	C&WF CAT 4	1.000000	D135	0.757997	0.013548	0.228455	0.000000	0.000000	0.242003	O.K.
31	Total C&WF	1.000000	D137	0.738875	0.011689	0.218176	0.000000	0.031260	0.261125	0.00000021529068
32										
33	Total Equipment	1.000000	C23	0.711874	0.013387	0.249830	0.000000	0.024910	0.288126	0.00000014377132
34										
35	TPIS	1.000000	C32	0.711357	0.013377	0.250374	0.000000	0.024892	0.288643	0.00000014366696
36	TPIS, excl. Acct. No. 2690	1.000000	D189	0.711874	0.013387	0.249830	0.000000	0.024910	0.288126	0.00000014377132
37										
38	Plt. Held, Fut. Use	0.000000	D215	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
39										
40	Total Tangible Assets	0.000000	C25	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
41	Total Intangible Assets	1.000000	C29	0.000000	0.000000	1.000000	0.000000	0.000000	1.000000	O.K.
42										
43	Long-term PUC	1.000000	C36	0.711357	0.013377	0.250374	0.000000	0.024892	0.288643	0.00000014366696
44	Net Telephone Plant	1.000000	C61	0.720257	0.012776	0.239771	0.000000	0.027196	0.279743	0.00000016330585
45	Total Net Investment	1.000000	C68	0.720042	0.013050	0.239656	0.000000	0.027252	0.279957	0.00000016340449
46	Capital Leases	0.000000	D173	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
47										
48	Tot. Bus. Ofc., Cust. Serv.	1.000000	I141	0.641461	0.139666	0.170090	0.000000	0.048783	0.358539	O.K.
49										
50	Total "BIG THREE" Expenses	1.000000	I170	0.652638	0.051162	0.268794	0.000000	0.027406	0.347362	O.K.
51										
52	Corporate Operations Expense	1.000000	I185	0.660685	0.042465	0.274103	0.000000	0.022747	0.339315	O.K.

Kennebec Telephone Company

***** FCC PART 36 ***** Operating Expenses and Taxes	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				TOTAL INTRASTATE		
				Message Telephone Service		Private Line				
				InterLATA	IntraLATA	InterLATA	IntraLATA			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13 PLANT SPEC. OPER. EXPENSE:										
14										
15 Network Support, Alloc.	\$0	H14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
16 Network Support, Direct	0	V149	0	0	0	0	0	0	0	O.K.
17										
18 Total Network Support Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
19										
20 General Support, Alloc.	\$77,352	H14	\$55,065	\$1,035	\$19,325	\$0	\$1,927	\$22,287	\$22,287	O.K.
21 General Support, Direct	0	V151	0	0	0	0	0	0	0	O.K.
22										
23 Total General Support Exp.	\$77,352		\$55,065	\$1,035	\$19,325	\$0	\$1,927	\$22,287	\$22,287	O.K.
24										
25 Central Office Eq., Alloc.	\$130,668	H21	\$85,927	\$2,195	\$40,959	\$0	\$1,587	\$44,741	\$44,741	O.K.
26 Central Office Eq., Direct	0	V153	0	0	0	0	0	0	0	O.K.
27										
28 Total COE Exp.	\$130,668		\$85,927	\$2,195	\$40,959	\$0	\$1,587	\$44,741	\$44,741	O.K.
29										
30 Cust. Premises Equip.	\$0	H24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
31 Coinless Pay Phone	0	G18	0	0	0	0	0	0	0	O.K.
32 Other IOT	0	H23	0	0	0	0	0	0	0	O.K.
33 IOT Direct	0	V157	0	0	0	0	0	0	0	O.K.
34										
35 Total IOT Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
36										
37 Cable & Wire, Alloc.	\$152,475	H31	\$112,660	\$1,782	\$33,266	\$0	\$4,766	\$39,815	\$39,815	O.K.
38 Cable & Wire, Direct	73,776	V159	31,269	2,160	40,347	0	0	42,507	42,507	O.K.
39										
40 Total C&WF Exp.	\$226,251		\$143,929	\$3,942	\$73,613	\$0	\$4,766	\$82,322	\$82,322	O.K.
41										
42 TOTAL PLT. SPEC. OPER. EXP.	\$434,271		\$284,920	\$7,173	\$133,898	\$0	\$8,280	\$149,350	\$149,350	O.K.
43										
44 TOTAL PLT. SPEC., ex SUPPORT	\$356,919		\$229,856	\$6,137	\$114,573	\$0	\$6,353	\$127,063	\$127,063	O.K.

Intrastate

	TOTAL COMPANY		Source/ Allocator	Interstate and Other	Message Telephone Service			Private Line			TOTAL INTRASTATE	
	(B)	(C)			(D)	InterLATA	IntraLATA	InterLATA	IntraLATA	(H)		(I)
***** FCC PART 36 *****												
Operating Expenses and Taxes												
58												
59												
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Kennebec Telephone Company

***** FCC PART 36 ***** Operating Expenses and Taxes (A)	TOTAL COMPANY (B)	Source/ Allocator (C)	Interstate and Other (D)	Intrastate				TOTAL INTRASTATE (I)	
				Message Telephone Service		Private Line			
				InterLATA (E)	IntraLATA (F)	InterLATA (G)	IntraLATA (H)		
105 CUSTOMER OPERATIONS EXPENSE:									
106									
107 Marketing, Allocable	\$23,401	G35	\$16,577	\$4,774	\$270	\$0	\$1,780	\$6,824	O.K.
108 Marketing, Direct	0	V192	0	0	0	0	0	0	O.K.
109									
110 Total Marketing Expense	\$23,401		\$16,577	\$4,774	\$270	\$0	\$1,780	\$6,824	O.K.
111									
112 Operator Service, Alloc.	\$1,890	G24	\$1,890	\$0	\$0	\$0	\$0	\$0	O.K.
113 Operator Service, Direct	0	V194	0	0	0	0	0	0	O.K.
114									
115 Total Operator Service	\$1,890		\$1,890	\$0	\$0	\$0	\$0	\$0	O.K.
116									
117 Classified Directory	\$0	V195	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
118 Alphabetical Directory	160	G19	129	2	29	0	0	31	O.K.
119 Foreign Directory	0	G46	0	0	0	0	0	0	O.K.
120									
121 Total Directory	\$160		\$129	\$2	\$29	\$0	\$0	\$31	O.K.
122									
123 Bus. Ofc., EU Presubscription	\$0	G36	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
124 Bus. Ofc., EU MTS & WATS	0	G37	0	0	0	0	0	0	O.K.
125 Bus. Ofc., EU Access, P/L & all Other	73,469	G38	52,046	14,988	847	0	5,588	21,423	O.K.
126 Bus. Ofc., IXC Special Access	0	G39	0	0	0	0	0	0	O.K.
127 Bus. Ofc., IXC Switched Access	0	G40	0	0	0	0	0	0	O.K.
128 Bus. Ofc., IXC B & C Services	0	G41	0	0	0	0	0	0	O.K.
129 Coin Collect & Admin.	0	G42	0	0	0	0	0	0	O.K.
130									
131 Total Business Office	\$73,469		\$52,046	\$14,988	\$847	\$0	\$5,588	\$21,423	O.K.
132									
133 Cust. Svc., Direct	\$0	V205	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
134 Cust. Serv., Msg. Process	4,543	G43	652	208	3,683	0	0	3,891	O.K.
135 Cust. Serv., Other B&C	15,063	G44	10,042	255	4,766	0	0	5,021	O.K.
136 Cust. Serv., CABS	21,464	G45	10,732	545	10,187	0	0	10,732	O.K.
137 Cust. Serv., EU Common Line	0	V209	0	0	0	0	0	0	O.K.
138									
139 Total Customer Service	\$41,070		\$21,426	\$1,009	\$18,635	\$0	\$0	\$19,644	O.K.
140									
141 Total Bus. Ofc., Cust. Serv.	\$114,539		\$73,472	\$15,997	\$19,482	\$0	\$5,588	\$41,067	O.K.
142									

Kennebec Telephone Company

***** FCC PART 36 ***** Operating Expenses and Taxes	Intrastate								TOTAL INTRASTATE	
	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Message Telephone Service		Private Line		TOTAL		
				InterLATA	IntraLATA	InterLATA	IntraLATA			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
156 Other Cust. Serv., Alloc.	\$0	H48	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
157 Other Cust. Serv., Direct	167	V211	167	0	0	0	0	0	0	O.K.
158										
159 Total Other Cust. Serv.	\$167		\$167	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
160										
161 TOTAL CUSTOMER OPER. EXP.	\$140,157		\$92,236	\$20,773	\$19,781	\$0	\$7,367	\$47,921	\$47,921	O.K.
162										
163										
164 "BIG-THREE" EXPENSES:										
165										
166 Total Plt. Spec., ex Support	\$356,919	44	\$229,856	\$6,137	\$114,573	\$0	\$6,353	\$127,063	\$127,063	O.K.
167 Total Network Oper. Exp.	39,148	68	27,868	524	9,780	0	975	11,280	11,280	O.K.
168 Total Customer Operations	140,157	161	92,236	20,773	19,781	0	7,367	47,921	47,921	O.K.
169										
170 TOTAL "BIG THREE" EXPENSES	\$536,224		\$349,960	\$27,434	\$144,134	\$0	\$14,696	\$186,264	\$186,264	O.K.
171										
172										
173 CORPORATE OPERATIONS EXPENSE:										
174										
175 Exec. and Planning, Alloc.	\$117,192	H50	\$76,484	\$5,996	\$31,501	\$0	\$3,212	\$40,708	\$40,708	O.K.
176 Exec. and Planning, Direct	0	V213	0	0	0	0	0	0	0	O.K.
177										
178 Total Exec. and Planning	\$117,192		\$76,484	\$5,996	\$31,501	\$0	\$3,212	\$40,708	\$40,708	O.K.
179										
180 Admin. & General, Allocable	\$232,065	H50	\$151,454	\$11,873	\$62,378	\$0	\$6,360	\$80,611	\$80,611	O.K.
181 Admin. & General, Direct	71,531	V231	50,070	0	21,461	0	0	21,461	21,461	O.K.
182										
183 Total Admin. and Gen.	\$303,596		\$201,524	\$11,873	\$83,839	\$0	\$6,360	\$102,072	\$102,072	O.K.
184										
185 TOTAL CORPORATE OPERATIONS	\$420,788		\$278,008	\$17,869	\$115,339	\$0	\$9,572	\$142,780	\$142,780	O.K.
186										
187										
188 NON-INCOME TAXES:										
189										
190 Non-income Taxes, Allocable	\$0	H36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
191 Non-income Taxes, Direct	223	V233	223	0	0	0	0	0	0	O.K.
192										
193 Total Non-income Taxes	\$223		\$223	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
194										
195										
196 TOTAL OPER. EXP. AND TAXES	\$1,605,918		\$1,084,156	\$54,355	\$428,398	\$0	\$39,009	\$521,762	\$521,762	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** IntraLATA Revenue Requirement Summary		Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13 Net Investment	\$1,240,348	K52	\$722,728	\$214,687	\$0	\$153,900	\$0	\$149,033	O.K.	
14 Rate of Return	10.00%	B19	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	O.K.	
15										
16 Return on Rate Base	\$124,035		\$72,273	\$21,469	\$0	\$15,390	\$0	\$14,903	O.K.	
17										
18 AFUDC	(2,949)	N37	(1,554)	(733)	0	(352)	0	(310)	O.K.	
19 ITC Amortization	0	N37	0	0	0	0	0	0	O.K.	
20 Other Return Adjustments	0	Direct	0	0	0	0	0	0	O.K.	
21										
22 Net Return	\$121,086		\$70,719	\$20,736	\$0	\$15,038	\$0	\$14,593	O.K.	
23										
24 Interest Expense	44,325	N67	25,827	7,672	0	5,500	0	5,326	O.K.	
25 Capitalized Payroll Taxes	0	N37	0	0	0	0	0	0	O.K.	
26 Depreciation Adjustment	0	N37	0	0	0	0	0	0	O.K.	
27 Other Income Adjustments	0	Direct	0	0	0	0	0	0	O.K.	
28										
29 After Tax Income	\$76,761		\$44,892	\$13,064	\$0	\$9,538	\$0	\$9,267	O.K.	
30										
31 State Income Taxes	\$0	29	0	0	0	0	0	0	O.K.	
32 Federal Income Taxes	39,543	29	23,126	6,730	0	4,913	0	4,774	O.K.	
33 Operating Expenses and Taxes	467,407	O195	160,012	123,947	49	119,101	14,309	49,989	O.K.	
34 Uncollectibles	4,868	Direct	0	4,868	0	0	0	0	O.K.	
35 Other Revenue Adjustments	0	Direct	0	0	0	0	0	0	O.K.	
36										
37 Basis for Gross Receipts Tax	630,985	16+31+32+33	255,411	152,146	49	139,404	14,309	69,667	O.K.	
38										
39										
40 Gross Receipts Tax	19,575	37	7,923	4,720	2	4,325	444	2,161	O.K.	
41										
42										
43 TOTAL REVENUE REQUIREMENT	\$652,479		\$261,780	\$161,001	\$51	\$143,377	\$14,753	\$71,518	O.K.	
44										

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***** FCC PART 69 ***** IntraLATA Investment Summary		Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13 Land and Support Assets	\$382,466	L25	\$76,782	\$160,514	\$0	\$77,214	\$0	\$67,956	O.K.	
14										
15 Central Office Equipment	\$752,347	L70	\$195,763	\$409,246	\$0	\$119,276	\$0	\$28,062	O.K.	
16 Info. Term./Orig. Equipment	0	L78	0	0	0	0	0	0	O.K.	
17 Cable and Wire Facilities	1,158,599	L117	935,813	0	0	77,588	0	145,197	O.K.	
18										
19 Total COE, IOT, C&WF	\$1,910,946		\$1,131,577	\$409,246	\$0	\$196,864	\$0	\$173,259	O.K.	
20										
21 Total Tangible Assets	\$0	L141	\$0	\$0	\$0	\$0	\$0	\$0	O.K.	
22										
23 Total Tele. Plt. ex Intang.	\$2,293,411		\$1,208,359	\$569,760	\$0	\$274,078	\$0	\$241,215	O.K.	
24 Total Intangible Assets	6,064	L144	3,195	1,506	0	725	0	638	O.K.	
25										
26 Total Plant In Service	\$2,299,475		\$1,211,554	\$571,266	\$0	\$274,803	\$0	\$241,853	O.K.	
27 Total Plt. Held Future Use	0	L147	0	0	0	0	0	0	O.K.	
28 Total ST PUC	0	L163	0	0	0	0	0	0	O.K.	
29 Total LT PUC	6,059	L164	3,192	1,505	0	724	0	637	O.K.	
30 Total Tel. Plt. Adjust.	0	L169	0	0	0	0	0	0	O.K.	
31										
32 TOTAL TELEPHONE PLANT	\$2,305,534		\$1,214,746	\$572,771	\$0	\$275,527	\$0	\$242,490	O.K.	
33										
34 less:										
35 Accum. Depr., Plt. in Serv.	1,085,747	M23	502,851	363,192	0	124,084	0	95,620	O.K.	
36 Accum. Depr. PHFU	0	M27	0	0	0	0	0	0	O.K.	
37 Accum. Amort. Tangible Plt.	0	M28	0	0	0	0	0	0	O.K.	
38 Accum. Amort. Intangibles	0	M29	0	0	0	0	0	0	O.K.	
39 Accum. Amort. Other	0	M30	0	0	0	0	0	0	O.K.	
40 Accum. Def. Inc. Taxes, Net	14,588	M47	7,686	3,624	0	1,743	0	1,534	O.K.	
41										
42 plus:										
43 Other Assets	0	Direct	0	0	0	0	0	0	O.K.	
44										
45 NET TELEPHONE PLANT	\$1,205,199		\$704,209	\$205,955	\$0	\$149,699	\$0	\$145,336	O.K.	
46 plus:										
47 Class B RTB Stock	0	L171	0	0	0	0	0	0	O.K.	
48 Materials and Supplies	20,793	L173	10,956	5,166	0	2,485	0	2,187	O.K.	
49 Cash Working Capital	14,355	L175	7,564	3,566	0	1,716	0	1,510	O.K.	
50 Equal Access Investment	0	L177	0	0	0	0	0	0	O.K.	
51										
52 NET INVESTMENT	\$1,240,348		\$722,728	\$214,687	\$0	\$153,900	\$0	\$149,033	O.K.	
53										

Kennebec Telephone Company

***** FCC PART 69 ***** IntraLATA Investment Detail		Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13	LAND AND SUPPORT ASSETS:									
14										
15	Land Assets, Message	\$6,151	N28	1,235	2,581	0	1,242	0	1,093	O.K.
16	Land Assets, Private Line	613	N28	123	257	0	124	0	109	O.K.
17										
18	Total Land Assets	\$6,764		\$1,358	\$2,839	\$0	\$1,366	\$0	\$1,202	O.K.
19										
20	Support Assets, Message	\$341,638	N28	\$68,586	\$143,379	\$0	\$68,971	\$0	\$60,701	O.K.
21	Support Assets, Private Line	34,064	N28	6,838	14,296	0	6,877	0	6,052	O.K.
22										
23	Total Support Assets	\$375,701		\$75,424	\$157,675	\$0	\$75,848	\$0	\$66,754	O.K.
24										
25	Total Land and Supp. Assets	\$382,466		\$76,782	\$160,514	\$0	\$77,214	\$0	\$67,956	O.K.
26										
27	CENTRAL OFFICE EQUIPMENT:									
28										
29	Operator Sys., DA	\$0	(F)	0	0	0	0	0	0	O.K.
30	Operator Sys., Other	0	(I)	0	0	0	0	0	0	O.K.
31										
32	Total Operator Systems	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
33										
34	Tandem Switching	\$0	(G)	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
35	Tandem Assigned	0	Direct	0	0	0	0	0	0	O.K.
36										
37	Total Tandem Switching	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
38										
39	Local Switching	\$409,246	(E)	\$0	\$409,246	\$0	\$0	\$0	\$0	O.K.
40	Local Assigned	0	Direct	0	0	0	0	0	0	O.K.
41										
42	Total Local Switching	\$409,246		\$0	\$409,246	\$0	\$0	\$0	\$0	O.K.
43										
44	Total Switching	\$409,246		\$0	\$409,246	\$0	\$0	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** IntraLATA Investment Detail	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
58 COE Exch. Trunk	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
59 COE Exch. Line - Message	195,763	(D)	195,763	0	0	0	0	0	O.K.
60 COE Exch. Line - PL etc.	8,078	(I)	0	0	0	0	0	8,078	O.K.
61 COE Exch. Line - Assigned	0	Direct	0	0	0	0	0	0	O.K.
62 COE Interexchange, Message	113,558	(G)	0	0	0	113,558	0	0	O.K.
63 COE Interexchange, PL	19,984	(I)	0	0	0	0	0	19,984	O.K.
64 COE Interexchange, Assigned	0	(G)	0	0	0	0	0	0	O.K.
65 COE H/R Message	5,719	(G)	0	0	0	5,719	0	0	O.K.
66 COE H/R Assigned	0	Direct	0	0	0	0	0	0	O.K.
67									
68 Total COE Transmission	\$343,102		\$195,763	\$0	\$0	\$119,276	\$0	\$28,062	O.K.
69									
70 Total Central Office Equip.	\$752,347		\$195,763	\$409,246	\$0	\$119,276	\$0	\$28,062	O.K.
71									
72 IOT EQUIPMENT:									
73									
74 Public Telephone	\$0	N43	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
75 Coinless Pay Phone	0	(D)	0	0	0	0	0	0	O.K.
76 Customer Premises Equipment	0	N60	0	0	0	0	0	0	O.K.
77									
78 Total IOT Equipment	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
79									
80 CABLE AND WIRE FACILITIES:									
81									
82 Exchange PL and WATS	\$38,616	(I)	\$0	\$0	\$0	\$0	\$0	\$38,616	O.K.
83 Exchange Message	935,813	(D)	935,813	0	0	0	0	0	O.K.
84 Exchange Assigned	0	Direct	0	0	0	0	0	0	O.K.
85									
86 Total Exchange Line C&WF	\$974,429		\$935,813	\$0	\$0	\$0	\$0	\$38,616	O.K.
87									
88 Exchange Trunk, Message	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
89 Exchange Trunk, PL	0	Direct	0	0	0	0	0	0	O.K.
90									
91 Total Exchange Trunk C&WF	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
92									
93 Interexchange Message	\$71,931	(G)	\$0	\$0	\$0	\$71,931	\$0	\$0	O.K.
94 Interexchange PL, WATS	106,581	(I)	0	0	0	0	0	106,581	O.K.
95 Interexchange Assigned	0	(G)	0	0	0	0	0	0	O.K.
96									
97 Total Interexchange C&WF	\$178,512		\$0	\$0	\$0	\$71,931	\$0	\$106,581	O.K.

Kennebec Telephone Company

***** FCC PART 69 *****
 IntralATA Investment
 Detail

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	IntralATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
111	H/R C&WF, Message	(G)	\$0	\$0	\$0	\$5,657	\$0	\$0	O.K.
112	H/R C&WF, WATS	(I)	0	0	0	0	0	0	O.K.
113	H/R C&WF, Assigned	Direct	0	0	0	0	0	0	O.K.
114	Total Host/Remote C&WF		\$5,657	\$0	\$0	\$5,657	\$0	\$0	O.K.
116	Total Cable and Wire Facil.		\$1,158,599	\$0	\$0	\$77,588	\$0	\$145,197	O.K.
118	TANGIBLE ASSETS:								
120	Land and Support Leases	N28	0	0	0	0	0	0	O.K.
122	COE Operator Leases	32	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
124	COE Tandem Switching Leases	34	0	0	0	0	0	0	O.K.
125	COE Local Switching Leases	39	0	0	0	0	0	0	O.K.
126	COE Transmission Leases	68	0	0	0	0	0	0	O.K.
127	Total COE Leases		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
129	IOT Equipment Leases	78	0	0	0	0	0	0	O.K.
131	C&WF Leases	117	0	0	0	0	0	0	O.K.
133	Total Capital Leases		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
135	Leasehold Impr., Alloc.	N37	0	0	0	0	0	0	O.K.
137	Leasehold Impr., Direct	Direct	0	0	0	0	0	0	O.K.
138	Total Leasehold Improvements		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
140	Total Tangible Assets		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
143	TOTAL INTANGIBLE ASSETS	N37	\$3,195	\$1,506	\$0	\$725	\$0	\$638	O.K.
145	PROPERTY HELD FOR FUTURE US	N46	0	0	0	0	0	0	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** IntraLATA Investment Detail		Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
161	PLANT UNDER CONSTRUCTION:									
162										
163	Short-term	\$0	N46	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
164	Long-term	6,059	N46	3,192	1,505	0	724	0	637	O.K.
165										
166	Total Plt. Under Const.	\$6,059		\$3,192	\$1,505	\$0	\$724	\$0	\$637	O.K.
167										
168										
169	TELEPHONE PLANT ADJUSTMENT	\$0	N46	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
170										
171	CLASS B RTB STOCK	\$0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
172										
173	MATERIALS AND SUPPLIES	\$20,793	N37	\$10,956	\$5,166	\$0	\$2,485	\$0	\$2,187	O.K.
174										
175	CASH WORKING CAPITAL	\$14,355	N37	\$7,564	\$3,566	\$0	\$1,716	\$0	\$1,510	O.K.
176										
177	EQUAL ACCESS INVESTMENT	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** InterLATA Investment Summary		Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13 Land and Support Assets	\$18,636	R25	\$4,543	\$9,497	\$0	\$4,597	\$0	\$0	\$0	O.K.
14										
15 Central Office Equipment	\$38,816	R70	\$10,482	\$21,914	\$0	\$6,420	\$0	\$0	\$0	O.K.
16 Info. Term./Orig. Equipment	0	R78	0	0	0	0	0	0	0	O.K.
17 Cable and Wire Facilities	54,296	R117	50,108	0	0	4,187	0	0	0	O.K.
18										
19 Total COE, IOT, C&WF	\$93,111		\$60,591	\$21,914	\$0	\$10,607	\$0	\$0	\$0	O.K.
20										
21 Total Tangible Assets	\$0	R141	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
22										
23 Total Tele. Plt. ex Intang.	\$111,747		\$65,133	\$31,411	\$0	\$15,203	\$0	\$0	\$0	O.K.
24 Total Intangible Assets	0	R144	0	0	0	0	0	0	0	O.K.
25										
26 Total Plant In Service	\$111,747		\$65,133	\$31,411	\$0	\$15,203	\$0	\$0	\$0	O.K.
27 Total Plt. Held Future Use	0	R147	0	0	0	0	0	0	0	O.K.
28 Total ST PUC	0	R163	0	0	0	0	0	0	0	O.K.
29 Total LT PUC	294	R164	172	83	0	40	0	0	0	O.K.
30 Total Tet. Plt. Adjust.	0	R169	0	0	0	0	0	0	0	O.K.
31										
32 TOTAL TELEPHONE PLANT	\$112,042		\$65,305	\$31,493	\$0	\$15,243	\$0	\$0	\$0	O.K.
33										
34 less:										
35 Accum. Depr., Plt. in Serv.	53,655	S23	27,071	19,752	0	6,832	0	0	0	O.K.
36 Accum. Depr. PHFU	0	S27	0	0	0	0	0	0	0	O.K.
37 Accum. Amort. Tangible Plt.	0	S28	0	0	0	0	0	0	0	O.K.
38 Accum. Amort. Intangibles	0	S29	0	0	0	0	0	0	0	O.K.
39 Accum. Amort. Other	0	S30	0	0	0	0	0	0	0	O.K.
40 Accum. Def. Inc. Taxes, Net	709	S47	413	199	0	96	0	0	0	O.K.
41										
42 plus:										
43 Other Assets	0	Direct	0	0	0	0	0	0	0	O.K.
44										
45 NET TELEPHONE PLANT	\$57,678		\$37,821	\$11,542	\$0	\$8,315	\$0	\$0	\$0	O.K.
46 plus:										
47 Class B RTB Stock	0	R171	0	0	0	0	0	0	0	O.K.
48 Materials and Supplies	974	R173	568	274	0	133	0	0	0	O.K.
49 Cash Working Capital	1,992	R175	1,161	560	0	271	0	0	0	O.K.
50 Equal Access Investment	0	R177	0	0	0	0	0	0	0	O.K.
51										
52 NET INVESTMENT	\$60,644		\$39,550	\$12,376	\$0	\$8,719	\$0	\$0	\$0	O.K.
53										

Telephone Company

***** FCC PART 69 ***** InterLATA Investment Detail	Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13 LAND AND SUPPORT ASSETS:									
14									
15 Land Assets, Message	\$330	T28	\$80	\$168	\$0	\$81	\$0	\$0	O.K.
16 Land Assets, Private Line	0	T28	0	0	0	0	0	0	O.K.
17									
18 Total Land Assets	\$330		\$80	\$168	\$0	\$81	\$0	\$0	O.K.
19									
20 Support Assets, Message	18,306	T28	\$4,462	\$9,329	\$0	\$4,515	\$0	\$0	O.K.
21 Support Assets, Private Line	0	T28	0	0	0	0	0	0	O.K.
22									
23 Total Support Assets	\$18,306		\$4,462	\$9,329	\$0	\$4,515	\$0	\$0	O.K.
24									
25 Total Land and Supp. Assets	\$18,636		\$4,543	\$9,497	\$0	\$4,597	\$0	\$0	O.K.
26									
27 CENTRAL OFFICE EQUIPMENT:									
28									
29 Operator Sys., DA	\$0	(F)	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
30 Operator Sys., Other	0	(I)	0	0	0	0	0	0	O.K.
31									
32 Total Operator Systems	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
33									
34 Tandem Switching	\$0	(G)	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
35 Tandem Assigned	0	Direct	0	0	0	0	0	0	O.K.
36									
37 Total Tandem Switching	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
38									
39 Local Switching	\$21,914	(E)	\$0	\$21,914	\$0	\$0	\$0	\$0	O.K.
40 Local Assigned	0	Direct	0	0	0	0	0	0	O.K.
41									
42 Total Local Switching	\$21,914		\$0	\$21,914	\$0	\$0	\$0	\$0	O.K.
43									
44 Total Switching	\$21,914		\$0	\$21,914	\$0	\$0	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 *****										
IntraLATA										
Reserves and Deferrals										
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other		
13	ACCUM. DEPRECIATION, TPIS:									
14										
15	Support Assets	\$129,063	N28	\$25,910	\$54,165	\$0	\$26,056	\$0	\$22,932	O.K.
16	COE Switching	309,027	L44	0	309,027	0	0	0	0	O.K.
17	COE Operator	0	L32	0	0	0	0	0	0	O.K.
18	COE Transmission	194,733	L68	111,109	0	0	67,697	0	15,927	O.K.
19	IOT Equipment	0	L78	0	0	0	0	0	0	O.K.
20	Cable and Wire Facilities	452,924	L117	365,832	0	0	30,331	0	56,761	O.K.
21	Other Plant	0	N37	0	0	0	0	0	0	O.K.
22										
23	Total Accum. Depr., TPIS	\$1,085,747		\$502,851	\$363,192	\$0	\$124,084	\$0	\$95,620	O.K.
24										
25	ACCUM. AMORTIZATION:									
26										
27	Accum. Depreciation, PHFU	\$0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
28	Accum. Amort., Tangible Inv.	0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
29	Accum. Amort., Intang. Inv.	0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
30	Accum. Amort., Other	0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
31										
32	Tot. Accum. Amortization	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
33										
34	Total Accum. Depr./Amort.	\$1,085,747		\$502,851	\$363,192	\$0	\$124,084	\$0	\$95,620	O.K.
35										
36										
37	ACCUM. DEF. INC. TAXES, NET:									
38										
39	Support Assets	\$0	N28	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
40	COE Switching	0	L44	0	0	0	0	0	0	O.K.
41	COE Operator	0	L32	0	0	0	0	0	0	O.K.
42	COE Transmission	0	L68	0	0	0	0	0	0	O.K.
43	IOT Equipment	0	L78	0	0	0	0	0	0	O.K.
44	Cable and Wire Fac.	0	L117	0	0	0	0	0	0	O.K.
45	Unclassified	14,588	N37	7,686	3,624	0	1,743	0	1,534	O.K.
46										
47	Total Accum. Def. Inc. Taxes	\$14,588		\$7,686	\$3,624	\$0	\$1,743	\$0	\$1,534	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Apportionment Factors		Part 36 IntraLATA Total						
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
13	Central Office Equipment	L70	\$195,763	\$409,246	\$0	\$119,276	\$0	\$28,062
14	Info. Orig./Term. Eqpt.	L78	0	0	0	0	0	0
15	C&W/Facilities	L117	935,813	0	0	77,588	0	145,197
16	Total		\$1,131,577	\$409,246	\$0	\$196,864	\$0	\$173,259
17	Factor		0.592155	0.214159	0.000000	0.103019	0.000000	0.090667
19	Sum: Sw., Trans., Other	17	\$0	\$409,246	\$0	\$196,864	\$0	\$173,259
20	Factor		0.000000	0.525099	0.000000	0.252594	0.000000	0.222307
22	Central Office Equipment	L70	\$195,763	\$409,246	\$0	\$119,276	\$0	\$28,062
24	Info. Orig./Term. Eqpt.	L78	0	0	0	0	0	0
25	C&W/F, Excl. Exch. Message	L117-83	0	0	0	77,588	0	145,197
26	Total		\$195,763	\$409,246	\$0	\$196,864	\$0	\$173,259
27	Factor		0.200756	0.419682	0.000000	0.201885	0.000000	0.177678
29	General Support Facilities	L25	\$76,782	\$160,514	\$0	\$77,214	\$0	\$67,956
31	Central Office Equipment	13	195,763	409,246	0	119,276	0	28,062
32	Info. Orig./Term. Eqpt.	14	0	0	0	0	0	0
33	C&W/Facilities	15	935,813	0	0	77,588	0	145,197
34	Equal Access Investment	L177	0	0	0	0	0	0
35	Total		\$1,208,359	\$569,760	\$0	\$274,078	\$0	\$241,215
36	Factor		0.526883	0.248433	0.000000	0.119507	0.000000	0.105177
39	Sum: Com. Ln., Sw., Trans.	36	\$1,208,359	\$569,760	\$0	\$274,078	\$0	\$0
40	Factor		0.568812	0.277634	0.000000	0.133554	0.000000	0.000000
41	COE Cat. 2 Factor	Direct	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000
42	IOT Cat. 1 Factor	Direct	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000
44	Total TPIS	K26	\$1,211,554	\$571,266	\$0	\$274,803	\$0	\$241,853
45	Factor		0.526883	0.248433	0.000000	0.119507	0.000000	0.105177

Kennebec Telephone Company

***** FCC PART 69 ***** Apportionment Factors		Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
60 Interstate Equiv. Factor	0.000000	Direct	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
61 Wtd. Std. Work Seconds	1.000000	Direct	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
62										
63 "BIG THREE" Expenses	\$180,081	O171	\$53,505	\$40,223	\$29	\$57,856	\$8,448	\$20,019		O.K.
64 Factor	1.000000		0.297118	0.223363	0.000161	0.321275	0.046915	0.111165		0
65										
66 Net Investment	\$1,240,348	J13	\$722,728	\$214,687	\$0	\$153,900	\$0	\$149,033		O.K.
67 Factor	1.000000		0.582682	0.173086	0.000000	0.124078	0.000000	0.120154		O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Operating Expenses and Taxes		Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13	PLANT SPEC. OPER. EXPENSE:									
14										
15	Network Support, Alloc.	\$0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
16	Network Support, Direct	0	Direct	0	0	0	0	0	0	O.K.
17										
18	Total Network Support Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
19										
20	General Support, Alloc.	\$21,252	N30	\$4,266	\$8,919	\$0	\$4,290	\$0	\$3,776	O.K.
21	General Support, Direct	0	Direct	0	0	0	0	0	0	O.K.
22										
23	Total General Support Exp.	\$21,252		\$4,266	\$8,919	\$0	\$4,290	\$0	\$3,776	O.K.
24										
25	Central Office Eq., Alloc.	\$42,546	N31	\$11,071	\$23,143	\$0	\$6,745	\$0	\$1,587	O.K.
26	Central Office Eq., Direct	0	Direct	0	0	0	0	0	0	O.K.
27										
28	Total COE Exp.	\$42,546		\$11,071	\$23,143	\$0	\$6,745	\$0	\$1,587	O.K.
29										
30	Cust. Premises Equip.	\$0	L76	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
31	Other IOT	0	N43	0	0	0	0	0	0	O.K.
32	IOT Direct	0	Direct	0	0	0	0	0	0	O.K.
33										
34	Total IOT Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
35										
36	Cable & Wire, Alloc.	\$38,033	N33	\$30,719	\$0	\$0	\$2,547	\$0	\$4,766	O.K.
37	Cable & Wire, Direct	40,347	Direct	0	0	0	40,347	0	0	O.K.
38										
39	Total C&WF Exp.	\$78,380		\$30,719	\$0	\$0	\$42,894	\$0	\$4,766	O.K.
40										
41	TOTAL PLT. SPEC. OPER. EXP.	\$142,178		\$46,057	\$32,062	\$0	\$53,930	\$0	\$10,129	O.K.
42										
43	TOTAL PLT. SPEC., ex SUPPORT	\$120,926		\$41,790	\$23,143	\$0	\$49,639	\$0	\$6,353	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Operating Expenses and Taxes		Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
57	NON-SPECIFIC OPER. EXP.:									
58										
59	Oth. Plt. and Equip., Alloc.	\$0	N18	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
60	Oth. Plt. and Equip., Direct	0	Direct	0	0	0	0	0	0	O.K.
61										
62	Total Oth. Plt. & Equip.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
63										
64	Network Operations, Alloc.	\$10,755	N18	\$6,369	\$2,303	\$0	\$1,108	\$0	\$975	O.K.
65	Network Operations, Direct	0	Direct	0	0	0	0	0	0	O.K.
66										
67	Total Network Oper. Exp.	\$10,755		\$6,369	\$2,303	\$0	\$1,108	\$0	\$975	O.K.
68										
69	Total Access Expenses	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
70										
71	Depr., Support Assets	\$37,579	L23	\$7,544	\$15,771	\$0	\$7,587	\$0	\$6,677	O.K.
72	Depr., COE Switching	40,052	L44	0	40,052	0	0	0	0	O.K.
73	Depr., COE Operator	0	L32	0	0	0	0	0	0	O.K.
74	Depr., COE Transmission	27,968	L68	15,958	0	0	9,723	0	2,287	O.K.
75	Depr., IOT Equipment	0	L78	0	0	0	0	0	0	O.K.
76	Depr., C&W Facilities	56,817	L117	45,891	0	0	3,805	0	7,120	O.K.
77	Depr., PHFU	0	L147	0	0	0	0	0	0	O.K.
78										
79	Total Depreciation Expense	\$162,415		\$69,393	\$55,823	\$0	\$21,114	\$0	\$16,085	O.K.
80										
81	Amort., Tangible Assets	\$0	L141	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
82	Amort., Intangible Assets	0	L144	0	0	0	0	0	0	O.K.
83	Other Amortization	0	Direct	0	0	0	0	0	0	O.K.
84	Direct Assigned Amort.	0	Direct	0	0	0	0	0	0	O.K.
85										
86	Total Amortization Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
87										
88	Total Depr. and Amort.	\$162,415		\$69,393	\$55,823	\$0	\$21,114	\$0	\$16,085	O.K.
89										
90	TOTAL NON-SPEC. OPER. EXP.	\$173,171		\$75,762	\$58,126	\$0	\$22,222	\$0	\$17,060	O.K.

Kennebec Telephone Company

***** FCC PART 69 *****		Part 36 IntraLATA	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other		
Operating Expenses and Taxes		Total	Apportion							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
104	CUSTOMER OPERATIONS EXPENSE:									
105										
106	Marketing, Allocable	\$2,049	N37	\$1,080	\$509	\$0	\$245	\$0	\$216	O.K.
107	Marketing, Direct	0	Direct	0	0	0	0	0	0	O.K.
108										
109	Total Marketing Expense	\$2,049		\$1,080	\$509	\$0	\$245	\$0	\$216	O.K.
110										
111	Operator Service, Alloc.	\$0	N61	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
112	Operator Service, Direct	0	Direct	0	0	0	0	0	0	O.K.
113										
114	Total Operator Service	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
115										
116	Classified Directory	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
117	Alphabetical Directory	29	(F)	0	0	29	0	0	0	O.K.
118	Foreign Directory	0	Direct	0	0	0	0	0	0	O.K.
119										
120	Total Directory	\$29		\$0	\$0	\$29	\$0	\$0	\$0	O.K.
121										
122	Bus. Ofc., EU Presubscription	0	N40	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
123	Bus. Ofc., Reserved	0	(I)	0	0	0	0	0	0	O.K.
124	Bus. Ofc., EU Access PL & All Other	6,434	(H)	0	0	0	0	0	6,434	O.K.
125	Bus. Ofc., EU Message	0	(H)	0	0	0	0	0	0	O.K.
126	Bus. Ofc., EU Reserved	0	(I)	0	0	0	0	0	0	O.K.
127	Bus. Ofc., IX Special Access	0	(I)	0	0	0	0	0	0	O.K.
128	Bus. Ofc., IX Switched Access	0	N40	0	0	0	0	0	0	O.K.
129	Bus. Ofc., IX Billing and Collection	0	(H)	0	0	0	0	0	0	O.K.
130	Bus. Ofc., Coin Collection & Administr	0	(D)	0	0	0	0	0	0	O.K.
131	Bus. Ofc., Reserved	0	(I)	0	0	0	0	0	0	O.K.
132										
133	Total Business Office	\$6,434		\$0	\$0	\$0	\$0	\$0	\$6,434	O.K.
134										
135	Cust. Serv., Msg. Process	\$3,683	(H)	0	0	0	0	3,683	0	O.K.
136	Cust. Serv., Other B&C	4,766	(H)	0	0	0	0	4,766	0	O.K.
137	Cust. Serv., CABS	10,187	N21	0	5,349	0	2,573	0	2,265	O.K.
138	Cust. Serv., EU Common Line	0	(H)	0	0	0	0	0	0	O.K.
139										
140	Total Customer Service	\$18,635		\$0	\$5,349	\$0	\$2,573	\$8,448	\$2,265	O.K.
141										
142	Total BO, CS, OS, Dir.	\$25,099		\$0	\$5,349	\$29	\$2,573	\$8,448	\$8,699	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Operating Expenses and Taxes		Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
158	Other Cust. Serv., Alloc.	\$0	142	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
159	Other Cust. Serv., Direct	0	Direct	0	0	0	0	0	0	O.K.
160										
161	Total Other Cust. Serv.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
162										
163	TOTAL CUSTOMER OPER. EXP.	\$27,148		\$1,080	\$5,858	\$29	\$2,818	\$8,448	\$8,915	O.K.
164										
165	"BIG-THREE" EXPENSES:									
166										
167	Total Ptl. Specific Exp.	\$142,178	41	\$46,057	\$32,062	\$0	\$53,930	\$0	\$10,129	O.K.
168	Total Ptl Non-specific Exp.	10,755	62 + 67 +69	6,369	2,303	0	1,108	0	975	O.K.
169	Total Customer Operations	27,148	163	1,080	5,858	29	2,818	8,448	8,915	O.K.
170										
171	TOTAL "BIG THREE" EXPENSES	\$180,081		\$53,505	\$40,223	\$29	\$57,856	\$8,448	\$20,019	O.K.
172										
173	CORPORATE OPERATIONS EXPENSE:									
174										
175	Exec. and Planning, Alloc.	\$34,712	N64	\$10,314	\$7,753	\$6	\$11,152	\$1,629	\$3,859	O.K.
176	Exec. and Planning, Direct	0	Direct	0	0	0	0	0	0	O.K.
177										
178	Total Exec. and Planning	\$34,712		\$10,314	\$7,753	\$6	\$11,152	\$1,629	\$3,859	O.K.
179										
180	Admin. & General, Allocable	\$68,738	N64	\$20,423	\$15,353	\$11	\$22,084	\$3,225	\$7,641	O.K.
181	Admin. & General, Direct	21,461	Direct	6,376	4,794	3	6,895	1,007	2,386	O.K.
182										
183	Total Admin. and Gen.	\$90,199		\$26,800	\$20,147	\$15	\$28,979	\$4,232	\$10,027	O.K.
184										
185	TOTAL CORPORATE OPERATIONS	\$124,911		\$37,113	\$27,900	\$20	\$40,131	\$5,860	\$13,886	O.K.
186										
187	NON-INCOME TAXES:									
188										
189	Non-income Taxes, Allocable	\$0	N37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
190	Non-income Taxes, Direct	0	Direct	0	0	0	0	0	0	O.K.
191										O.K.
192										
193	Total Non-income Taxes	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
194										
195	TOTAL OPER. EXP. AND TAXES	\$467,407		\$160,012	\$123,947	\$49	\$119,101	\$14,309	\$49,989	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** InterLATA Revenue Requirement Summary		Part 36 InterLATA Total		Common Line		Local Switching		Information		Common Transport		Billing and Collection		Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)
13 Net Investment	\$60,644	Q52	\$39,550	\$12,376	\$0	\$8,719	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
14 Rate of Return	10.00%	B19	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	O.K.
15 Return on Rate Base	\$6,064		\$3,955	\$1,238	\$0	\$872	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
17 AFUDC	(\$143)	T37	(84)	(40)	0	(19)	0	0	0	0	0	0	0	0	O.K.
18 ITC Amortization	0	T37	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
19 Other Return Adjustments	0	Direct	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
20															
21 Net Return	\$5,921		\$3,871	\$1,197	\$0	\$852	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
22															
23 Interest Expense	\$2,121	T67	1,383	433	0	305	0	0	0	0	0	0	0	0	O.K.
24 Capitalized Payroll Taxes	0	T37	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
25 Depreciation Adjustment	0	T37	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
26 Other Income Adjustments	0	Direct	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
27															
28 After Tax Income	\$3,800		\$2,488	\$764	\$0	\$547	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
29															
30 State Income Taxes	\$0	29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
31 Federal Income Taxes	1,957	29	1,282	394	0	282	0	0	0	0	0	0	0	0	O.K.
32 Operating Expenses and Taxes	54,355	U195	12,895	8,937	3	7,370	754	3	754	24,396	754	754	24,396	24,396	O.K.
33 Uncollectibles	0	Direct	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
34 Other Revenue Adjustments	0	Direct	0	0	0	0	0	0	0	0	0	0	0	0	O.K.
35															
36 Basis for Gross Receipts Tax	62,377	16+31+32+33	18,132	10,568	3	8,524	754	3	754	24,396	754	754	24,396	24,396	O.K.
37															
38															
39 Gross Receipts Tax	1,924	37	559	326	0	263	23	0	23	753	23	23	753	753	O.K.
40															
41															
42 TOTAL REVENUE REQUIREMENT	\$64,157		\$18,607	\$10,854	\$3	\$8,768	\$777	\$3	\$777	\$25,149	\$777	\$777	\$25,149	\$25,149	O.K.
43															
44															

Telephone Company

***** FCC PART 69 *****									
InterLATA Investment Detail	Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
58 COE Exch. Trunk	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
59 COE Exch. Line - Message	10,482	(D)	10,482	0	0	0	0	0	O.K.
60 COE Exch. Line - PL etc.	0	(I)	0	0	0	0	0	0	O.K.
61 COE Exch. Line - Assigned	0	Direct	0	0	0	0	0	0	O.K.
62 COE Interexchange, Message	6,081	(G)	0	0	0	6,081	0	0	O.K.
63 COE Interexchange, PL	0	(I)	0	0	0	0	0	0	O.K.
64 COE Interexchange, Assigned	0	(G)	0	0	0	0	0	0	O.K.
65 COE H/R Message	339	(G)	0	0	0	339	0	0	O.K.
66 COE H/R Assigned	0	Direct	0	0	0	0	0	0	O.K.
67									
68 Total COE Transmission	\$16,902		\$10,482	\$0	\$0	\$6,420	\$0	\$0	O.K.
69									
70 Total Central Office Equip.	\$38,816		\$10,482	\$21,914	\$0	\$6,420	\$0	\$0	O.K.
71									
72 IOT EQUIPMENT:									
73									
74 Public Telephone	\$0	T43	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
75 Coinless Pay Phone	0	(D)	0	0	0	0	0	0	O.K.
76 Customer Premises Equipment	0	T60	0	0	0	0	0	0	O.K.
77									
78 Total IOT Equipment	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
79									
80 CABLE AND WIRE FACILITIES:									
81									
82 Exchange PL and WATS	\$0	(I)	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
83 Exchange Message	50,108	(D)	50,108	0	0	0	0	0	O.K.
84 Exchange Assigned	0	Direct	0	0	0	0	0	0	O.K.
85									
86 Total Exchange Line C&WF	\$50,108		\$50,108	\$0	\$0	\$0	\$0	\$0	O.K.
87									
88 Exchange Trunk, Message	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
89 Exchange Trunk, PL	0	Direct	0	0	0	0	0	0	O.K.
90									
91 Total Exchange Trunk C&WF	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
92									
93 Interexchange Message	\$3,852	(G)	\$0	\$0	\$0	\$3,852	\$0	\$0	O.K.
94 Interexchange PL, WATS	0	(I)	0	0	0	0	0	0	O.K.
95 Interexchange Assigned	0	(G)	0	0	0	0	0	0	O.K.
96									
97 Total Interexchange C&WF	\$3,852		\$0	\$0	\$0	\$3,852	\$0	\$0	O.K.

Telephone Company

***** FCC PART 69 ***** InterLATA Investment Detail		Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
111	H/R C&WF, Message	\$335	(G)	\$0	\$0	\$0	\$335	\$0	\$0	O.K.
112	H/R C&WF, WATS	0	(I)	0	0	0	0	0	0	O.K.
113	H/R C&WF, Assigned	0	Direct	0	0	0	0	0	0	O.K.
114										
115	Total Host/Remote C&WF\$335			\$0	\$0	\$0	\$335	\$0	\$0	O.K.
116										
117	Total Cable and Wire Facil.	\$54,296		\$50,108	\$0	\$0	\$4,187	\$0	\$0	O.K.
118										
119	TANGIBLE ASSETS:									
120										
121	Land and Support Leases	\$0	T28	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
122										
123	COE Operator Leases	\$0	32	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
124	COE Tandem Switching Leases	0	34	0	0	0	0	0	0	O.K.
125	COE Local Switching Leases	0	39	0	0	0	0	0	0	O.K.
126	COE Transmission Leases	0	68	0	0	0	0	0	0	O.K.
127										
128	Total COE Leases	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
129										
130	IOT Equipment Leases	\$0	78	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
131										
132	C&WF Leases	\$0	117	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
133										
134	Total Capital Leases	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
135										
136	Leasehold Impr., Alloc.	\$0	T37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
137	Leasehold Impr., Direct	0	Direct	0	0	0	0	0	0	O.K.
138										
139	Total Leasehold Improvementsa	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
140										
141	Total Tangible Assets	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
142										
143										
144	TOTAL INTANGIBLE ASSETS	\$0	T37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
145										
146										
147	PROPERTY HELD FOR FUTURE US	\$0	T46	\$0	\$0	\$0	\$0	\$0	\$0	O.K.

Telephone Company

***** FCC PART 69 ***** InterLATA Investment Detail		Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
161	PLANT UNDER CONSTRUCTION:									
162										
163	Short-term	\$0	T46	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
164	Long-term	294	T46	172	83	0	40	0	0	O.K.
165										
166	Total Plt. Under Const.	\$294		\$172	\$83	\$0	\$40	\$0	\$0	O.K.
167										
168										
169	TELEPHONE PLANT ADJUSTMENT	\$0	T46	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
170										
171	CLASS B RTB STOCK	\$0	T37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
172										
173	MATERIALS AND SUPPLIES	\$974	T37	\$568	\$274	\$0	\$133	\$0	\$0	O.K.
174										
175	CASH WORKING CAPITAL	\$1,992	T37	\$1,161	\$560	\$0	\$271	\$0	\$0	O.K.
176										
177	EQUAL ACCESS INVESTMENT	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 *****										
InterLATA Reserves and Deferrals										
(A)	Part 36 InterLATA Total (B)	Source or Apportion (C)	Common Line (D)	Local Switching (E)	Information (F)	Common Transport (G)	Billing and Collection (H)	Other (I)		
13	ACCUM. DEPRECIATION, TPIS:									
14										
15	Support Assets	\$6,289	T28	\$1,533	\$3,205	\$0	\$1,551	\$0	\$0	O.K.
16	COE Switching	16,547	R44	0	16,547	0	0	0	0	O.K.
17	COE Operator	0	R32	0	0	0	0	0	0	O.K.
18	COE Transmission	9,593	R68	5,949	0	0	3,644	0	0	O.K.
19	IOT Equipment	0	R78	0	0	0	0	0	0	O.K.
20	Cable and Wire Facilities	21,225	R117	19,589	0	0	1,637	0	0	O.K.
21	Other Plant	0	T37	0	0	0	0	0	0	O.K.
22										
23	Total Accum. Depr., TPIS	\$53,655		\$27,071	\$19,752	\$0	\$6,832	\$0	\$0	O.K.
24										
25	ACCUM. AMORTIZATION:									
26										
27	Accum. Depreciation, PHFU	0	T37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
28	Accum. Amort., Tangible Inv.	0	T37	0	0	0	0	0	0	O.K.
29	Accum. Amort., Intang. Inv.	0	T37	0	0	0	0	0	0	O.K.
30	Accum. Amort., Other	0	T37	0	0	0	0	0	0	O.K.
31										
32	Tot. Accum. Amortization	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
33										
34	Total Accum. Depr./Amort.	\$53,655		\$27,071	\$19,752	\$0	\$6,832	\$0	\$0	O.K.
35										
36										
37	ACCUM. DEF. INC. TAXES, NET:									
38										
39	Support Assets	\$0	T28	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
40	COE Switching	0	R44	0	0	0	0	0	0	O.K.
41	COE Operator	0	R32	0	0	0	0	0	0	O.K.
42	COE Transmission	0	R68	0	0	0	0	0	0	O.K.
43	IOT Equipment	0	R78	0	0	0	0	0	0	O.K.
44	Cable and Wire Fac.	0	R117	0	0	0	0	0	0	O.K.
45	Unclassified	709	T37	413	199	0	96	0	0	O.K.
46										
47	Total Accum. Def. Inc. Taxes	\$709		\$413	\$199	\$0	\$96	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Apportionment Factors		Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13	Central Office Equipment	\$38,816	R70	\$10,482	\$21,914	\$0	\$6,420	\$0	\$0	O.K.
14	Info. Orig./Term. Eqpt.	0	R78	0	0	0	0	0	0	O.K.
15	C&W Facilities	54,296	R117	50,108	0	0	4,187	0	0	O.K.
16										
17	Total	\$93,111		\$60,591	\$21,914	\$0	\$10,607	\$0	\$0	O.K.
18	Factor	1.000000		0.650733	0.235351	0.000000	0.113916	0.000000	0.000000	O.K.
19										
20	Sum: Sw., Trans., Other	\$32,521	17	\$0	\$21,914	\$0	\$10,607	\$0	\$0	O.K.
21	Factor	1.000000		0.000000	0.673844	0.000000	0.326156	0.000000	0.000000	O.K.
22										
23	Central Office Equipment	\$38,816	R70	\$10,482	\$21,914	\$0	\$6,420	\$0	\$0	O.K.
24	Info. Orig./Term. Eqpt.	0	R78	0	0	0	0	0	0	O.K.
25	C&WF, Excl. Exch. Message	4,187	R117-83	0	0	0	4,187	0	0	O.K.
26										
27	Total	\$43,003		\$10,482	\$21,914	\$0	\$10,607	\$0	\$0	O.K.
28	Factor	1.000000		0.243756	0.509590	0.000000	0.246654	0.000000	0.000000	O.K.
29										
30	General Support Facilities	\$18,636	R25	\$4,543	\$9,497	\$0	\$4,597	\$0	\$0	O.K.
31	Central Office Equipment	38,816	13	10,482	21,914	0	6,420	0	0	O.K.
32	Info. Orig./Term. Eqpt.	0	14	0	0	0	0	0	0	O.K.
33	C&W Facilities	54,296	15	50,108	0	0	4,187	0	0	O.K.
34	Equal Access Investment	0	R177	0	0	0	0	0	0	O.K.
35										
36	Total	\$111,747		\$65,133	\$31,411	\$0	\$15,203	\$0	\$0	O.K.
37	Factor	1.000000		0.582863	0.281085	0.000000	0.136052	0.000000	0.000000	O.K.
38										
39	Sum: Com. Ln., Sw., Trans.	\$111,747	36	\$65,133	\$31,411	\$0	\$15,203	\$0	\$0	O.K.
40	Factor	1.000000		0.582863	0.281085	0.000000	0.136052	0.000000	0.000000	O.K.
41										
42	COE Cat. 2 Factor	1.000000	Direct	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	O.K.
43	IOT Cat. 1 Factor	1.000000	Direct	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
44										
45	Total TPIS	\$111,747	Q26	\$65,133	\$31,411	\$0	\$15,203	\$0	\$0	O.K.
46	Factor	1.000000		0.582863	0.281085	0.000000	0.136052	0.000000	0.000000	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Apportionment Factors		Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
60	Interstate Equiv. Factor	0.000000	Direct	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
61	Wtd. Std. Work Seconds	1.000000	Direct	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O.K.
62										
63	"BIG THREE" Expenses	\$28,470	U171	\$5,614	\$3,599	\$2	\$3,803	\$463	\$14,988	O.K.
64	Factor	1.000000		0.197181	0.126429	0.000055	0.133592	0.016273	0.526469	0
65										
66	Net Investment	60,644	P13	39,550	12,376	0	8,719	0	0	O.K.
67	Factor	1.000000		0.652158	0.204069	0.000000	0.143773	0.000000	0.000000	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Operating Expenses and Taxes		Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
13	PLANT SPEC. OPER. EXPENSE:									
14										
15	Network Support, Alloc.	\$0	T37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
16	Network Support, Direct	0	Direct	0	0	0	0	0	0	O.K.
17										
18	Total Network Support Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
19										
20	General Support, Alloc.	\$1,035	T30	\$252	\$528	\$0	\$255	\$0	\$0	O.K.
21	General Support, Direct	0	Direct	0	0	0	0	0	0	O.K.
22										
23	Total General Support Exp.	\$1,035		\$252	\$528	\$0	\$255	\$0	\$0	O.K.
24										
25	Central Office Eq., Alloc.	\$2,195	T31	\$593	\$1,239	\$0	\$363	\$0	\$0	O.K.
26	Central Office Eq., Direct	0	Direct	0	0	0	0	0	0	O.K.
27										
28	Total COE Exp.	\$2,195		\$593	\$1,239	\$0	\$363	\$0	\$0	O.K.
29										
30	Cust. Premises Equip.	\$0	R76	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
31	Other IOT	0	T43	0	0	0	0	0	0	O.K.
32	IOT Direct	0	Direct	0	0	0	0	0	0	O.K.
33										
34	Total IOT Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
35										
36	Cable & Wire, Alloc.	\$1,782	T33	\$1,645	\$0	\$0	\$137	\$0	\$0	O.K.
37	Cable & Wire, Direct	2,160	Direct	0	0	0	2,160	0	0	O.K.
38										
39	Total C&WF Exp.	\$3,942		\$1,645	\$0	\$0	\$2,297	\$0	\$0	O.K.
40										
41	TOTAL PLT. SPEC. OPER. EXP.	\$7,173		\$2,490	\$1,767	\$0	\$2,916	\$0	\$0	O.K.
42										
43	TOTAL PLT. SPEC., ex SUPPORT	\$6,137		\$2,238	\$1,239	\$0	\$2,660	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Operating Expenses and Taxes		Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
57	NON-SPECIFIC OPER. EXP.:									
58										
59	Oth. Pft. and Equip., Alloc.	\$0	T18	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
60	Oth. Pft. and Equip., Direct	0	Direct	0	0	0	0	0	0	O.K.
61										
62	Total Oth. Pft. & Equip.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
63										
64	Network Operations, Alloc.	\$524	T18	\$341	\$123	\$0	\$60	\$0	\$0	O.K.
65	Network Operations, Direct	0	Direct	0	0	0	0	0	0	O.K.
66										
67	Total Network Oper. Exp.	\$524		\$341	\$123	\$0	\$60	\$0	\$0	O.K.
68										
69	Total Access Expenses	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
70										
71	Depr., Support Assets	\$1,831	R23	\$446	\$933	\$0	\$452	\$0	\$0	O.K.
72	Depr., COE Switching	2,145	R44	0	2,145	0	0	0	0	O.K.
73	Depr., COE Operator	0	R32	0	0	0	0	0	0	O.K.
74	Depr., COE Transmission	1,378	R68	854	0	0	523	0	0	O.K.
75	Depr., IOT Equipment	0	R78	0	0	0	0	0	0	O.K.
76	Depr., C&W Facilities	2,663	R117	2,457	0	0	205	0	0	O.K.
77	Depr., PHFU	0	R147	0	0	0	0	0	0	O.K.
78										
79	Total Depreciation Expense	\$8,016		\$3,758	\$3,078	\$0	\$1,180	\$0	\$0	O.K.
80										
81	Amort., Tangible Assets	\$0	R141	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
82	Amort., Intangible Assets	0	R144	0	0	0	0	0	0	O.K.
83	Other Amortization	0	Direct	0	0	0	0	0	0	O.K.
84	Direct Assigned Amort.	0	Direct	0	0	0	0	0	0	O.K.
85										
86	Total Amortization Exp.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
87										
88	Total Depr. and Amort.	\$8,016		\$3,758	\$3,078	\$0	\$1,180	\$0	\$0	O.K.
89										
90	TOTAL NON-SPEC. OPER. EXP.	\$8,540		\$4,099	\$3,201	\$0	\$1,240	\$0	\$0	O.K.

Kennebec Telephone Company

***** FCC PART 69 ***** Operating Expenses and Taxes		Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
104	CUSTOMER OPERATIONS EXPENSE:									
105										
106	Marketing, Allocable	\$4,774	T37	\$2,783	\$1,342	\$0	\$650	\$0	\$0	O.K.
107	Marketing, Direct	0	Direct	0	0	0	0	0	0	O.K.
108										
109	Total Marketing Expense	\$4,774		\$2,783	\$1,342	\$0	\$650	\$0	\$0	O.K.
110										
111	Operator Service, Alloc.	\$0	T61	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
112	Operator Service, Direct	0	Direct	0	0	0	0	0	0	O.K.
113										
114	Total Operator Service	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
115										
116	Classified Directory	\$0	Direct	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
117	Alphabetical Directory	2	(F)	0	0	2	0	0	0	O.K.
118	Foreign Directory	0	Direct	0	0	0	0	0	0	O.K.
119										
120	Total Directory	\$2		\$0	\$0	\$2	\$0	\$0	\$0	O.K.
121										
122	Bus. Ofc., EU Presubscription	0	T40	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
123	Bus. Ofc., Reserved	0	(I)	0	0	0	0	0	0	O.K.
124	Bus. Ofc., EU Access PL & All Other	14,988	(H)	0	0	0	0	0	14,988	O.K.
125	Bus. Ofc., EU Message	0	(H)	0	0	0	0	0	0	O.K.
126	Bus. Ofc., EU Reserved	0	(I)	0	0	0	0	0	0	O.K.
127	Bus. Ofc., IX Special Access	0	(I)	0	0	0	0	0	0	O.K.
128	Bus. Ofc., IX Switched Access	0	T40	0	0	0	0	0	0	O.K.
129	Bus. Ofc., IX Billing and Collection	0	(H)	0	0	0	0	0	0	O.K.
130	Bus. Ofc., Coin Collection & Administr	0	(D)	0	0	0	0	0	0	O.K.
131	Bus. Ofc., Reserved	0	(I)	0	0	0	0	0	0	O.K.
132										
133	Total Business Office	\$14,988		\$0	\$0	\$0	\$0	\$0	\$14,988	O.K.
134										
135	Cust. Serv., Msg. Process	\$208	(H)	0	0	0	0	208	0	O.K.
136	Cust. Serv., Other B&C	255	(H)	0	0	0	0	255	0	O.K.
137	Cust. Serv., CABS	545	T21	0	368	0	178	0	0	O.K.
138	Cust. Serv., EU Common Line	0	(H)	0	0	0	0	0	0	O.K.
139										
140	Total Customer Service	\$1,009		\$0	\$368	\$0	\$178	\$463	\$0	O.K.
141										
142	Total BO, CS, OS, Dir.	\$15,999		\$0	\$368	\$2	\$178	\$463	\$14,988	O.K.

Kennebec Telephone Company

***** FCC PART 69 *****		Part 36								
Operating Expenses and Taxes		InterLATA	Apportion	Common	Local	Information	Common	Billing and	Other	
(A)	(B)	Total	(C)	Line	Switching	(F)	Transport	Collection	(I)	
158	Other Cust. Serv., Alloc.	\$0	142	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
159	Other Cust. Serv., Direct	0	Direct	0	0	0	0	0	0	O.K.
160										
161	Total Other Cust. Serv.	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
162										
163	TOTAL CUSTOMER OPER. EXP.	\$20,773		\$2,783	\$1,709	\$2	\$827	\$463	\$14,988	O.K.
164										
165	"BIG-THREE" EXPENSES:									
166										
167	Total Plt. Specific Exp.	\$7,173	41	\$2,490	\$1,767	\$0	\$2,916	\$0	\$0	O.K.
168	Total Plt Non-specific Exp.	524	62 + 67 +69	341	123	0	60	0	0	O.K.
169	Total Customer Operations	20,773	163	2,783	1,709	2	827	463	14,988	O.K.
170										
171	TOTAL "BIG THREE" EXPENSES	\$28,470		\$5,614	\$3,599	\$2	\$3,803	\$463	\$14,988	O.K.
172										
173	CORPORATE OPERATIONS EXPENSE:									
174										
175	Exec. and Planning, Alloc.	\$5,996	T64	\$1,182	\$758	\$0	\$801	\$98	\$3,157	O.K.
176	Exec. and Planning, Direct	0	Direct	0	0	0	0	0	0	O.K.
177										
178	Total Exec. and Planning	\$5,996		\$1,182	\$758	\$0	\$801	\$98	\$3,157	O.K.
179										
180	Admin. & General, Allocable	\$11,873	T64	\$2,341	\$1,501	\$1	\$1,586	\$193	\$6,251	O.K.
181	Admin. & General, Direct	0	Direct	0	0	0	0	0	0	O.K.
182										
183	Total Admin. and Gen.	\$11,873		\$2,341	\$1,501	\$1	\$1,586	\$193	\$6,251	O.K.
184										
185	TOTAL CORPORATE OPERATIONS	\$17,869		\$3,523	\$2,259	\$1	\$2,387	\$291	\$9,407	O.K.
186										
187	NON-INCOME TAXES:									
188										
189	Non-income Taxes, Allocable	\$0	T37	\$0	\$0	\$0	\$0	\$0	\$0	O.K.
190	Non-income Taxes, Direct	0	Direct	0	0	0	0	0	0	O.K.
191										O.K.
192										
193	Total Non-income Taxes	\$0		\$0	\$0	\$0	\$0	\$0	\$0	O.K.
194										
195	TOTAL OPER. EXP. AND TAXES	\$54,355		\$12,895	\$8,937	\$3	\$7,370	\$754	\$24,396	O.K.

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

COMPANY NAME Kennebec Telephone Company
 PERIOD ADDRESSED ENDING DECEMBER 31, 2003
 RUN DATE AND TIME 29-Jun-04 12:32:42 PM

NOTES: SEE SHEET "G" TO INPUT PART 36 ALLOCATION FACTORS.

(A)	TOTAL COMPANY	Source/ Allocator	(D)	Message Telephone Service				Private Line		TOTAL INTRASTATE (I)
				Intrastate		InterLATA		InterLATA	IntraLATA	
				InterLATA	IntraLATA	InterLATA	IntraLATA			
***** FCC PART 36 *****	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
PLANT INVESTMENT DETAIL:										
21	Land, Allocable	24,620	---	---	0	---	---	---	0	---
22	Land, Direct	0	---	---	---	---	---	---	---	---
23	Motor Vehicles	512,153	---	---	---	---	---	---	---	---
24	Aircraft	0	---	---	---	---	---	---	---	---
25	Special Purpose Vehicles	0	---	---	---	---	---	---	---	---
26	Garage Work Equipment	0	---	---	---	---	---	---	---	---
27	Other Work Equipment	55,462	---	---	---	---	---	---	---	---
28	Buildings, Allocable	633,341	---	---	---	---	---	---	---	---
29	Buildings, Direct	0	---	---	0	---	---	---	0	---
30	Furniture	36,950	---	---	---	---	---	---	---	---
31	Office Equipment	41,932	---	---	---	---	---	---	---	---
32	General Purpose Computers	87,646	---	---	---	---	---	---	---	---
33	CAT 1 Oper. Sys., TSPS	0	---	---	---	---	---	---	---	---
34	CAT 1 Oper. Sys., Other TSPS	0	---	---	---	---	---	---	---	---
35	CAT 1 Oper. Sys., Aux. Pos.	0	---	---	0	---	---	---	0	---
36	CAT 1 Oper. Sys., Other	0	---	---	0	---	---	---	0	---
37	CAT 2 Tandem Sw. Allocable	0	---	---	---	---	---	---	---	---
38	CAT 2 Tandem Sw. Direct	0	---	---	0	---	---	---	0	---
39	CAT 3 Local Sw. Allocable	1,126,505	---	---	---	---	---	---	---	---
40	CAT 3 Local Sw. Direct	0	---	---	0	---	---	---	0	---
41	CAT 4.12 Exchange Trunk	0	---	---	0	---	---	---	0	---
42	CAT 4.12 Exch. Tr. Direct	0	---	---	0	---	---	---	0	---
43	CAT 4.13 Exch. Ln. Msg., PL & WATS	859,315	---	---	---	---	---	---	---	---
44	Reserved	0	---	---	0	---	---	---	0	---
45	CAT 4.13 Direct	0	---	---	0	---	---	---	0	---
46	CAT 4.23 Message, PL & WATS	299,755	---	---	---	---	---	---	---	---
47	Reserved	0	---	---	---	---	---	---	---	---
48	CAT 4.23 Direct	0	---	---	0	---	---	---	0	---
49	CAT 4.3 H/R Message	25,032	---	---	---	---	---	---	---	---
50	CAT 4.3 WATS	0	---	---	0	---	---	---	0	---
51	CAT 4.3 Direct	0	---	---	0	---	---	---	0	---
52	CAT 1 Other IOT Equipment	0	---	---	---	---	---	---	---	---
53	CAT 1 Coinless Pay Phones	0	---	---	0	---	---	---	0	---

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

Kennebec Telephone Company
 ENDING DECEMBER 31, 2003

	(A)	TOTAL COMPANY (B)	Source/ Allocator (C)	Interstate and Other (D)	Message Telephone Service			Private Line			TOTAL INTRASTATE (I)		
					InterLATA (E)		IntraLATA (F)		InterLATA (G)			IntraLATA (H)	
70	CAT 2 CP Equipment	0		0	0	0	0	0	0	0	0		
71	Reserved	0											
72	Reserved	0											
73	CAT 1, 3 Joint Msg., Cat. 1.1 & 1.2 PL	4,107,806											
74	Other CAT 1 C&WF	0		0	0	0	0	0	0	0	0		
75	CAT 2 C&WF	0		0	0	0	0	0	0	0	0		
76	CAT 2 C&WF Wideband	0		0	0	0	0	0	0	0	0		
77	CAT 3 Joint Message & PL/WATS	512,315											
78	Reserved	0											
79	CAT 3 Direct	0		0	0	0	0	0	0	0	0		
80	CAT 4 Message	24,761											
81	CAT 4 WATS	0		0	0	0	0	0	0	0	0		
82	CAT 4 Direct	0		0	0	0	0	0	0	0	0		
83	Allocable Support Leases	0		0	0	0	0	0	0	0	0		
84	Direct Support Leases	0											
85	COE Operator	0											
86	COE Tandem Switch	0											
87	COE Local Switch	0											
88	COE Transmission	0											
89	COE Direct	0		0	0	0	0	0	0	0	0		
90	IOT Leases	0		0	0	0	0	0	0	0	0		
91	C&WF Leases	0		0	0	0	0	0	0	0	0		
92	Leasehold Imp. Land etc.	0											
93	Leasehold Imp. COE Switching	0											
94	Leasehold Imp. COE Operator	0											
95	Leasehold Imp. COE Trans.	0											
96	Leasehold Imp. IOT	0		0	0	0	0	0	0	0	0		
97	Leasehold Imp. C&WF	0		0	0	0	0	0	0	0	0		
98	Leasehold Imp. Other	0		0	0	0	0	0	0	0	0		
99	Allocable Acct. No. 2690	0											
100	Direct Acct. No. 2690	6,064		0	0	6,064	0	0	0	0	6,064		
101	Materials and Supplies	83,362											
102	RTB Stock	0											
103	Tele. Plt. Adjust. - Alloc.	0											
104	Tele. Plt. Adjust. - Direct	0		0	0	0	0	0	0	0	0		
105	Other Assets, Net	0		0	0	0	0	0	0	0	0		
106	Other Liab., Def. Cr., Net	0		0	0	0	0	0	0	0	0		

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

Kennebec Telephone Company
 ENDING DECEMBER 31, 2003

***** FCC PART 36 *****	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				TOTAL INTRASTATE	
				Message Telephone Service		Private Line			
				InterLATA	IntraLATA	InterLATA	IntraLATA		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
123 TPUC – Short Term, Alloc.	0	---	---	---	---	---	---	---	---
124 TPUC – Short Term, Direct	0	---	0	0	0	0	0	0	
125 TPUC – Long Term, Alloc.	22,010	---	---	---	---	---	---	---	
126 TPUC – Long Term, Direct	0	---	0	0	0	0	0	0	
127									
128 RESERVES AND DEFERRALS:									
129 Acc. Depr. Support Assets	469,764	---	---	---	---	---	---	---	
130 Acc. Depr. COE Switching	850,639	---	---	---	---	---	---	---	
131 Acc. Depr. COE Operator	0	---	---	---	---	---	---	---	
132 Acc. Depr. COE Transmission	672,058	---	---	---	---	---	---	---	
133 Acc. Depr. IOT Equipment	0	---	---	---	---	---	---	---	
134 Acc. Depr. Cable and Wire Facilities	1,815,797	---	---	---	---	---	---	---	
135 Acc. Depr. Other Plant	0	---	0	0	0	0	0	0	
136 Accum. Amort., Tangible Inv.	0	---	---	---	---	---	---	---	
137 Accum. Amort., Intang. Inv.	0	---	---	---	---	---	---	---	
138 Accum. Amort., Other	0	---	0	0	0	0	0	0	
139 Acc. Def. IT Support Assets	0	---	---	---	---	---	---	---	
140 Acc. Def. IT COE Switching	0	---	---	---	---	---	---	---	
141 Acc. Def. IT COE Operator	0	---	---	---	---	---	---	---	
142 Acc. Def. IT COE Trans.	0	---	---	---	---	---	---	---	
143 Acc. Def. IT IOT Equipment	0	---	---	---	---	---	---	---	
144 Acc. Def. IT C&WF	0	---	---	---	---	---	---	---	
145 Acc. Def. IT Unclassified	52,995	---	37,698	709	13,269	0	1,319	15,297	
146									
147 OPERATING EXPENSES AND TAXES:									
148 Network Support, Alloc.	0	---	---	---	---	---	---	---	
149 Network Support, Direct	0	---	0	0	0	0	0	0	
150 General Support, Alloc.	77,352	---	---	---	---	---	---	---	
151 General Support, Direct	0	---	0	0	0	0	0	0	
152 Central Office Eq., Alloc.	130,668	---	---	---	---	---	---	---	
153 Central Office Eq., Direct	0	---	0	0	0	0	0	0	
154 Cust. Premises Equip.	0	---	---	---	---	---	---	---	
155 Coinless Pay Phone Exp.	0	---	---	---	---	---	---	---	
156 Other IOT	0	---	---	---	---	---	---	---	
157 IOT Direct	0	---	0	0	0	0	0	0	
158 Cable & Wire, Alloc.	152,475	---	---	---	---	---	---	---	
159 Cable & Wire, Direct	73,776	---	31,269	2,160	40,347	0	0	42,507	

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

Kennebec Telephone Company

ENDING DECEMBER 31, 2003

	TOTAL COMPANY	Intrastate						TOTAL INTRASTATE
		Message Telephone Service			Private Line			
		InterLATA (E)	IntraLATA (F)	InterLATA (G)	InterLATA (H)	IntraLATA (I)	InterLATA (J)	
176 Oth. Plt. and Equip., Alloc.	0	0	0	0	0	0	0	
177 Oth. Plt. and Equip., Direct	0	0	0	0	0	0	0	
178 Network Operations, Alloc.	39,148	0	0	0	0	0	0	
179 Network Operations, Direct	0	0	0	0	0	0	0	
180 Total Access Expense	136,780	0	0	0	0	0	0	
181 Depr., Support Assets	110,248	0	0	0	0	0	0	
182 Depr., COE Switching	0	0	0	0	0	0	0	
183 Depr., COE Operator	96,522	0	0	0	0	0	0	
184 Depr., COE Transmission	0	0	0	0	0	0	0	
185 Depr., IOT Equipment	227,781	0	0	0	0	0	0	
186 Depr., C&W Facilities	0	0	0	0	0	0	0	
187 Amort., Tangible Assets	0	0	0	0	0	0	0	
188 Amort., Intangible Assets	0	0	0	0	0	0	0	
189 Other Amortization	0	0	0	0	0	0	0	
190 Direct Assigned Amort.	0	0	0	0	0	0	0	
191 Marketing, Allocable	23,401	0	0	0	0	0	0	
192 Marketing, Direct	0	0	0	0	0	0	0	
193 Operator Service, Alloc.	1,890	0	0	0	0	0	0	
194 Operator Service, Direct	0	0	0	0	0	0	0	
195 Classified Directory	0	0	0	0	0	0	0	
196 Alphabetical Directory	160	0	0	0	0	0	0	
197 Foreign Directory	0	0	0	0	0	0	0	
198 Bus. Ofc., EU Presubscription	0	0	0	0	0	0	0	
199 Bus. Ofc., EU MTS & WATS	0	0	0	0	0	0	0	
200 Bus. Ofc., EU Access, P/L & all Other	73,469	0	0	0	0	0	0	
201 Bus. Ofc., IXC Special Access	0	0	0	0	0	0	0	
202 Bus. Ofc., IXC Switched Access	0	0	0	0	0	0	0	
203 Bus. Ofc., IXC B & C Services	0	0	0	0	0	0	0	
204 Coin Collect & Admin.	0	0	0	0	0	0	0	
205 Cust. Svc., Direct	0	0	0	0	0	0	0	
206 Cust. Serv., Msg. Process	4,543	0	0	0	0	0	0	
207 Cust. Serv., Other B&C	15,063	0	0	0	0	0	0	
208 Cust. Serv., CABS	21,464	0	0	0	0	0	0	
209 Cust. Serv., EU Common Line	0	0	0	0	0	0	0	
210 Other Cust. Serv., Alloc.	0	0	0	0	0	0	0	
211 Other Cust. Serv., Direct	167	167	0	0	0	0	0	
212 Exec. and Planning, Alloc.	117,192	0	0	0	0	0	0	
213 Exec. and Planning, Direct	0	0	0	0	0	0	0	

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

Kennebec Telephone Company
ENDING DECEMBER 31, 2003

		Intrastate								
		TOTAL COMPANY	Source/ Allocator	Interstate and Other	Message Telephone Service		Private Line		TOTAL INTRASTATE	
***** FCC PART 36 *****					InterLATA	IntraLATA	InterLATA	IntraLATA		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)		
230	Admin. & General, Allocable	232,065	--	--	--	--	--	--	--	
231	Admin. & General, Direct	71,531	--	50,070	0	21,461	0	0	21,461	
232	Non-income Taxes, Allocable	0	--	--	--	--	--	--	--	
233	Non-income Taxes, Direct	223	--	223	0	0	0	0	0	
234										
235	OTHER INCOME STATEMENT:									
236	State Income Tax Rate	0.00%	--	--	--	--	--	--	--	
237	Federal Income Tax Rate	34.00%	--	--	--	--	--	--	--	
238	Gross Receipts Tax Rate	3.00%	--	--	--	--	--	--	--	
239	Rate of Return	10.00%	--	--	--	--	--	--	--	
240	AFUDC	(10,713)	--	--	--	--	--	--	--	
241	ITC Amortization	0	--	--	--	--	--	--	--	
242	Other Return Adjustments	0	--	0	0	0	0	0	0	
243	Contributions	0	--	--	--	--	--	--	--	
244	Interest Expense	166,032	--	--	--	--	--	--	--	
245	Capital Lease Expense	0	--	--	--	--	--	--	--	
246	Capitalized Payroll taxes	0	--	--	--	--	--	--	--	
247	Depreciation Adjustment	0	--	--	--	--	--	--	--	
248	Other Income Adjustments	0	--	0	0	0	0	0	0	
249	Uncollectibles	4,868	--	0	0	4,868	0	0	4,868	
250	Other Revenue Adjustments	0	--	0	0	0	0	0	0	
251	Other Revenue Taxes	0	--	0	0	0	0	0	0	
252										

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

Kennebec Telephone Company
 ENDING DECEMBER 31, 2003

***** FCC PART 36 *****		TOTAL COMPANY	Source/ AllocatorOther	Interstate				Intrastate		TOTAL INTRASTATE
				Private Line		Private Line				
(A)	(B)	(C)	(D)	InterLATA (E)	IntraLATA (F)	InterLATA (G)	IntraLATA (H)	(I)		
271 Working Loops	851	---	11	15	0	0	8	8		
272 Equivalent Interexchange Cct. Miles	14,257	---	0	6,829	0	0	2,966	2,966		
273 Interexchange Circuit Terminations	135	---	0	12	0	0	9	9		

INTRASTATE SWITCHED ACCESS CHARGE RATE DEVELOPMENT

DATE: 06/29/04
 COMPANY: Kennebec Telephone Company
 YEAR: 2003

		Revenue Requirement	Originating MOU	Terminating MOU	Total MOU	Originating Rate	Terminating Rate
1	Carrier Common Line	\$280,387	1,009,465	1,284,580	2,294,045	\$0.115455	\$0.127543
2	Local Switching *	\$171,909	1,009,465	1,284,580	2,294,045	\$0.070787	\$0.078198
3	Local Transport	\$152,144	1,009,465	1,284,580	2,294,045	\$0.066321	\$0.066321
4	Total	\$604,440				\$0.252563	\$0.272063

* INCLUDING INFORMATION ELEMENT REVENUE REQUIREMENT

Special Sort by Term MOU / Orig MOU

Carrier Common Line

	Intrastate Only												
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Total Orig	81486	77794	85759	79329	80850	82688	86977	81059	86928	83326	85214	98055	1009465
Total Term*	104718	111125	121589	100888	96707	96375	101126	100247	116167	111702	113125	110811	1284580
TOTAL	186204	188919	207348	180217	177557	179063	188103	181306	203095	195028	198339	208866	2294045

Traffic Sensitive

Total Orig	81486	77794	85759	79329	80850	82688	86977	81059	86928	83326	85214	98055	1009465
Total Term*	104718	111125	121589	100888	96707	96375	101126	100247	116167	111702	113125	110811	1284580
TOTAL	186204	188919	207348	180217	177557	179063	188103	181306	203095	195028	198339	208866	2294045

* Includes Orig 800/900 MOU which are billed as Terminating

***SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA***

***FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002***

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ENDORF LURKEN OLSON & Co. Prof LLC

Certified Public Accountants

Your success is our business

Gary L. Endorf, CPA
William R. Lurken, CPA
David G. Olson, CPA
Jay Tolma, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**The Board of Directors
Kennebec Telephone Company, Inc.
Kennebec, South Dakota**

We have audited the accompanying balance sheet of Kennebec Telephone Company, Inc. as of December 31, 2003 and 2002, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kennebec Telephone Company, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2004, on our consideration of Kennebec Telephone Company, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Endorf Lurken Olson & Co. Prof. L.L.C.

**Mitchell, South Dakota
January 29, 2004**



ENDORF LURKEN OLSON & Co. Prof LLC

Certified Public Accountants

Your success is our business

Gary L. Endorf, CPA
William R. Lurken, CPA
David G. Olson, CPA
Jay Tolsma, CPA

***REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING***

**The Board of Directors
Kennebec Telephone Company, Inc.
Kennebec, South Dakota**

We have audited the financial statements of Kennebec Telephone Company, Inc. as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 29, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Kennebec Telephone Company, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kennebec Telephone Company, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect Kennebec Telephone Company, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

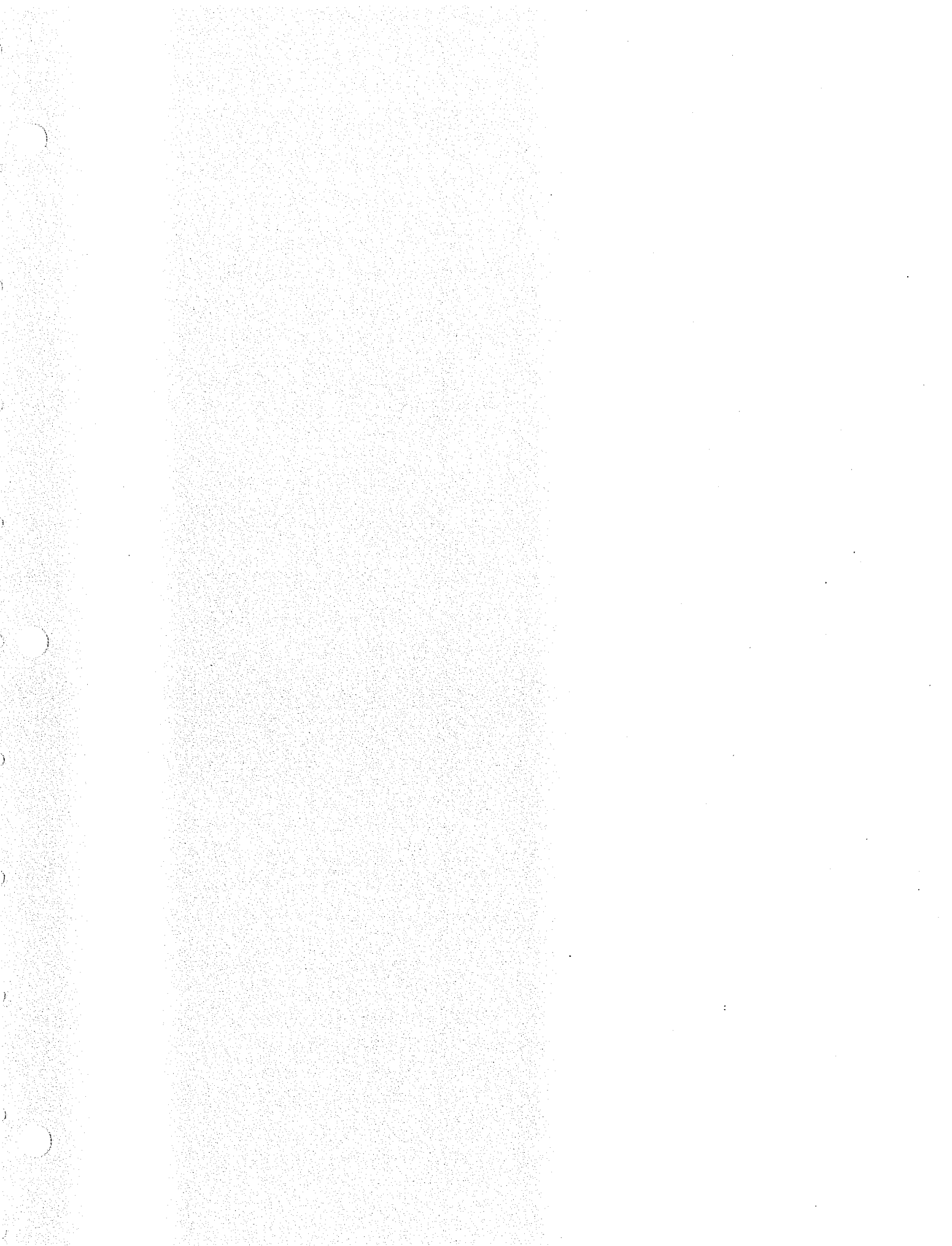
Because of the limited number of employees in the Company's business office, there is an inadequate segregation of duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the management and the Rural Utilities Service. However, this report is a matter of public record and its distribution is not limited.

Enderby Luken Olson & Co. P.C.F. L.L.C.

Mitchell, South Dakota
January 29, 2004



LIABILITIES AND STOCKHOLDERS' EQUITY

DECEMBER 31,
2003 **2002**

CURRENT LIABILITIES

Current portion of long-term debt	\$ 232,000	\$ 205,000
Accounts payable	35,245	122,354
Accrued taxes	96,045	95,929
Other payables	14,869	15,192
Total Current Liabilities	<u>378,159</u>	<u>438,475</u>

LONG-TERM DEBT, less current maturities	<u>5,453,539</u>	<u>4,959,197</u>
--	-------------------------	-------------------------

DEFERRED INCOME TAXES	<u>79,000</u>	<u>71,200</u>
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STOCKHOLDERS' EQUITY

Capital stock, common, \$100 par value; authorized 5,000 shares; 83 shares issued and outstanding	8,300	8,300
Retained Earnings:		
Appropriated	13,680	13,680
Unappropriated	2,224,225	2,140,573
Accumulated other comprehensive income	11,902	5,061
Less: Treasury stock - 43 shares (at cost)	(689,302)	(689,302)
Total Stockholders' Equity	<u>1,568,805</u>	<u>1,478,312</u>
	<u>\$ 7,479,503</u>	<u>\$ 6,947,184</u>

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
STATEMENT OF OPERATIONS**

	<i>YEARS ENDED DECEMBER 31,</i>	
	<i>2003</i>	<i>2002</i>
OPERATING REVENUES		
Basic local network services	\$ 189,453	\$ 196,566
Network access services	1,608,437	1,274,964
Long distance message revenue	42,157	56,672
Other network services	113,010	38,349
Miscellaneous	24,445	21,491
Uncollectible revenues	(20,477)	(1,431)
<i>Net Operating Revenues</i>	<u>1,957,025</u>	<u>1,586,611</u>
OPERATING EXPENSE		
Plant specific operations	439,935	386,921
Plant nonspecific operations	39,149	42,001
Customer operations	142,237	115,424
Corporate operations	420,787	416,893
Depreciation and amortization	586,558	470,413
<i>Total Operating expenses</i>	<u>1,628,666</u>	<u>1,431,652</u>
OPERATING TAXES		
Federal income tax - current	425	(16,961)
Federal income tax - deferred	2,500	9,800
Other operating taxes	59,585	47,960
<i>Total Operating Taxes</i>	<u>62,510</u>	<u>40,799</u>
OPERATING INCOME	<u>265,849</u>	<u>114,160</u>
FIXED CHARGES		
Interest on mortgage debt	254,612	224,930
Interest charged to construction credit	(10,936)	(76,287)
<i>Total Fixed Charges</i>	<u>243,676</u>	<u>148,643</u>
INVESTMENT INCOME -		
(net of income tax 2003 \$10,082; 2002 \$16,535)	<u>23,903</u>	<u>24,299</u>
NON-REGULATED NET INCOME -		
(net of depreciation 2003 \$83,568; 2002 \$29,046 and income tax 2003 \$12,361; 2002 \$50,242)	<u>37,576</u>	<u>143,936</u>
NET INCOME	<u>83,652</u>	<u>133,752</u>
OTHER COMPREHENSIVE INCOME		
Unrealized gain on marketable securities	6,841	11,329
COMPREHENSIVE INCOME	<u>\$ 90,493</u>	<u>\$ 145,081</u>

The accompanying notes to financial statements are
an integral part of this statement.

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

	<i>Common Stock</i>	<i>Retained Earnings (Appropriated)</i>	<i>Retained Earnings (Unappropriated)</i>	<i>Accumulated Other Comprehensive Income</i>	<i>Treasury Stock</i>	<i>Total</i>
<i>Balance December 31, 2001</i>	\$ 8,300	\$ 13,680	\$ 2,006,821	\$ (6,268)	\$ (689,302)	\$ 1,333,231
<i>Comprehensive Income:</i>						
Net Income	--	--	133,752	--	--	133,752
Unrealized gain on marketable securities	--	--	--	11,329	--	11,329
<i>Balance December 31, 2002</i>	8,300	13,680	2,140,573	5,061	(689,302)	1,478,312
<i>Comprehensive Income:</i>						
Net Income	--	--	83,652	--	--	83,652
Unrealized gain on marketable securities	--	--	--	6,841	--	6,841
<i>Balance December 31, 2003</i>	<u>\$ 8,300</u>	<u>\$ 13,680</u>	<u>\$ 2,224,225</u>	<u>\$ 11,902</u>	<u>\$ (689,302)</u>	<u>\$ 1,568,805</u>

The accompanying notes to financial statements are
an integral part of this statement.

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
STATEMENT OF CASH FLOWS**

	YEARS ENDED DECEMBER 31,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from consumers.....	\$ 2,763,223	\$ 1,987,233
Cash paid to suppliers and employees	(1,872,168)	(1,374,600)
Interest/dividends received	33,984	41,339
Interest paid	(243,676)	(148,643)
Income tax refund received	400	10,684
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	681,763	516,013
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and acquisition of regulated plant	(363,984)	(1,533,054)
Construction and acquisition of non-regulated plant.....	(457,271)	(352,161)
Materials salvaged from retirements.....	5,251	7,413
Proceeds from sale of equipment.....	800	4,450
Proceeds from sale of marketable securities	110,000	-
Purchases of marketable investments.....	(340,962)	333
Proceeds from other investments	34,702	61,707
NET CASH (USED) BY INVESTING ACTIVITIES	(1,011,464)	(1,811,312)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt.....	739,695	919,707
Repayment of long-term debt.....	(218,353)	(59,373)
NET CASH PROVIDED BY FINANCING ACTIVITIES	521,342	860,334
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	191,641	(434,965)
CASH AND CASH EQUIVALENTS, Beginning of Year	369,967	804,932
CASH AND CASH EQUIVALENTS, End of Year	\$ 561,608	\$ 369,967
NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired with debt.....	\$ 48,186	\$ 111,805

The accompanying notes to financial statements are
an integral part of this statement.

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
STATEMENT OF CASH FLOWS
(Continued)**

	YEARS ENDED DECEMBER 31,	
	2003	2002
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	\$ 83,652	\$ 133,752
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	673,059	499,459
Book (income) from other investments	(42,929)	(51,304)
Book loss from marketable securities	--	505
(Increase) decrease in:		
Receivables	123,493	(228,672)
Inventory	(84,742)	(52,105)
Prepaid income tax	10,200	31,100
Prepayments	(1,454)	(3,990)
Increase (decrease) in:		
Accounts payable	(87,109)	114,587
Accrued taxes and other payables	(207)	33,481
Deferred income taxes	<u>7,800</u>	<u>39,200</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 681,763</u>	<u>\$ 516,013</u>

The accompanying notes to financial statements are
an integral part of this statement.

*SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002*

1. **SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Operations and Group Concentrations of Credit Risk: Kennebec Telephone Company provides both regulated and non-regulated telecommunication services for the Kennebec and Presho, South Dakota exchange areas. The Company reviews credit history prior to approving credit. No deposits are required of the Company's customers. The Company at various times maintains cash balances with financial institutions in excess of FDIC insurance limits.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

General: The Company follows the FCC Uniform System of Accounts for Class A and B telephone companies as required by the Rural Utilities Service (RUS).

Telecommunication Plant in Service and Under Construction: Additions to telephone plant are recorded at their original cost, which includes contracted work, direct labor and material, and allocable overhead. When units of property are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Maintenance and repair costs and the replacement and renewal of items determined to be less than units of property are charged to the applicable maintenance expense accounts.

Depreciation: Depreciation is computed using the straight-line method based on the estimated useful lives of the depreciable assets.

Materials and Supplies Inventory: The inventory is stated at cost determined principally on the weighted average method. There was no substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventories.

Revenue Recognition: Revenue from local telephone service is reflected in the accounts at the time such revenue is actually earned. The customers are billed on the 1st of each month for local service for that month. Revenue from toll service is recorded through the 18th of each month and is billed to customers on the 1st of the next month. At the balance sheet dates, the Company had unrecorded toll service from December 19 to December 31.

Temporary Cash Investments: Temporary cash investments consist mainly of certificates of deposit and money market savings accounts. They are stated at cost, which approximates market value. They are included as cash on the statement of cash flows.

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Long-Lived Assets: The recoverability of long-lived assets is assessed annually or whenever adverse events or changes in circumstances or business climate indicate that the expected cash flows previously anticipated warrant a reassessment. When such reassessments indicate the potential of impairment, all business factors are considered and, if the carrying values of long-lived assets are not likely to be recovered from future net operating cash flows, they will be written down for financial reporting purposes.

Investments in Debt and Qualifying Equity Securities: Investments in debt and qualifying equity securities are classified as either held-to-maturity, trading or available-for-sale in accordance with SFAS 115. Held-to-maturity investments are debt securities that the Company has the positive intent and ability to hold to maturity. These investments are recorded at amortized cost. Debt and equity securities purchased principally for the purpose of resale as trading investments are recorded at fair value. Unrealized gains or losses on these investments are included in earnings of the current period. Other debt and equity securities that are not categorized as held-to-maturity or trading are classified as available-for-sale and reported at fair value. Unrealized gains or losses on these securities are reported as a separate component of equity.

Comprehensive Income: The Company adopted the provisions of Financial Accounting Standards No. 130, Reporting Comprehensive Income (FAS 130) in 2002. FAS 130 governs the financial statement presentation of changes in stockholder's equity resulting from non-owner sources. Accumulated other comprehensive income as reported in the accompanying balance sheet represents unrealized gains on available for sale securities.

2. ASSETS PLEDGED:

All assets are pledged as security for the long-term debt to the Rural Utilities Service.

*SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002*

3. TELEPHONE PLANT:

Listed below are the major classes of telephone plant in service at December 31:

	2003	2002
Land	\$ 27,292	\$ 27,292
Buildings	720,920	678,308
Central office equipment	2,200,607	2,066,049
Paystations	16,782	16,782
Buried cable	4,575,785	4,390,581
Office and communication equipment	166,528	121,801
Vehicles and other work equipment	462,614	597,885
	<u>\$8,170,528</u>	<u>\$7,898,698</u>

4. NONREGULATED CUSTOMER PREMISES EQUIPMENT:

Nonregulated customer premises equipment is stated at cost. The Company provides for depreciation on a straight-line basis at an annual rate of depreciation which will amortize the cost of the equipment over its estimated useful life.

Income, net of related expenses, from nonregulated activities for the years ended December 31, 2003 and 2002, was \$49,933 and \$143,936, respectively. Depreciation of non-regulated plant and equipment for the years ended December 31, 2003 and 2002 was \$83,568 and \$29,046, respectively.

5. MARKETABLE INVESTMENTS:

The cost and fair value of marketable debt securities at December 31, 2003, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available for sale: Debt securities	<u>\$656,508</u>	<u>\$30,290</u>	<u>\$(18,388)</u>	<u>\$668,410</u>

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

5. MARKETABLE INVESTMENTS: (Continued)

The following is a list of the maturities of debt securities as of December 31, 2003:

	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
Due in less than five years	\$430,003	\$439,765
Due after five years	<u>266,961</u>	<u>269,101</u>
	<u>\$696,964</u>	<u>\$708,866</u>

6. LONG-TERM DEBT:

Long-term debt consists of the following at December 31:

	TERMS	2003	2002
United States of America Rural Utilities Service - Secured by all-inclusive financing agreement.	(A)	\$5,309,763	\$5,081,977
West Central Electric - Secured by Presho CATV	5%; due in annual principal payments of \$16,444, plus interest. Final payment is due September, 2007.	65,776	82,220
700 MHZ Project	5%; due in annual interest only payments thru December 31, 2007. Principal payments made annually thru December 31, 2012.	<u>310,000</u>	<u>---</u>
		5,685,539	5,164,197
	Less Current Maturities	<u>(232,000)</u>	<u>(205,000)</u>
		<u>\$5,453,539</u>	<u>\$4,959,197</u>

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

6. LONG-TERM DEBT: (Continued)

(A) Long-term debt to RUS is represented by 2% and 5% mortgage notes payable. Principal and interest installments are payable quarterly. The notes are scheduled to be fully repaid at various times to December, 2030. The notes are secured by an all-inclusive financing statement covering all of the assets of the company.

As of December 31, 2003, there were \$375,405 of unadvanced loan funds available for digital switch and plant expansion. All loan funds advanced by RUS are deposited in a special construction fund account, the disbursements from which are restricted by the provisions of the loan agreement to purposes approved by RUS. The construction fund had a balance of \$36,380 and \$73,309 at December 31, 2003 and 2002, respectively.

It is estimated that principal repayment for the next five years will be as follows:

2004	232,000
2005	242,300
2006	253,200
2007	264,600
2008	276,600

7. DEFERRED INCOME TAXES:

Deferred tax assets and liabilities at December 31, consist of the following:

	2003	2002
Deferred tax liabilities		
Accumulated depreciation	53,000	50,500
Non-regulated investments	21,800	19,000
Market value of marketable investments above cost	<u>4,200</u>	<u>1,700</u>
Net deferred tax liability	<u>\$79,000</u>	<u>\$71,200</u>

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

8. APPROPRIATED RETAINED EARNINGS:

Appropriated retained earnings of \$13,679 represents undistributed previously taxed income stemming from the period when the Company was taxed as a Subchapter S corporation.

9. PENSION PLAN:

The Company maintains a SIMPLE IRA plan and matches employee contributions up to 3% of total compensation. Matching contributions to the SIMPLE IRA accounts totaled \$20,363 and \$16,703 for the years 2003 and 2002, respectively, of which \$0 and \$0 were payable at December 31, 2003 and 2002.

10. LONG-TERM LEASE:

The Company has entered into a lease agreement for ten years with Delores Johnstone to lease shop buildings. The annual lease payments are \$13,800 for each year of the lease.

11. LITIGATION:

The Company has been named, along with several other telephone companies and other parties, in an antitrust lawsuit in U.S. District Court of South Dakota. As of the date of this report the outcome of the lawsuit is indeterminable and immeasurable.

SUPPLEMENTAL INFORMATION



ENDORF LURKEN OLSON & CO. Prof LLC

Certified Public Accountants

Your success is our business

Gary L. Endorf, CPA
William R. Lurken, CPA
David G. Olson, CPA
Jay Tolsma, CPA

*Report of Independent Certified Public Accountants
on Supplemental Information*

Kennebec Telephone Company, Inc.

Our report on our audit of the basic financial statements of Kennebec Telephone Company, Inc. for 2003 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Endorf Lurken Olson & Co. Prof. L.L.C.

Mitchell, South Dakota
January 29, 2004

**SOUTH DAKOTA 536 KENNEBEC
KENNEBEC TELEPHONE COMPANY, INC.
KENNEBEC, SOUTH DAKOTA
SCHEDULE OF MORTGAGE NOTES PAYABLE
TO RURAL UTILITIES SERVICE
DECEMBER 31, 2003**

Note Number	Date of Note	Interest Rate	Note Amount	Unadvanced Funds	Principal Balance
12011	October 4, 1979	2.0%	\$ 107,000	\$ --	\$ 41,941
12020	October 4, 1979	2.0	465,000	--	189,969
12030	May 6, 1981	2.0	36,290	--	16,656
12032	May 6, 1981	2.0	20,710	--	13,388
12040	August 2, 1989	5.0	317,000	--	254,853
12041	August 2, 1989	5.0	21,000	--	17,624
12042	August 2, 1989	5.0	258,000	--	236,864
12043	August 2, 1989	5.0	158,000	--	153,396
12050	November 1, 2000	5.0	937,770	--	895,645
12051	November 1, 2000	5.0	202,338	--	193,249
12052	November 1, 2000	5.0	300,000	--	286,524
12053	November 1, 2000	5.0	61,497	--	58,735
12054	November 1, 2000	5.0	979,055	--	935,075
12055	November 1, 2000	5.0	216,417	--	206,695
12056	November 1, 2000	5.0	210,922	--	201,447
12057	November 1, 2000	5.0	401,414	--	383,382
12058	November 1, 2000	5.0	182,111	--	173,930
12550	November 1, 2000	5.0	46,184	--	44,109
12551	November 1, 2000	5.0	220,500	--	210,595
12552	November 1, 2000	5.0	220,991	--	211,064
12553	November 1, 2000	5.0	167,701	--	160,216
12554	November 1, 2000	5.0	86,216	--	83,115
12555	November 1, 2000	5.0	226,764	--	224,576
12556	November 1, 2000	5.0	116,715	--	116,715
12557	November 1, 2000	5.0	<u>375,405</u>	<u>375,405</u>	<u>--</u>
			<u>\$6,335,000</u>	<u>\$375,405</u>	<u>\$5,309,763</u>



ENDORF LURKEN OLSON & CO. Prof LLC

Certified Public Accountants

Your success is our business

Gary L. Endorf, CPA
William R. Lurken, CPA
David G. Olson, CPA
Jay Tolama, CPA

**The Board of Directors
Kennebec Telephone Company, Inc.
Kennebec, South Dakota**

We have audited the financial statements of Kennebec Telephone Company, Inc. for the year ended December 31, 2003, and have issued our report thereon dated January 29, 2004. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Kennebec Telephone Company, Inc. for the year ended December 31, 2003, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such control is set forth in our independent auditors' report on compliance and on internal control over financial reporting dated January 29, 2004, and should be read in conjunction with this report.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of the limited number of employees in the company's business office, there is an inadequate segregation of duties.

7 CFR 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.33(e)(2), and related party transactions. In addition, our audit of the financial statements also included the procedures specified in 7 CFR 1773.38-45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports other than our independent auditor's report, and our independent auditor's report on compliance and on internal control over financial reporting, all dated January 29, 2004, or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773.33 are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Kennebec Telephone Company, Inc.'s internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- the accounting procedures and records;
- the process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts, and;
- the materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC RUS LOAN AND SECURITY INSTRUMENT PROVISIONS

Management's responsibility for compliance with laws, regulations, contracts and grants is set forth in our independent auditors' report on compliance and on internal control over financial reporting dated January 29, 2004, and should be read in conjunction with this report.

At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts and grants. The procedures we performed are summarized as follows:

- Procedure performed with respect to the requirement to maintain all funds in institutions whose accounts are insured by an Agency of the Federal government:
 1. Obtained information from financial institutions with which Kennebec Telephone Company, Inc. maintains funds that indicated that the institutions are insured by an Agency of the Federal government.
- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of property, or for the use of mortgaged property by others or for services pertaining to toll traffic, operator assistance, or switching for the year ended December 31, 2003 of Kennebec Telephone Co., Inc.
 1. Obtained and read a borrower-prepared schedule of new written contracts entered into during the year for the operation or maintenance of its property, for the use of its property by others or for services pertaining to toll traffic, operator assistance, or switching as defined in 7 CFR Part 1773.33(e)(2)(i).
 2. Reviewed Board of Director minutes to ascertain whether board-approved written contracts are included in the borrower-prepared schedule.
 3. Noted the existence of written RUS approval of each contract listed by the borrower.
- Procedure performed with respect to the requirement to submit RUS Form 479 to the RUS:
 1. Agreed amounts reported in Form 479 to Kennebec Telephone Company, Inc.'s records.
- Procedure performed with respect to funded reserve and net plant to secured debt ratio requirements:

1. Reviewed loan security instrument to ascertain which condition was elected by the borrower.
2. If the funded reserve option was selected, review financial institution records to verify the existence of a separate bank account for the reserve, and determine that it was funded within one year of approval of release of funds and that it remained funded over the composite economic life of the facilities financed.
3. If the net plant to secured debt ratio option was selected, calculate the ratio and confirm that the 1.2 ratio was achieved one year following the first advance of loan funds.

The results of our tests indicate that, with respect to the items tested, Kennebec Telephone Company, Inc. complied, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- the borrower maintains all funds in institutions whose accounts are insured by an Agency of the Federal government;
- the borrower has obtained written approval of the RUS to enter into any contract for the operation or maintenance of property, or for the use of mortgaged property by others or for services pertaining to toll traffic, operator assistance or switching as defined in 7 CFR Part 1773.33(e)(2)(i); and,
- the borrower has submitted its Form 479 to the RUS and the Form 479, Financial and Statistical Report, as of December 31, 2003, represented by the borrower as having been submitted to RUS, is in agreement with Kennebec Telephone Company, Inc.'s audited records in all material respects.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Kennebec Telephone Company, Inc. nothing came to our attention that caused us to believe that Kennebec Telephone Company, Inc. failed to comply with respect to:

- the reconciliations of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR Part 1773.33(c)(1);
- the clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR Part 1773.33(c)(2);
- the retirement of plant addressed at 7 CFR Parts 1773.33(c)(3) and (4);
- sales of plant, material, or scrap addressed at 7 CFR Part 1773.33(c)(5);
- the disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2003, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR Part 1773.33(f);

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Enderby Luken Olson & Co. P.C. L.L.C.

Mitchell, South Dakota
January 29, 2004

TAB 4

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
		Bal after Audit	After Audit #'s
1130.000	CASH GENERAL FUND BANKWEST	(105,741.15)	9,972.52
1130.100	CASH ON HAND-(Petty Cash)	250.00	250.00
1130.200	CASH -TRUSTEE RUS CONST FUND BANKWEST	73,309.36	36,380.38
1130.400	NOW ACCT Dakota PRAIRIE BANK	17,082.48	143,296.41
1130.500	CASH GENERAL FUNDS Dakota PRAIRIE BANK	7,516.89	21,951.66
1130.600	BANK WEST SWEEP ACCOUNT	199,403.66	1,646.97
1160.000	OTHER INVESTMENTS-Ed Jones	256,894.21	298,843.22
1160.010	Other Invest. - Jones Money Market	67,281.00	208,118.00
1160.100	OTHER INVESTMENTS EXCESS FMV	5,061.00	11,902.00
1160.200	OTHER INVESTMENTS-usbancorp PIPER JAFFRAY	285,494.00	428,587.28
1160.210	Other Invest. - Jaffray Money Market	865.00	69,071.40
1180.000	DUE FROM SUBSCRIBERS TELECOMM ACCT REC	16,529.34	10,023.52
1180.200	NSF CHECKS	129.87	222.78
1181.000	RESERVE FOR UNCOLLECTIBLE ACCTS - CR (.0025)	(1,447.13)	(740.05)
1190.000	OTHER ACCTS RECEIVABLE - MISC	441.11	4,485.24
1190.300	OTHER ACCTS. REC.-EMERGENCY LOAN TO EMPLOYEES	1,320.33	707.94
1190.400	OTHER ACCTS. REC. WORLDCOM/GLOBAL	26,454.41	1,021.32
1190.500	Other Accts. Rec. - AT&T Cabs	11,252.61	10,391.80
1190.600	Other Accts. Rec. - Qwest Cabs	70.94	-
1190.700	Other Accts. Rec. - Other Cabs	(4,380.82)	789.85
1190.800	Other Accts. Rec. - MACC CONSOLIDATED BILLING		1,514.18
1210.000	INTEREST RECEIVABLE	4,900.00	4,900.00
1220.000	MATERIAL & SUPP-STOCK N/F/S-MATERIAL REC	94,169.51	173,361.91
1310.000	PREPAID INSURANCE	11,730.82	13,185.43
1401.000	INVESTMENTS-EXPRESS COMMUNICATIONS	1,675.00	1,675.00
1401.100	RTFC STOCK PRESHO	1,000.00	1,000.00
1401.200	RTFC CAPITOL CERTIFICATE PRESHO		
1401.300	RTFC PATRONAGE CAPITAL CREDIT	12,051.54	12,051.54
1401.400	SDN (INVESTMENTS) NOT FEES	138,045.25	172,747.34
1406.000	NON REG-LEASED C.P.E.	22,658.15	22,225.07
1406.010	NON REG. DEPR. C.P.E.	(20,263.69)	(20,503.38)
1406.020	NON REG. RESALE INVENTORY-	70,549.57	76,100.40
1406.030	NON REG. ACCT. REC. MISC.	206,109.12	26,000.00
1406.040	NON REG. ACCT. REC.-OTHER	44,054.22	24,596.87
1406.050	NON REG. DEPRECIABLE ASSETS	309,330.38	320,849.97
1406.051	Non Reg. Depr. Assets DWDM	109,412.51	109,412.51
1406.052	Non Reg. Depr. Assets PwrCom	44,556.20	62,221.27
1406.053	Non Reg. Depr. Assets Digging		230,959.35
1406.059	NON REG. PLANT UNDER CONSTRUCTION	34,725.74	358,049.40
1406.060	NON REG. DEPR. RESERVE DEPR. ASSETS	(18,948.53)	(59,594.59)
1406.061	Non Reg Depr Reserve DWDM	(9,509.03)	(25,139.39)
1406.062	Non Reg Depr Reserve PowerCom	(5,762.14)	(32,327.50)
1406.063	Non Reg Depr. Reserve Digging		(126,250.88)
2003.100	TELEPHONE PLANT UNDER CONST.-CONTRACT		-
2003.300	TELE. PLANT UNDER CONST.-WK ORD-SHT TERM	130,862.57	22,010.30
2005.000	PRESHO ACQUISITION ADJUSTMENTS	624,850.60	624,850.60
2111.000	LAND	24,207.65	24,207.65
2111.110	PRESHO LAND	3,083.50	3,083.50
	Total Land	27,291.15	27,291.15
2112.000	VEHICLES PICKUPS BUCKET TRUCK	357,643.50	431,152.78
2112.100	VEHICLES CAR		-
2114.000	VEHICLES TRENCHERS	185,528.19	-
	Total Vehicles	543,171.69	431,152.78
2116.000	OTHER EQUIPMENT	54,713.41	31,460.81
2116.110	PRESHO OTHER WORK EQUIP.		-

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
2121.000	BUILDINGS COE & GENERATOR	37,797.56	41,188.16
2121.100	OFFICE BUILDING	53,143.25	53,143.25
2121.110	PRESHO COE BUILDING	134,242.96	134,878.96
2121.120	KNBC 2002 OFFICE	427,274.52	441,854.62
2121.300	CO SWITCH ROOM ETC	25,849.55	25,849.55
	Total Buildings	678,307.84	696,914.54
2122.000	FURNITURE & OFFICE EQUIP	13,622.96	36,949.61
2123.000	OFFICE COMMUNICATIONS EQUIP - TELEPHONES	29,229.56	41,932.23
2124.000	OFFICE COMPUTERS	78,947.94	87,646.28
	Total Support Assets	1,425,284.55	1,353,347.40
2212.000	KENNEBEC--DIGITAL ELECTRONIC SWITCHING	757,248.29	807,609.21
2212.110	PRESHO--DIGITAL ELECTRONIC SWITCHING	458,714.49	458,714.49
2232.000	CIRCUIT EQUIPMENT FIBER KENNEBEC	114,612.95	116,123.83
2232.110	ELECTRONIC CIRCUIT EQUIPMENT FIBER- PRESHO	300,986.70	299,358.73
2233.000	CIRCUIT EQUIP.--OTHER-KENNEBEC	265,823.53	317,349.54
2233.110	CIRCUIT EQUIP.-OTHER-PRESHO (LIKE PAIR GAIN)	168,661.57	201,451.50
	Total COE	2,066,047.53	2,200,607.30
2351.000	PAY PHONES	2,575.59	2,575.59
2351.110	PRESHO PAY PHONES	14,206.02	14,206.02
2423.000	BURIED CABLE	1,917,687.31	1,920,572.51
2423.110	PRESHO BURIED CABLE	2,285,284.22	2,467,601.75
2423.120	PRESHO BURIED CABLE TOLL	173,315.16	173,315.16
2424.000	AFUDC BURIED CABLE	14,297.65	14,297.65
		4,390,584.34	4,575,787.07
2682.000	Leasehold Improvements		24,000.96
3100.000	RETIREMENT WORK IN PROGRESS	-	-
3114.060	DEPR. RESERVE-MISC. PHY. PROP.	-	-
3121.120	DEPR RESERVE PICKUPS	(117,751.24)	(168,163.20)
3121.140	DEPR RESERVE TRENCHERS	(94,486.60)	-
3121.151	DEPR RESERVE COE (CENTRAL OFFICE EQUIP.)	-	-
3121.160	DEPR RESERVE OTHER WORK EQUIP	(50,236.58)	(31,460.81)
3121.210	DEPR RESERVE BUILDINGS - COE	(11,481.71)	(13,976.39)
3121.211	DEPR RESERVE BUILDINGS - OFFICE	(39,689.20)	(42,367.60)
3121.212	DEPR RES-KNBC 2002 OFFICE	-	(16,920.12)
3121.213	DEPR RESERVE COE DIGITAL	(17,176.50)	(18,479.34)
3121.220	DEPR RESERVE FURNITURE & OFFICE EQUIP	(4,923.28)	(7,745.70)
3121.232	DEPR RESERVE OFFICE COMMUNICATION EQUIP	(21,252.02)	(26,135.40)
3121.240	DEPR RESERVE OFFICE COMPUTERS	(57,019.94)	(72,891.82)
3122.120	DEPR RESERVE DIGITAL SWITCH KENNEBEC	(510,051.12)	(588,806.22)
3122.320	DEPR RESERVE CIR EQUIP FIBER KENNEBEC	(42,894.34)	(57,151.63)
3122.330	DEPR. RES CIRCUIT EQUIP. OTHER KENNEBEC	(201,928.96)	(226,475.38)
3123.510	DEPR RESERVE PAY PHONES	(2,575.59)	(2,575.59)
3124.230	DEPR RESERVE- BURIED BABLE	(726,673.47)	(802,599.24)
3126.820	Amortization of Leasehold Improvements	-	-
3221.160	PRESHO DEPR RESERVE OTHER WORK EQUIP	-	-
3221.210	PRESHO DEPR RESERVE BUILDING	(57,463.26)	(62,779.26)
3222.120	DEPR RES DIGITAL ELEC SWITCHING PRESHO	(325,672.30)	(371,360.26)
3222.320	DEPR RES DIGITAL ELEC SWITCHING PRESHO	-	-
3222.321	DEPR. RES. ELEC CIR EQUIP PRESHO	(67,737.08)	(98,592.57)
3222.331	DEPR. RES. CIR. EQUIP. OTHER PRESHO	(167,644.03)	(169,311.15)

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
3223.510	PRESHO DEPR RESERVE PAY PHONES	(14,206.02)	(14,206.02)
3224.230	PRESHO DEPR RESERVE BURIED CABLE	(750,181.71)	(852,098.86)
3224.231	PRESHO DEPR RESERVE BURIED CABLE TOLL	(144,492.62)	(153,227.66)
3224.240	DEPR. RESERVE AFUDC	(2,750.77)	(3,471.37)
3600.000	ACCUM. AMORTIZATION Reserve	(274,239.81)	(315,896.49)
	Total Depreciation Reserve	(3,702,528.15)	(4,116,692.08)
4010.000	ACCTS PAY US WEST		-
4010.100	ACCTS PAY A T & T (CABS)		-
4010.200	ACCTS PAY OTHER EXCHANGE CARRIERS (CABS, ILLUMINET)		-
4010.210	ACCTS PAY COM IMPAIRED FUND TAX (HEARING)	(11.72)	(279.92)
4010.220	ACCTS. PAYABLE-PAYROLL TAX	(37,167.95)	(28,150.07)
4010.240	ACCTS PAY - - FEDERAL EXCISE TAX	(974.64)	(920.19)
4010.250	ACCTS PAY STATE EXCISE TAX- CONTRACTORS	(2,647.46)	(720.90)
4010.260	ACCTS PAY- STATE SALES TAX	(2,747.53)	(2,683.65)
4010.270	ACCTS PAY- CITY SALES TAX		
4010.280	ACCTS. PAY-GARNISHMENTS- DEPT. OF SOCIAL SERVICES		
4010.281	PUC GROSS RECEIPTS TAX ASSESSMENT (INTRA)		
4010.282	NANPA ASSESSMENT (NBANC-FCC CONT. 806697)		
4010.290	ACCTS PAY TRADE	(115,764.84)	(31,474.30)
4010.300	ACCCTS PAY - NECA -TO AFFILIATED CO- RECEIVED	72,048.46	174,453.46
4010.400	ACCTS PAYABLE ILLUMINET RECEIVED		
4010.500	ACCTS PAY EXPRESS COMMUNICATIONS		
4010.600	ACCTS PAY 911 CHGS TO COUNTY	(1,855.86)	(2,124.52)
4010.700	FCC Copyright & Franchise Fees	(354.46)	(1,645.65)
4020.000	NOTES DUE- OFFICERS		
4070.100	TAXES ACCRUED FEDERAL INCOME TAX (CORP. INCOME TAX ESTIMATE)	10,600.00	400.00
4080.200	TAXES ACCRUED EMPLOYER'S SOCIAL SECURITY TAX (FICA)	(2,657.10)	(2,962.96)
4080.210	TAXES ACCRUED EMPLOYER'S MEDICARE	(1,908.77)	(1,546.75)
4080.300	TAXES ACCRUED FEDERAL UNEMPLOYMENT	(168.61)	(43.11)
4080.400	TAXES ACCRUED STATE UNEMPLOYMENT	(75.99)	(24.28)
4080.500	TAXES ACCRUED GROSS RECEIPTS	(47,568.25)	(58,713.02)
4080.600	TAXES ACCRUED FCC (FILING FEE FORM 159)		-
4120.000	ACCRUED AUDIT EXPENSE	(15,191.76)	(14,869.16)
4120.100	ACCRUED BONUS EXPENSE		-
4120.200	SIMPLE PAYABLE (DEDUCTION TAKEN OFF EMPLOYEES PAYCHECK)	(0.01)	(0.11)
4120.300	ACCRUED VACATION EXPENSE	-	-
4120.400	CAFFERTERIA- (Extra Medical & Dental)	-	-
4200.000	NOTES PAYABLE		-
4210.110	Short Term Debt RUS	(189,000.00)	(215,000.00)
4210.120	LONG TERM DEBT RUS	(5,698,077.94)	(5,470,169.17)
4210.130	LONG TERM DEBT RTFC FINANCE	-	-
4210.140	RUS NOTES UNADVANCED	805,101.00	375,406.00
4210.150	NOTE PAYABLE--WCE	(82,220.00)	(49,332.06)
4210.160	Short Term Debt - WCE		(16,444.00)
4210.170	Short Term Debt - 700 MHz		
4210.180	Long Term Debt - 700 MHz		(310,000.00)
4270.000	DEFERRED INCOME TAX	(71,200.00)	(79,000.00)
4313.000	PENSION		-
4510.000	CAPITOL STOCK KENNEBEC TELEPHONE CO INC	(8,300.00)	(8,300.00)
4530.000	TREASURY STOCK	689,302.41	689,302.41
4550.000	UNAPPROPRIATED RETAINED EARNINGS	(2,006,821.03)	(2,140,573.18)
4550.100	UNDISTRIBUTED PREV TAXED INCOME (UNDER SUB CHAPTER 5)	(13,679.58)	(13,679.58)
4550.200	EXCESS FMV OF INVESTMENTS	(5,061.00)	(11,902.00)
5001.000	LOCAL SERVICE REVENUE	(188,043.98)	(181,849.88)
5060.000	LOCAL REVENUE, -CLASS FEATURES, DISC./ RECONNECT S.O.	(8,521.92)	(7,602.93)
5060.200	ADSL INSTALL FEE		-
5081.000	FCC ACCESS CHARGE REVENUE- SUBSCRIBER LINE-(MACC BILLING CHARGE)	(58,252.17)	(63,545.30)
5081.100	Fed. Universal Service Charge		(6,548.24)

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
5082.000	ACCESS CHARGE-INTERSTATE-(Between States)-on cabs or consolidated billing	(146,075.51)	(95,855.83)
5082.100	ACCESS CHG - FEATURE GROUP B - REV - CONSOLIDATED BILLING		-
5082.200	ACCESS CHARGES -INTRA CABS-intrastate consolidated billing	(225,929.05)	(240,857.00)
5082.300	SWITCHED ACCESS REVENUE - LECA	(29,328.00)	(105,001.00)
5082.400	ACCESS CHARGE EXPRESS INTER-(Revenue)	(272.63)	(64.44)
5082.500	ACCESS CHARGE EXPRESS INTRA- (Revenue)	(159.17)	(54.19)
5082.600	PIC CHANGE CHARGE -INTER-(Between States)	(240.00)	(250.00)
5082.700	ACCESS SERVICE REQUEST (ASR)	(313.00)	-
5082.800	PIC CHANGE CHARGE INTRA-(In State)	(215.00)	(215.00)
5083.000	ACCESS CHG INTERSTATE NECA OCL END OFFICE TS	(493,125.23)	(609,843.06)
5083.100	USAC-USF	(205,329.00)	(347,079.00)
5083.200	ADSL REVENUE	(11,463.60)	(17,625.20)
5083.300	SPECIAL CIRCUITS-INTRASTATE	(23,381.09)	(39,789.05)
5083.400	SPECIAL CIRCUITS-INTERSTATE	(80,840.31)	(81,711.41)
5084.000	ACCESS CHARGE - U.S. WEST		-
5084.100	SWITCHED INTRASTATE REVENUE CELLULAR		-
5085.000	DATA CIRCUITS-INTRASTATE	(39.55)	-
5100.000	TOLL SERVICE REVENUE - INTRASTATE (IN STATE)	(99,782.85)	(90,305.06)
5100.100	TOLL SERVICE REVENUE -INTERSTATE	(28,820.10)	(26,401.54)
5100.400	TOLL REVENUE US WEST SENT/COLLECT	1,270.94	1,044.03
5230.000	DIRECTORY REVENUE- NON LIST #S, ADDTL LISTING	(401.10)	(565.50)
5240.000	RENT REVENUE US WEST FACILITIES IN CO PRESHO-	(2,024.16)	(2,024.16)
5240.100	RENT REV. - MINI RING GOLDEN WEST	(10,000.00)	(10,000.00)
5240.200	RENT REV. - MINI RING SDN	(2,407.26)	(2,062.08)
5240.300	RENT REV. - VIDEO OVER FIBER		(4,668.03)
5262.000	MISC. REVENUE	471.70	419.01
5262.100	MISC REVENUE (911 CREDIT ALLOWANCE)	(300.00)	(286.86)
5262.200	MISC. REVENUE-WIRELESS-TRANSITING	(21,150.53)	(76,073.06)
5262.300	MISC. REVENUE-WIRELESS-TERMINATING	(17,197.56)	(36,936.62)
5264.000	PENALTY LATE PAY NSF CHECK CHARGE	(2,233.02)	(1,978.30)
5270.000	BILLING & COLLECTION REVENUE -INTERSTATE	(1,479.21)	(737.49)
5270.100	BILLING & COLLECTION REV . INTRA)	(3,119.04)	(2,541.51)
5270.300	BILLING & COLLECTION - OTHER EXCHANGE CARRIERS- REVENUE		-
5270.500	B & C INTRASTATE		-
5270.700	B & C INDEPENDENT NECA SERVICE- Also Supplemental Settlement Check -INS		-
5301.000	UNCOLLECTIBLE OPERATING REVENUE DR-CR (PREVIOUS WRITE OFF)	1,430.99	20,476.95
6000.000	PAYROLL CLEARING		-
6112.000	VEHICLE CLEARING PICKUPS		-
6112.100	INVENTORY PERSON LABOR & OH CLEARING		-
6114.000	VEHICLE CLEARING TRENCHERS- EXPENSE		-
6116.000	TOOLS & OTHER EQUIP. CLEARING- EXPENSE		-
6121.000	BUILDING & GROUNDS REPAIR - GENERATOR BLDG.	1,251.54	4,792.68
6121.100	COMPANY OFFICE BUILDING & GROUNDS REPAIR & EXPENSE	10,285.24	17,844.76
6121.200	SHOP BUILDING & GROUNDS REPAIR & EXPENSE, WATER	13,546.15	31,245.63
6121.300	COE BUILDING & GROUNDS REPAIR & EXPENSE	880.30	3,192.33
6121.400	PRESHO BUILDING & GROUNDS REPAIR & EXPENSE	1,766.45	4,795.61
6122.000	FURNITURE OFFICE EQUIPMENT REPAIR & EXPENSE	2,429.80	2,009.98
6123.000	OFFICE EQUIP. EXPENSE- TELEPHONES, RADIOS, FAX MACHINES	4,473.66	19,129.96
	Total General Support	34,633.14	83,010.95
6212.000	DIGITAL SWITCH REPAIR & EXPENSE	80,310.67	88,794.62
6230.000	TRANSMISSION & CM8 EXPENSE-----AFC REPAIR, FRRPA PAYMENT & SDN MO. LEASE	101,391.36	106,956.24
6230.100	DSL T1 ATM Line Expense	5,952.24	8,693.56
	Total COE Expense	187,654.27	204,444.42
6351.000	PAY PHONE REPAIR - EXCHANGE		-
6410.000	RING DS3 EXPENSE -(Lease we pay to Golden West(Vivian Telephone)	10,600.00	10,600.00
6421.000	AERIAL CABLE REPAIR	1,955.74	1,025.66
6423.000	BURIED CABLE REPAIR (CR LOCATING REVENUE)	152,077.34	140,352.51

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
6423.200	FIBER CABLE REPAIR		496.50
	Total OSP Expense	164,633.08	152,474.67
6512.000	PROVISIONING EXPENSE (RETIRED & JUNKED ITEMS 1220 7990)	35.00	-
6531.000	ELECTRIC POWER FOR COMMUNICATIONS (COE & GENERATORS)	10,888.55	10,630.89
6532.000	NETWORK ADMINISTRATION EXPENSE special circuits & transiting toll,(LNP-to NeuStar)	214.82	315.77
6533.000	COE TESTING EXPENSE	30,861.55	28,201.52
6534.000	ROD MANAGEMENT & SDTA		-
6540.000	EXPRESS ACCESS EXPENSE INTERSTATE-expense	10,308.44	14,123.78
6540.100	EXPRESS ACCESS EXPENSE INTRASTATE-expense	60,351.79	59,382.01
6561.000	DEPRECIATION EXPENSE	428,756.37	544,901.46
6565.000	Amortization - Other	41,656.68	41,656.68
	Total Depreciation Expense	470,413.05	586,558.14
6611.000	PRODUCT MANAGEMENT- EQUAL ACCESS	25.00	569.99
6611.400	SDATC	3,595.00	3,398.50
6611.500	KLD Activity	4,975.74	10,051.78
6611.600	SDN ---FEES BUT NOT INVESTMENTS		-
6613.000	PRODUCT ADVERTISING--(REGULATED)	4,667.08	9,380.62
	Total Marketing Expense	13,262.82	23,400.89
6621.000	CALL COMPLETION SERVICE (Operator, Info, Intercept, Customnet)(Call Name Delivery.)	1,899.19	2,217.55
6622.000	NUMBER SERVICES DIRECTORY ASSISTANCE-Adv. Directory Corrections	881.49	399.43
6622.100	EXPRESS SERVICE LINK DIRECTORY ASSISTANCE, OPERATOR SERVICE	980.02	1,889.76
6623.000	BILLING , SERVICE ORDERS, P.O. BOX RENT FEE	98,278.70	112,622.39
6623.400	ACCOUNTING SERVICE CHARGE Qwest	121.69	1,706.43
	Total 6620 Services Expense	102,161.09	118,835.56
6711.000	EXECUTIVE MANAGER , ADMINISTRATIVE MAIL & SECRETARIAL	104,787.71	96,578.10
6711.100	MANAGER IN-HOUSE EXPENSE	592.32	-
6712.000	PLANNING	22,965.06	20,614.16
6713.000	RUS LOAN REQUEST		-
	Total 6710 Corporate Expense	128,345.09	117,192.26
6721.000	ACCOUNTING EXPENSE (GENERAL, TIME SHEETS, PAYROLL, SUPPLIES)	132,120.03	133,555.40
6721.100	REVENUE ACCOUNTING (NECA)	-	-
6721.200	REVENUE ACCOUNTING (A T & T CABS)	1,841.23	2,078.45
6721.300	REVENUE ACCOUNTING (OTHER CARRIERS CABS)	3,538.86	3,398.22
6721.400	REVENUE ACCOUNTING ((U S WEST CABS)	1,841.23	2,078.45
6721.500	REVENUE ACCOUNTING (LECA) EXPENSE	-	-
6721.600	EXPRESS ACCOUNTING & EXPENSE	11,137.77	11,615.34
6721.700	REVENUE ACCOUNTING (INTRASTATE) TELEC	11,287.44	13,410.62
6721.710	Intrastate Support	277.97	166.90
6721.720	REVENUE ACCOUNTING (INTRASTATE) ARBITRATION	350.99	-
6721.730	IntraState SDPUC Filing Fee	-	1,737.10
6721.800	REVENUE ACCOUNGING (INTERSTATE) TELEC	40,913.04	41,515.76
6721.810	Interstate support	-	-
6721.900	OTHER-TELEC	10,387.81	22,554.81
6722.000	CONNECTING COMPANY RELATIONS - internet, BOARD OF DIRECTORS-SDITC	8,980.54	4,714.18
6722.100	CONNECTING COMPANY RELATIONS (CONTRACT A T & T)	-	-
6722.200	CONNECTING COMPANY RELATIONS (OTHER CARRIERS TESTING)	-	-
6722.300	CONNECTING COMPANY RELATIONS (INTRA ACCESS)	826.06	-
6723.000	HUMAN RESOURCES-GENERAL EMPLOYMENT SERVICES (HELP WANTED AD)	3,113.06	3,195.77
6725.000	LEGAL EXPENSE (this can be used for sm. claims fee to clerk of courts)	14,515.39	7,586.01
6727.000	RESEARCH & DEVELOPEMENT	-	-
6727.300	SS7	-	-
6728.000	INSURANCE, OTHER, GENERAL & ADMINSTRATION-employee shirts	25,372.74	34,957.09
6728.100	SICK LEAVE	5,313.59	5,129.24
6728.300	OTHER EXPENSE-AUDIT & FINANCE	16,730.00	15,903.00
6728.400	PENSION EXPENSE (Pension Consultants Inc.)	-	-

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
	Total 6720 Corporate Expense	288,547.75	303,596.34
7220.000	OPERATING FEDERAL INCOME TAX	59,616.00	25,368.00
7240.000	OPERATING TAXES - GROSS RECEIPTS	47,959.95	59,585.40
7240.100	GROSS RECEIPTS INTRA TAX (PUC) (Gross Receipts Tax Fund Assessment)	-	-
	Total 7200 Taxes	107,575.95	84,953.40
7320.000	INTEREST INCOME/ Investment Income	(528.62)	(330.67)
7320.100	INTEREST ON CHECKING	(1,424.32)	(211.60)
7320.200	INTEREST ON CONSTRUCTION FUND BANK ACCT.	(2,616.00)	(357.13)
7320.300	INTEREST ON CD'S	(36,265.00)	(33,085.69)
7320.400	GAIN (LOSS ON SALE OF INVESTMENTS)		
7320.500	COMMISSION INCOME- EXPRESS		
7320.600	PATRONAGE DIVIDENDS RTFC		
7340.000	INTEREST INCOME AFUDC	(76,287.00)	(10,936.00)
7360.100	OTHER OPERATING INCOME- SDN	(51,304.00)	(42,929.00)
7370.000	CONTRIBUTIONS DUES FINES MAGAZINES DONATIONS ETC.(Leca Assess.)(NFIB)	14,616.22	22,380.81
7510.000	INTEREST EXPENSE ON RUS DEBT	224,929.96	254,612.05
7510.100	INTEREST EXPENSE ON RTFC DEBT		-
7510.200	INTEREST EXPENSE MISC.		-
7990.000	MISC. PHONE STORE INCOME--from leased equip, sales, & repair	(22,000.08)	(21,219.41)
7990.100	MISC. PHONE STORE EXPENSE-cost of sales & services expense LEASED	8,376.84	5,669.00
7990.200	Misc. Phone Store Depreciation Expense	3,659.62	977.11
7991.000	PowerCom Sales	(243,250.79)	(242,358.97)
7991.100	PowerCom Cost of Sales	91,661.47	80,940.43
7991.200	PowerCom Labor & OH	70,118.57	109,761.82
7991.210	PowerCom Depr. Expense	5,762.14	10,193.47
7991.300	PowerCom Test Equip, Tools, Veh. Rep	1,196.79	7,703.25
7991.400	Non Reg Bad Debt Expense		1,587.13
7991.600	PowerCom Sm. Tools & Misc. Equip	1,097.80	870.50
7991.700	PowerCom allocated Expenses	16,049.00	36,955.00
7991.800	PowerCom Promotional Expense	1,451.88	2,050.37
7991.900	PowerCom Low Voltage Labor & OH	9,547.02	4,479.17
7992.000	INTERNET-INCOME	(36,404.59)	(41,663.11)
7992.100	INTERNET-EXPENSE	40,088.15	41,522.37
7992.700	INTERENT ALLOCATED EXPENSE	2,497.00	5,068.00
7993.000	Management Fee 700 MHz		(7,500.00)
7993.100	Interest Expense - 700 MHz		6,450.00
7994.000	PAYPHONE INCOME-coins collected & commission	(1,310.93)	(2,538.17)
7994.100	PAYPHONE EXPENSE	4,573.37	4,405.79
7994.700	PAYPHONE ALLOCATED EXPENSE	170.00	156.00
7995.000	CATV SUBSCRIBER REVENUE-Premium & Basic	(48,632.36)	(92,977.62)
7995.100	CATV-SATALITE FEES	20,052.74	38,702.28
7995.200	CATV-LABOR & OVERHEAD	3,711.82	25,684.23
7995.210	CATV TV DEPR. EXPENSE	9,373.61	40,646.06
7995.300	CATV.-EQUIP. REPAIRS	925.67	1,653.88
7995.400	CATV-UTILITIES & PHONE	3,172.74	7,361.12
7995.500	CATV OTHER EXPENSES	3,133.37	877.28
7995.600	CATV INTEREST EXPENSE		4,110.98
7995.700	CATV ALLOCATED EXPENSES	2,808.00	6,782.00
7996.000	WORK EQUIPMENT INCOME-	(143,152.78)	(240,172.56)
7996.100	WORK EQUIPMENT LABOR & OVERHEAD	58,986.24	157,048.30
7996.200	WORK EQUIPMENT, MAINTENANCE, & OTHER	6,583.26	-
7996.300	WORK EQUIPMENT ALLOCATED EXPENSES	6,536.00	20,035.00
7996.400	NON-CO VEH. MAINT. INCOME	(575.65)	(2,294.74)
7996.500	NON-CO VEHICLE EXPENSE	1,963.16	2,027.35
7996.600	Work Equipment Depreciation Expense		16,121.93
7996.700	CITY WORK INCOME	(20,486.65)	-
7996.800	CITY WORK EXPENSE	11,295.03	10.00
7996.900	CITY WORK ALLOCATED EXPENSE	3,080.00	2,884.00
7997.000	Rental Income - Non-Reg.	(3,780.00)	(3,780.00)
7997.100	Rental Property Expense - Non-reg	1,212.05	1,540.19

KENNEBEC TELEPHONE COMPANY

ACCT #	DESCRIPTION	12/31/2002	12/31/2003
7997.700	RENTRAL PROPERTY ALLOCATED EXPENSE	309.00	545.00
7998.000	DWDM INCOME	(25,348.00)	(26,112.00)
7998.100	DWDM EXPENSE	47.00	1,594.29
7998.200	DWDM DEPR. EXPENSE	9,509.03	15,630.36
7998.700	DWDM ALLOCATED EXPENSE	2,772.00	3,507.00
7999.000	SDN FACILITY LEASE DISTRIBUTION	(14,267.91)	(16,344.89)
7999.700	SDN FACILITY LEASE ALLOCATION EXPENSE		2,026.00

TAB 5

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

	Prog. Line No. A	2003				EOY Adj. Amount G=C+D+E+F
		EOY	Reclassification	Nonreg	Other	
		Trial Bal. C	D	E	F	
---GENERAL SUPPORT FACILITIES---						
A/C 2110 Land						
Land	95	\$27,291	\$0	(\$2,671) 2	\$0	\$24,620
A/C 2110 Support Assets		\$0	\$0	\$0	\$0	\$0
Motor Vehicles		\$431,153	\$0	\$0	\$81,000 13	\$512,153
Other Work Equipment		\$31,461	\$0	\$0	\$0	\$31,461
Buildings		\$696,915	\$0	(\$63,574) 2	\$0	\$633,341
Furniture		\$36,950	\$0	\$0	\$0	\$36,950
Office Support Equipment		\$0	\$0	\$0	\$0	\$0
Company Communications Equipment		\$41,932	\$0	\$0	\$0	\$41,932
General Purpose Computers	96	\$87,646	\$0	\$0	\$0	\$87,646
Other Support Assets		\$24,001	\$0	\$0	\$0	\$24,001
TOTAL SUPPORT ASSETS		\$1,350,057	\$0	(\$63,574)	\$81,000	\$1,367,483
SUPPORT ASSETS LESS G. P. COMPUTERS	97	\$1,262,411	\$0	(\$63,574)	\$81,000	\$1,279,837
TOTAL GENERAL SUPPORT FACILITIES	98	\$1,377,348	\$0	(\$66,245)	\$81,000	\$1,392,103
---CENTRAL OFFICE EQUIPMENT---						
A/C 2210 COE-Switching		\$1,266,324	(\$1,266,324)	\$0	\$0	\$0
Cat 2-Tandem Switching	101	\$0	\$0	\$0	\$0	\$0
Cat 3-Equal Access Investment	102	\$0	\$0	\$0	\$0	\$0
Cat 3-Local Switching	103	\$0	\$1,126,505 1	\$0	\$0	\$1,126,505
A/C 2230 COE-Transmission	105	\$934,284	(\$934,284)	\$0	\$0	\$0
Cat 4.1-Exchange Circuit	106					
4.11 Exch Wideband	107	\$0	\$121,529 1	\$0	\$0	\$121,529
4.12 Ex Trk EAS	108	\$0	\$0	\$0	\$0	\$0
4.13 Ex Line	109	\$0	\$657,786 1	\$0	\$80,000 13	\$737,786
Cat 4.2-Interexchange	110					
4.22 Interexchange Wideband	111	\$0	\$0	\$0	\$0	\$0
4.23 All Other	112	\$0	\$269,755 1	\$0	\$30,000 13	\$299,755
4.23 Direct Assignment	113	\$0	\$0	\$0	\$0	\$0
Cat 4.3-Host/Remote	114					
Joint	115	\$0	\$25,032 1	\$0	\$0	\$25,032
WATS	116	\$0	\$0	\$0	\$0	\$0
TOTAL COE	118	\$2,200,607	(\$0)	\$0	\$110,000	\$2,310,607
---INFORMATION ORIG/TERM EQUIPMENT ----						
A/C 2310 Info Orig/Term Equipment	120					
Cat 1-Other IOT Equip	121	\$16,782	\$0	(\$16,782) 7	\$0	\$0
Direct Assignment	122	\$0	\$0	\$0	\$0	\$0
Cat 2-Cust Premises Equip	123	\$0	\$0	\$0	\$0	\$0
TOTAL IOT	124	\$16,782	\$0	(\$16,782)	\$0	\$0

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

	Prog. Line No.	2003				EOY Adj. Amount G=C+D+E+F
		EOY	Reclassification	Nonreg	Other	
		Trial Bal. A	D	E	F	
----CABLE & WIRE FACILITIES ----	125					
A/C 2410 Cable & Wire Facilities	126	\$4,575,787	(\$4,575,787)	\$0	\$0	
Cat 1 Exch Line	127	\$0	\$4,097,806	3 \$0	\$10,000	13 \$4,107,806
Cat 2 Wideband & Exch Trunk						
2.1 Wideband Exchange	128	\$0	\$0	\$0	\$0	\$0
2.2 E A S Trunk	129	\$0	\$0	\$0	\$0	\$0
Cat 3 Interexchange Trunk						
3 Interexchange Trunk	130	\$0	\$453,220	3 (\$18,905)	\$78,000	13 \$512,316
3 Direct Assignment	131	\$0	\$0	\$0	\$0	\$0
3.1 Interexchange Wideband	132	\$0	\$0	\$0	\$0	\$0
Cat 4 Host/Remote C&WF	133					
Joint	134	\$0	\$24,761	3 \$0	\$0	\$24,761
WATS	135	\$0	\$0	\$0	\$0	\$0
TOTAL CWF	136	\$4,575,787	\$0	(\$18,905)	\$88,000	\$4,644,882
TOTAL TPIS	138	\$8,170,524	(\$0)	(\$101,932)	\$279,000	\$8,347,592
A/C 2002 Prop Held for Future Use	139	\$0	\$0	\$0	\$0	\$0
A/C 2003 Plt Under Construction	140	\$22,010	\$0	\$0	\$0	\$22,010
A/C 2005 Telephone Plant Adjustment	141	\$624,851	\$0	\$0	(\$624,851)	4 \$0
TOTAL PLANT	143	\$8,817,385	(\$0)	(\$101,932)	(\$345,851)	\$8,369,603
---OTHER PLANT ACCOUNTS, MATERIALS & SUPPLIES---	145					
A/C 1220 Materials & Supplies	146	\$173,362	\$0	\$0	(\$90,000)	14 \$83,362
A/C 1402 RTB Stock	147	\$0	\$0	\$0	\$0	\$0
Investment Allowances/Disallowances	148	\$0	\$0	\$0	\$0	\$0
Extraordinary Switch Retirement (Unamort. Amt.)	149	\$0	\$0	\$0	\$0	\$0
A/C 2680 Tangibles	150	\$0	\$0	\$0	\$0	\$0
A/C 2690 Intangibles	151	\$0	\$0	\$0	\$0	\$0
A/C 2690 Intangibles	152	\$0	\$0	\$0	\$6,064	8,9 \$6,064
TOTAL TELEPHONE PLANT		\$8,990,747	(\$0)	(\$101,932)	(\$429,787)	\$8,459,029

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

Prog. Line No.	2003					EOY Adj. Amount G=C+D+E+F
	EOY Trial Bal.	Reclassification	Nonreg	Other		
	A	D	E	F		
---RESERVES & DEFERRALS---						
A/C 3100 Accum Depr-Tel Plt in Svc	157	\$0	\$0	\$0	\$0	
Support Assets	158	\$460,920	\$0	(\$4,683)	\$13,527	\$469,764
COE - Switching	159	\$960,166	(\$109,527)	\$0	\$0	\$850,639
COE - Transmission	160	\$551,531	\$109,527	\$0	\$11,000	\$672,058
Info Orig/Term Equip	161	\$16,782	\$0	(\$16,782)	\$0	\$0
Cable & Wire Facilities	162	\$1,811,397	\$0	\$0	\$4,400	\$1,815,797
Equal Access Accum Depr.	163	\$0	\$0	\$0	\$0	\$0
Total		\$3,800,796	(\$0)	(\$21,465)	\$28,927	\$3,808,258
A/C 3200 Accum Depr-Plant Future Use	166	\$0	\$0	\$0	\$0	\$0
A/C 3400 Accum Amort Tangibles	167	\$0	\$0	\$0	\$0	\$0
A/C 3500 Accum Amort Intangibles	168	\$0	\$0	\$0	\$0	\$0
A/C 3600 Accum Amortization Other	169	\$315,896	\$0	\$0	(\$315,896)	\$0
TOTAL ACCUM DEPRECIATION TPIS		\$4,116,692	(\$0)	(\$21,465)	(\$286,969)	\$3,808,258
--- CUSTOMER DEPOSITS						
A/C 4040 Customer Deposits	175	\$0	\$0	\$0	\$0	\$0
-- DEFERRED INCOME TAXES						
A/C 4100 Net Current Def Op Inc Taxes	170	\$0	\$0	\$0	\$0	\$0
A/C 4310 Other Long Term Liabilities	171	\$0	\$0	\$0	\$0	\$0
A/C 4340 Net Noncurrent Def OIC Taxes	172	\$79,000	\$0	(\$26,005)	\$0	\$52,995
TOTAL RESERVES & CUST DEPOSITS		\$4,195,692	(\$0)	(\$47,470)	(\$286,969)	\$3,861,253
TOTAL NET PLANT	180	\$4,795,055	(\$0)	(\$54,462)	(\$142,817)	\$4,597,776

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

Prog. Line No.	2003					EOY Adj. Amount G=C+D+E+F
	EOY Trial Bal.	Reclassification	Nonreg	Other		
	A	C	D	E	F	
---PLANT SPECIFIC EXPENSES---						
A/C 6110 Network Support Expenses	183					
Joint	184	\$0	\$0	\$0	\$0	\$0
Direct Assignment	185	\$0	\$0	\$0	\$0	\$0
A/C 6120 General Support Expenses	187					
Joint	188	\$83,011	\$0	(\$5,659) 2	\$0	\$77,352
Direct Assignment	189	\$0	\$0	\$0	\$0	\$0
A/C 6210 Central Office Switching Expense	191	\$88,795	\$0	\$0	\$0	\$88,795
A/C 6220 Operators System Expense	192	\$0	\$0	\$0	\$0	\$0
A/C 6230 Central Office Transmission expense	193	\$115,650	\$0	\$0	(\$73,776) 12	\$41,874
A/C 6210 Equal Access Expense	194	\$0	\$0	\$0	\$0	\$0
A/C 6310 IOT Equip Expenses	195					
Cat 1-Other IOT Eqpt Expense	196	\$0	\$0	\$0	\$0	\$0
Cat 2-Cust Prem Eqpt Expense	197	\$0	\$0	\$0	\$0	\$0
A/C 6410 C&WF Expenses	199					
Joint	200	\$152,475	\$0	\$0	\$0	\$152,475
Direct Assignment	201	\$0	\$0	\$0	\$73,776 12	\$73,776
TOTAL PLANT SPECIFIC EXPENSES	202	\$439,930	\$0	(\$5,659)	\$0	\$434,271
---PLANT NON - SPECIFIC EXPENSES---						
A/C 6510 Other Prop Plant & Eq Expense	204	\$0	\$0	\$0	\$0	\$0
A/C 6530 Network Operations Expense	206	\$39,148	\$0	\$0	\$0	\$39,148
A/C 6540 Access Expense (IX Carriers)	207	\$0	\$0	\$0	\$0	\$0
A/C 6540 USF Contribution Direct Assignment	208	\$0	\$0	\$0	\$0	\$0
A/C 6560 Depreciation and Amort Expenses	210					
Depreciation Expense TPIS	211	\$0	\$0	\$0	\$0	\$0
Support Assets	212	\$125,751	\$0	(\$2,498) 2	\$13,527 13	\$136,780
COE-Switching	213	\$124,443	(\$14,195) 5	\$0	\$0	\$110,248
Equal Access Depreciation Expense	214	\$0	\$0	\$0	\$0	\$0
COE-Transmission	215	\$71,326	\$14,196 5	\$0	\$11,000 13	\$96,522
Info Orig/Term Equip	216	\$0	\$0	\$0	\$0	\$0
Cable & Wire Facilities	217	\$223,381	\$0	\$0	\$4,400 13	\$227,781
A/C 6562 Property Held For Future Use	218	\$0	\$0	\$0	\$0	\$0
A/C 6563 Tangibles	219	\$0	\$0	\$0	\$0	\$0
A/C 6564 Intangibles	220	\$0	\$0	\$0	\$0	\$0
A/C 6565 Amort Exp. - Other	221	\$41,657	\$0	\$0	(\$41,657) 4	\$0
Extraordinary Switch Retirement Amort Exp.	222	\$0	\$0	\$0	\$0	\$0
TOTAL PLT NON-SPECIFIC EXPENSES	224	\$625,706	\$0	(\$2,498)	(\$12,730)	\$610,479

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

Prog. Line No.	2003					EOY Adj. Amount G=C+D+E+F
	EOY	Reclassification	Nonreg	Other		
	Trial Bal. A	D	E	F		
---CUSTOMER OPERATION EXPENSES---						
A/C 6610 Marketing Expense	225					
	226	\$23,401	\$0	\$0	\$0	\$23,401
Total		\$23,401	\$0	\$0	\$0	\$23,401
A/C 6620 Services Expense	228					
Published Directory Listings:	230					
Classified	231	\$0	\$0	\$0	\$0	\$0
Alpha	232	\$0	\$160	\$0	\$0	\$160
Foreign	233	\$0	\$0	\$0	\$0	\$0
Call Completion - Operator Assist	234	\$0	\$1,890	\$0	\$0	\$1,890
Call Completion - Direct Assignment	235	\$0	\$0	\$0	\$0	\$0
Total		\$118,836	(\$116,786)	\$0	\$0	\$2,050
All Other, Local Business Office Expense	236					
Cat 1 - LBOE Sv Order Pros	237	\$0	\$15,941	\$0	\$0	\$15,941
Cat 1 - LBOE Sv Order Direct Assignment	238	\$0	\$0	\$0	\$0	\$0
Cat 1 - LBOE Pmt & Collect	239	\$0	\$41,587	\$0	\$0	\$41,587
Cat 1 - LBOE Billing Inquiry	240	\$0	\$15,941	\$0	\$0	\$15,941
Cat 1 - LBOE Coin Collect	242	\$0	\$2,079	(\$2,079)	\$0	\$0
Cat 1 - LBOE End User Access	243	\$0	\$0	\$0	\$0	\$0
Total Cat 1	245	\$0	\$75,548	(\$2,079)	\$0	\$73,469
Cat 2 Message Processing	246	\$0	\$4,543	\$0	\$0	\$4,543
Cat 2 Other Billing & Collecting	247	\$0	\$15,063	\$0	\$0	\$15,063
Cat 2 CABS	248	\$0	\$21,464	\$0	\$0	\$21,464
Cat 2 Direct Assignment	249	\$0	\$0	\$0	\$0	\$0
Total Cat 2	250	\$0	\$41,070	\$0	\$0	\$41,070
Cat 3 Other LBOE	251	\$0	\$0	\$0	\$0	\$0
Cat 3 Direct Assignment	252	\$0	\$167	\$0	\$0	\$167
Total Cat 3		\$0	\$167	\$0	\$0	\$167
TOTAL CUSTOMER OPER. EXPENSE	253	\$142,236	\$0	(\$2,079)	\$0	\$140,158
---CORPORATE OPERATIONS EXPENSES---						
A/C 6710 Exec & Planning Expense	256					
All Other	257	\$117,192	\$0	\$0	\$0	\$117,192
Direct Assignment Interstate	258	\$0	\$0	\$0	\$0	\$0
Direct Assignment Intrastate	259	\$0	\$0	\$0	\$0	\$0
A/C 6720 Gen'l & Administration Expense	261					
All Other	262	\$303,596	\$0	\$0	(\$71,531)	\$232,065
Direct Assignment Interstate	263	\$0	\$0	\$0	\$50,070	\$50,070
Direct Assignment Intrastate	264	\$0	\$0	\$0	\$21,461	\$21,461
TOTAL CORPORATE EXPENSE	265	\$420,789	\$0	\$0	\$0	\$420,789

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

Prog. Line No.	2003					EOY Adj. Amount G=C+D+E+F
	EOY Trial Bal.	Reclassification	Nonreg	Other		
	A	C	D	E	F	
---7200 Operating Taxes Exc. ICT						
A/C 7200 Operating Taxes Exc. ICT & Gross Receipts	268					
All Other	269	\$0	\$0	\$0	\$0	\$0
Direct Assignment	270	\$0	\$0	\$0	\$223	10 \$223
TOTAL OPER. EXPENSE EXC. CONTRIB.& ICT		\$1,628,661	\$0	(\$10,236)	(\$12,507)	\$1,605,919
--- Non-operating Income & Expenses						
A/C 7300 Non-operating Income & Expenses	281					
Funds Used During Construction	282	\$10,936	\$0	\$0	(\$223)	10 \$10,713
Contributions	283	\$0	\$0	\$0	\$0	\$0
--- Interest & Related Items						
A/C 7500 Interest & Related Items	285					
A/C 7510 Interest on Funded Debt (Fixed Charges)	286	\$254,612	\$0	\$0	(\$88,580)	11 \$166,032
Interest on Customer Deposits (Part of A/C 7540)	287	\$0	\$0	\$0	\$0	\$0
--- Miscellaneous Items						
Investment Tax Credit Amortization	289	\$0	\$0	\$0	\$0	\$0
Uncollectibles Direct Assignment	290	\$0	\$0	\$0	\$4,868	9 \$4,868
Amortization of excess Def. Taxes	291	\$0	\$0	\$0	\$0	\$0
Capitalized Payroll	292	\$0	\$0	\$0	\$0	\$0
Depreciation Adjustments	293	\$0	\$0	\$0	\$0	\$0
Summary of Operating Expenses						
Total Plant Specific Expenses		\$439,930	\$0	(\$5,659)	\$0	\$434,271
Total Non-Plant Specific Expenses		\$625,706	\$0	(\$2,498)	(\$12,730)	\$610,479
Total Customer Operating Expenses		\$142,236	\$0	(\$2,079)	\$0	\$140,158
Total Corporate Expenses		\$420,789	\$0	\$0	\$0	\$420,789
A/C 7200 Oper. Taxes Excluding ICT		\$0	\$0	\$0	\$223	\$223
Contributions		\$0	\$0	\$0	\$0	\$0
Total Operating Expenses (Excl. ICT)		\$1,628,661	\$0	(\$10,236)	(\$12,507)	\$1,605,919

Kennebec Telephone Company

INVESTMENT & EXPENSE ADJUSTMENTS

Study Area: 391668

Prog. Line No.	2003					EOY Adj. Amount G=C+D+E+F
	EOY					
	Trial Bal.	Reclassification	Nonreg	Other		
A	C	D	E	F		

Notes: Adjustments to Accounted Data

- Note 1: Adjustments for Common & Power Investment based on CPR records
- Note 2: Land and Building adjustment for Non-Regulated space
- Note 3: Adjustments for Interexchange, Host/Remote & Non-Reg OSP Investment
- Note 4: Removal of Acquisition Adjustments from the Cost Study
- Note 5: Adjustment of Reserve & Depreciation Expense associated with CPR Adjustments
- Note 6: Distribution of Account 6610 & 6620 based on time study and direct assignment of TRS
- Note 7: Payphone Deregulation
- Note 8: Adjustment for direct assignment of cost study expenses
- Note 9: Adjustment for Direct Assignment of Uncollectibles
- Note 10: FCC Reg Fee Direct Assignment
- Note 11: Adjustment for Non-operating Interest Expense
- Note 12: Adjustment for Leased Facility Expense to Direct Assignment
- Note 13: Adjustment for known and measurable
- Note 14: Adjustment for items which will be reimbursed by the state
- Note 15: Adjustment for Non-Reg portion of deferred taxes

CENTRAL OFFICE EQUIPMENT COSTS

Company Kennebec Telephone Company

Study Dates 1/1/03 - 12/31/03

COE Categories:	<u>Total COE Book Costs as of 12/31/03</u>
Category 2	<u>\$0</u>
Category 3	<u>\$1,126,505</u>
Category 4.11	<u>\$121,529</u>
Category 4.12	<u>\$0</u>
Category 4.13	<u>\$737,786</u>
Category 4.22	<u>\$0</u>
Category 4.23	<u>\$299,755</u>
Category 4.3	<u>\$25,032</u>
Total COE	<u><u>\$2,310,607</u></u>

OUTSIDE PLANT COSTS

Company Kennebec Telephone Company

Study Dates 1/1/03 - 12/31/03

OSP Categories:	Total OSP Book Costs as of 12/31/03
Category 1	<u>\$4,107,806</u>
Category 2	<u>\$0</u>
Category 3	<u>\$512,315</u>
Category 4	<u>\$24,761</u>
Total C&W	<u><u>\$4,644,882</u></u>

* Special study to identify Cat 3 for study

MATERIALS AND SUPPLIES, PLANT UNDER CONSTRUCTION

Company Kennebec Telephone Company

Study Dates 1/1/03 - 12/31/03

Balance
as of 12/31/03

Materials & Supplies \$173,362

TPUC \$22,010

KENNEBEC TELEPHONE CO.

2003 Study Year

CENTRAL OFFICE EQUIPMENT - POWER & COMMON EQUIPMENT SPREAD

		(a)	(b)	(c)=(2b/1b etc)	(d)=(1d*2c etc)	(e)=(1e*2c etc)	(f)=(1b+1d+1e,etc)
	CPR EOY 2003	CPR COE INVST.	COE INVST.	%	POWER INVST.	COMMON INVST.	COE INCL. COM & POWER
1	TOTAL INVESTMENT	\$1,903,437	\$1,903,437	100.0000%	\$201,449	\$95,722	\$2,200,607
2	CATEGORY 3 LOCAL SWITCH	\$974,381	\$974,381	51.1906%	\$103,123	\$49,001	\$1,126,505 +
3	CATEGORY 2 TANDEM SWITCH	XXX	\$0	0.0000%	\$0	\$0	\$0
4	CATEGORY 4.11 EXCH WDBND	\$105,118	\$105,118	5.5225%	\$11,125	\$5,286	\$121,529
5	CATEGORY 4.13 EXCH LN CKT	\$173,807	\$173,807	9.1312%	\$18,395	\$8,741	\$200,942
6	CATEGORY 4.13 EXCH FIBER CKT	\$395,152	\$395,152	20.7599%	\$41,821	\$19,872	\$456,844
7	CATEGORY 4.23 IX CKT ALL OTHER	\$96,227	\$96,227	5.0554%	\$10,184	\$4,839	\$111,250
8	CATEGORY 4.23 IX FIBER CKT	\$137,100	\$137,100	7.2028%	\$14,510	\$6,895	\$158,505
9	CATEGORY 4.3 HOST REMOTE	\$21,652	\$21,652	1.1375%	\$2,292	\$1,089	\$25,032
10	NON-REG EQUIP USING POWER	\$0	\$0	0.0000%	\$0	\$0	\$0
11	EQUAL ACCESS (INCL. IN CAT3)	\$0	XXX	XXX	XXX	XXX	\$0

	TANDEM SWITCH CALCULATIONS	EOY 2003
1	CAT 3 LOCAL SWITCH *	\$974,381
2	PERCENT TANDEM SWITCH **	0.00%
3	CAT 2 TANDEM SWITCH	\$0

* From CPR's for exchange serving as the Tandem

** From Traffic Study

+ Total less Equal Access Investment

RESERVE AND DEPRECIATION ADJUSTMENTS			
	2003		
	INV.	RES.	DEPR.
COE			
SWITCH	1,271,552	960,166	124,443
TRANSMISSION	929,056	551,531	71,326
EQUAL ACCESS	0	0	0
TOTAL COE	2,200,607	1,511,697	195,769
<u>ADJUSTED COE</u>			
COE SWITCH	1,126,505	850,639	110,248
COE TRANSMISSION	1,074,103	661,058	85,522
EQUAL ACCESS	0	0	0
TOTAL COE	2,200,607	1,511,697	195,769

KENNEBEC TELEPHONE CO.

LAND & BUILDING ADJ. FOR NON-REG SPACE

2003 Study Year

	NOTE	ACCOUNT	BOOKED AMOUNT	RATIO OF BLDG		BUILDING AMOUNTS FOR ALLOC TO NON-REG	NON-REG		NON-REG ADJUSTMENT AMOUNTS
				TO TOTAL BLDG	TO TOTAL LAND & BLDG		ALLOCATION FACTORS		
0 LAND AND BUILDING INVESTMENT & RESERVES									
TELEPHONE PLANT IN SERVICE									
TOTAL LAND	1	2111	\$27,291						
LAND MAIN OFFICE - EST.	2	2111	\$5,115			\$5,115	3.08%	\$158	
LAND WAREHOUSE - EST.	2	2111	\$636			\$636	3.76%	\$24	
LAND NEW OFFICE BLDG	2	2111	\$18,457			\$18,457	13.49%	\$2,489	\$2,671
TOTAL BUILDING	1	2121	\$696,915						
MAIN OFFICE BLDG	2	2121	\$78,993	11.33%		\$78,993	3.08%	\$2,435	
WAREHOUSE	2	2121	\$41,188	5.91%		\$41,188	3.76%	\$1,548	
NEW OFFICE BUILDING	2	2121	\$441,855	63.40%		\$441,855	13.49%	\$59,591	\$63,574
ACCUMULATED DEPRECIATION									
TOTAL BUILDING	1	3121	\$154,523						
BUILDING MAIN OFFICE		3121	\$60,847			\$60,847	3.08%	\$1,875	
WAREHOUSE		3121	\$13,976			\$13,976	3.76%	\$525	
NEW OFFICE BUILDING		3121	\$16,920			\$16,920	13.49%	\$2,282	\$4,683
0 LAND AND BUILDING EXPENSES									
GENERAL SUPPORT EXP - L&B	3	6120	\$61,871						
GENRL SUPT EXP - MAIN OFFICE BLDG - EST.		6120	\$7,186		11.61%	\$7,186	3.08%	\$221	
GENRL SUPT EXP - WHSE - EST.		6120	\$3,573		5.78%	\$3,573	3.76%	\$134	
GENRL SUPT EXP - NEW BLDG - EST.		6120	\$39,326		63.56%	\$39,326	13.49%	\$5,304	\$5,659
DEPREC EXP - BUILDINGS	4	6561	\$28,712						
DEPREC - BLDG MAIN OFFICE		6561	\$3,981			\$3,981	3.08%	\$123	
DEPREC - BLDG WHSE EST		6561	\$2,495			\$2,495	3.76%	\$94	
DEPREC - BLDG NEW OFC BLDG		6561	\$16,920			\$16,920	13.49%	\$2,282	\$2,498

- TES: 1 From Accounting Ledger
 2 Accounting records or client Estimate
 3 Request from accountant (Acct. 6121)
 4 Request from accountant (Acct. 6561 Buildings)
 5 Non-Regulated percentage from Floor Plan Drawings

COMPANY: KENNEBEC TELEPHONE COMPANY
 YEAR: 2003

DISTRIBUTION OF ACCOUNT 6610 & 6620

ACCT NO.		TIME STUDY HOURS	% TOTAL HOURS	DISTRIBUTION OF UNIDENTIFIED	IDENTIFIED EXPENSE	DISTRIBUTED EXPENSE
6610	MARKETING EXPENSE				\$23,401	\$23,401
6623	TRS BOOKED IN 6623 *				\$167	\$167
6620	PUBLISHED DIRECTORY ALPHA				\$160	\$160
6620	CALL COMPLETION				\$1,890	\$1,890
6620	END USER SERVICE ORDER PROCESSING	11.50	18.85%	\$15,941		\$15,941
6620	END USER PAYMENT COLLECTION	30.00	49.18%	\$41,587		\$41,587
6620	END USER BILLING INQUIRY	11.50	18.85%	\$15,941		\$15,941
6620	END USER COIN COLLECTION	1.50	2.46%	\$2,079		\$2,079
6620	END USER ACCESS	0.00	0.00%	\$0		\$0
6620	MESSAGE PROCESSING	0.00	0.00%	\$0	\$4,543	\$4,543
6620	CABS	6.50	10.66%	\$9,010	\$12,454	\$21,464
6620	OTHER BILLING & COLLECTION	0.00	0.00%	\$0	\$15,063	\$15,063
6620	CUSTOMER SERVICE EXP	0.00	0.00%	\$0		\$0
	TOTAL	61.00	100.00%	\$84,559	\$57,677	\$142,236

6610 & 6620 AS ACCOUNTED	\$142,236
IDENTIFIED EXP	\$57,677
UNIDENTIFIED TOTAL	<u>\$84,559</u>

* TRS AMOUNT TO BE DIRECT ASSIGNED TO 6623 CAT 3

TRAFFIC STUDY

Company: Kennebec Telephone Company
 Study Year: 2003 Method 3

FACTORS	IS	ST-ER	ST-RA	EAS	LOCAL	TOTAL STATE
DEM	0.140775	0.009726	0.181644	0.052332	0.615522	0.191371
SPF	0.250000	0.012706	0.237294	0.039179	0.460821	0.250000
WEIGHTED DEM	0.422327	0.019453	0.363288	0.015276	0.179656	0.382741
CONVERSATION MINUTES	0.347683	0.024022	0.448620	X	0.179675	0.472642
CONVERSATION MINUTE MILES	0.347683	0.024022	0.448620	X	0.179675	0.472642
HOST-REMOTE	0.173375	0.013548	0.228455	0.584622	X	0.242003
SLU MINUTES	1,805,666	124,757	2,329,872	671,238	7,895,035	12,826,568

TRAFFIC STUDY

Company: Kennebec Telephone Company
 Study Year: 2003 Method 3

SLU DEVELOPMENT (Minutes of use)

	IS-ER	IS-RA	ST-ER	ST-RA	EAS	EXCHANGE	TOTAL
FGC & D	1,801,298	4,368	124,757	2,329,872	671,238	7,895,035	12,826,568
FGA	0	0	0	0	0	0	0
FGB & Int 800	0	0	0	0	0	0	0
SLU MOU	1,801,298	4,368	124,757	2,329,872	671,238	7,895,035	12,826,568
SLU	0.140435	0.000341	0.009726	0.181644	0.052332	0.615522	1.000000

TRAFFIC STUDY

Company: Kennebec Telephone Company
 Study Year: 2003 Method 3

SPF DEVELOPMENT

FROZEN SUBSCRIBER PLANT FACTOR (SPF)

1 INTERSTATE FROZEN SPF	0.250000
2 INTRASTATE FROZEN SPF	<u>0.250000</u>
3 TOLL	0.500000
4 LOCAL	0.500000

	SLU MIN	% TOTAL	SPF
ST-ER	124,757	0.050825	0.012706
ST-RA	<u>2,329,872</u>	<u>0.949175</u>	<u>0.237294</u>
	2,454,629	1.000000	0.250000

LOCAL	7,895,035	0.921642	0.460821
EAS	<u>671,238</u>	<u>0.078358</u>	<u>0.039179</u>
TOTAL	8,566,273	1.000000	0.500000

TRAFFIC STUDY

Company: Kennebec Telephone Company
 Study Year: 2003

PHASED DEM FACTORS PART 36.125 (f)

INTERSTATE

		SLU
1	IS-ER	0.140435
2	IS-RA	<u>0.000341</u>
3	TOTAL	0.140775
4	1996 CALCULATED WDEM (UNCAPPED)	0.925107
5	1996 CALCULATED SLU	0.308369
6	IS WDEM CALCULATION	0.757513
7	IS	0.757513
8	ST+LOCAL	<u>0.242487</u>
		1.000000

INTRASTATE

	SLU	WEIGHT FACTOR	UNADJ DEM	ADJ FACTOR	WEIGHTED DEM	
9	ST-ER	0.009726	2.000000	0.019453	0.050825	0.004701
10	ST-RA	<u>0.181644</u>	<u>2.000000</u>	<u>0.363288</u>	<u>0.949175</u>	<u>0.087786</u>
11	TOTAL	0.191371		0.382741	1.000000	0.092487
12	TOTAL INTERSTATE					0.757513
13	TOTAL LDS ER					0.004701
14	TOTAL LDS RA					<u>0.087786</u>
15	TOTAL WEIGHTED DEM					0.850000
WEIGHTED DEM FOR COST STUDY						
16	TOTAL INTERSTATE					0.757513
17	TOTAL LDS ER					0.004701
18	TOTAL LDS RA					0.087786
19	EAS					0.011754
20	LOCAL					<u>0.138246</u>
	TOTAL					1.000000

* 85% maximum intrastate plus interstate

TRAFFIC STUDY

Company: Kennebec Telephone Company
 Study Year: 2003 Method 3

CM STUDY FACTORS

	IS-ER	ST-ER	ST-RA	LOCAL	TOTAL
SLU TOLL MINUTES	1,805,666	124,757	2,329,872	933,137	5,193,432
CM FACTOR	0.347683	0.024022	0.448620	0.179675	1.000000

CMM STUDY FACTORS
 SLU TOLL MINUTES
 AVERAGE ROUTE MILES

	LDI ER	LDS ER	LDS RA	LOCAL	TOTAL
SLU TOLL MINUTES	1,805,666	124,757	2,329,872	933,137	5,193,432
AVERAGE ROUTE MILES	6.0	6.0	6.0	6.0	
TOT CO MINUTE MILES	10,833,996	748,542	13,979,232	5,598,822	31,160,592
CMM FACTOR	0.347683	0.024022	0.448620	0.179675	1.000000

Company: Kennebec Telephone Company
Study Year: 2003 Method 3

HOST REMOTE STUDY FACTORS

	IS-ER	IS-RA	ST-ER	ST-RA	LOCAL *	TOTAL
PRESHO SLU MINUTES	1,048,995	1,732	82,104	1,384,540	3,543,076	6,060,447
MILES	9.9	9.9	9.9	9.9	9.9	
MOU MILES	10,385,051	17,147	812,830	13,706,946	35,076,452	59,998,425
TOTAL COMPANY MOUM	10,385,051	17,147	812,830	13,706,946	35,076,452	59,998,425
MOUM FACTORS	0.173089	0.000286	0.013548	0.228455	0.584622	1.000000

* EAS TRAFFIC ONLY

MONTHLY TOTALS

REGISTER ASSIGNMENT	TRAFFIC DIR	Reg #	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL TOTAL
6	DEFAULT	0000	0	0	0	0	0	0	0	0	0	0	0	0	0
7	REC ANNOUNCEMNT	ORIG-OUT 0001	198	310	311	360	484	405	374	397	241	339	452	314	4,185
8	KNBC IAO	ORIG-TERM 0002	6,656	5,495	6,310	5,979	6,082	4,924	4,466	4,693	4,581	4,663	5,016	5,065	63,930
9	O+ (SDN)	ORIG-OUT 0003	62	71	67	80	123	150	83	147	59	40	99	87	1,068
10	1+ (SDN)	ORIG-OUT 0004	28,105	25,517	27,549	26,567	26,578	25,425	28,164	28,685	26,065	26,139	28,111	26,440	323,345
11	KNBC FIREBAR	ORIG-OUT 0005	2	0	0	0	0	0	0	0	1	0	0	0	3
12	EAS (KNBC TO PRES)	ORIG-TERM 0006	1,896	1,906	2,203	2,462	2,584	2,030	1,627	1,826	2,095	1,973	1,758	1,755	24,115
13	EAS (PRES TO KNBC)	ORIG-TERM 0007	2,140	2,061	1,955	1,857	2,328	2,041	2,066	1,449	1,571	1,493	2,023	1,932	22,916
14	TOLL COMP (USW)	INC-TERM 0008	32,104	33,022	34,664	33,307	34,305	33,143	31,619	33,853	32,304	35,528	32,308	33,183	399,340
15	RECORDED ANNC (VDRA)	ORIG-OUT 0011	169	102	150	133	154	144	158	115	137	178	191	160	1,791
16	TG 94 (VOICE MAIL)	INC-OUT 0013	0	0	0	0	0	0	0	0	0	0	0	0	0
17	FIREBAR	ORIG-OUT 0015	0	0	0	2	0	0	1	0	0	0	0	0	3
18	TOLL - TOLL	INC-OUT 0018	53	39	35	81	47	38	45	27	37	19	23	85	529
19	TOLL ANNOUNCEMENT	INC-OUT 0021	149	134	120	121	127	157	122	118	129	149	115	131	1,572
20	KNBC FIREBAR	ORIG-OUT 0025	0	0	0	1	0	0	0	0	0	1	2	0	4
21	KNBC INTERNET	ORIG-OUT 0026	55,542	52,251	59,732	47,287	45,589	45,961	47,438	54,122	45,649	44,855	27,527	22,739	548,692
22	KNBC INTERNET (FROM USW)	INC-OUT 0027	211	340	979	9	4	6	18	0	1	54	1	2	1,625
23	PRESHO INTERNET	ORIG-OUT 0028	0	0	0	0	0	0	0	0	0	9,380	26,959	28,698	65,037
24	PRES FIREBAR	ORIG-OUT 0035	1	1	0	1	1	1	1	0	2	1	0	0	9
25	911	ORIG-OUT 0054	0	2	1	1	0	4	5	3	4	2	1	0	23
26	PRES IAO	ORIG-TERM 0062	8,978	9,120	8,704	9,324	10,481	8,683	8,934	8,869	8,718	9,296	9,324	9,624	110,055
27	TONE	ORIG-OUT 0100	586	527	643	946	647	814	526	598	568	550	671	626	7,702
28	TOLL TONE	INC-OUT 0101	27	43	39	35	35	51	23	59	32	37	55	18	454
29															
30	TOTAL ORIG	ORIG	104,334	97,362	107,625	94,998	95,050	90,581	93,842	100,904	89,689	98,908	102,132	97,440	1,172,865
31	TOTAL TERM	TERM	51,775	51,605	53,836	52,932	55,781	50,822	48,714	50,690	49,271	52,954	50,429	51,559	620,368
32															
33		Line Source													
34	ORIG	[7 thru 13,15,17,20,21, 23 thru 27]	104,335	97,363	107,625	95,000	95,051	90,582	93,843	100,904	89,691	98,910	102,134	97,440	1,172,878
35	TERM	[8,12 thru 14, 26]	51,774	51,604	53,836	52,929	55,780	50,821	48,712	50,690	49,269	52,953	50,429	51,559	620,356
36	TOTAL	[34 + 35]	156,109	148,967	161,461	147,929	150,831	141,403	142,555	151,594	138,960	151,863	152,563	148,999	1,793,234
37															
38	OUT	[7,9 thru 11,15 thru 25,27, 28]	85,105	79,337	89,626	75,624	73,789	73,156	76,958	84,271	72,925	81,744	84,207	79,300	956,042
39	INC	[14,16,18,19,22,28]	32,544	33,578	35,837	33,553	34,518	33,395	31,827	34,057	32,503	35,787	32,502	33,419	403,520
40	TOTAL	[38 + 39]	117,649	112,915	125,463	109,177	108,307	106,551	108,785	118,328	105,428	117,531	116,709	112,719	1,359,562
41															
42	IAO	[8,12,13,26]	19,670	18,582	19,172	19,622	21,475	17,678	17,093	16,837	16,965	17,425	18,121	18,376	221,016
43	TDM	[16,18,22,28]	440	556	1,173	246	213	252	208	204	199	259	194	236	4,180
44															
45	LINE SIDE USAGE	[36] + [43]*2	156,989	150,079	163,807	148,421	151,257	141,907	142,971	152,002	139,358	152,381	152,951	149,471	1,801,594
46	TRUNK SIDE USAGE	[40] + [42]*2	156,989	150,079	163,807	148,421	151,257	141,907	142,971	152,002	139,358	152,381	152,951	149,471	1,801,594
47	BALANCE	[45 - 46]	0	0	0	0	0	0	0	0	0	0	0	0	0
48															
49	TOLL	[9,10,14,18,19]	60,473	58,783	62,435	60,156	61,180	58,913	60,033	62,830	58,594	61,875	60,656	59,926	725,854
50	LOCAL	[8 + 26]*2 + [7,11,15,16,17,20,24,25,27,28]	32,251	30,215	31,172	32,085	34,447	28,633	27,888	28,296	27,583	29,026	30,052	30,496	362,144
51	EAS	[12,13]*2	8,072	7,934	8,316	8,698	9,824	8,142	7,386	6,550	7,332	6,932	7,562	7,374	94,062
52	INTERNET	[21,22] + 23	55,753	52,591	60,711	47,296	45,593	45,967	47,456	54,122	45,650	54,289	54,487	51,439	615,354
53	TOTAL	[49 thru 52]	156,549	149,523	162,634	148,175	151,044	141,655	142,763	151,798	139,159	152,122	152,757	149,235	1,797,414
54															
55	% TOLL	[49 / 53]	0.386288	0.393137	0.383899	0.405979	0.405048	0.415891	0.420508	0.413905	0.421058	0.406746	0.397075	0.401555	0.403832
56	% LOCAL	[50 / 53]	0.206010	0.202076	0.191670	0.216535	0.228059	0.202132	0.195345	0.186406	0.198212	0.190807	0.196731	0.204349	0.201481
57	% EAS	[51 / 53]	0.051562	0.053062	0.051133	0.058296	0.065041	0.057478	0.051736	0.043149	0.052688	0.045569	0.049503	0.049412	0.052332
58	% INTERNET	[52 / 53]	0.356138	0.351725	0.373298	0.319190	0.301852	0.324500	0.332411	0.356540	0.328042	0.356878	0.356691	0.344685	0.342355
59	TOTAL		1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
60															
61															

291,246

322,483

TAB 11

LOOPS WORKSHEET

Company Kennebec Telephone Company

YEAR 2003

PERIOD 1/1/03 - 12/31/03

MESSAGE TELEPHONE LOOPS: Yr. End
2003

1 Customer service loops (note 1)	750
2 Company official loops	50
3 FX loops - closed end (note 2)	0
4 Fixed mobile/BETRS/RRS service loops	0
5 All other joint message service loops (note 3)	17
6 Total line 1 thru 6 (Cat 1.3 loops, USF line 070)	817

LOOPS OTHER:

7 Local exchange private line loops	11
8 State InterLata private line loops	0
9 State IntraLata private line loops	8
12 Interstate private line loops	14
11 WATS/800/FX service loops (closed end)	
Interstate	1
Intrastate	
12 Total other loops, line 7 thru 12	34

TOTALS

13 Average Cost Study loops (6 plus 12)	-
14 Total EOY loops for USF line 060 (6 plus 12)	851

Notes

1. Number of loops from NECA latest view. Note - this count includes concession lines.
2. Count only if tariffed under local service tariff and only at FX closed end (loop to station)
3. Off Premise Extensions (BL67-4)

CIRCUIT TERMINATIONS AND MILES

Company Kennebec Telephone Company

Study Dates 1/1/03 - 12/31/03

	Total Company	Joint Message	Interstate	Intrastate	
				InterLata	IntraLata
CKT Terms	<u>135</u>	<u>114</u>	<u>12</u>	<u>0</u>	<u>9</u>
CKT Miles	<u>14,257</u>	<u>4,462</u>	<u>6,829</u>	<u>0</u>	<u>2,966</u>

Kennebec Telephone Company

Calculation of Lease expense for interexchange transport

Kennebec Telephone Company has four leased DS1s on the SDN Ring to Sioux Falls for Toll trunking.

Total 2003 Lease Expense booked in 6230			\$73,776.00
	DS-1's	Monthly Rate	
Annual Lease Expense based on current FRRPA rate	4	\$1,537.00	\$73,776.00
Increase Amount for known and measurable			\$0.00
Total Lease Expense including Known and Measurable			\$73,776.00

Cable and Wire direct assignment based on conversation minute-miles excluding local traffic Sheet V, Line 159

	Total	Interstate & Other	Intrastate	
			InterLata	IntraLata
TRAFFIC STUDY CMM	25,561,770	10,833,996	748,542	13,979,232
Factor	1.000000	0.423836	0.029284	0.546880
Expense	\$73,776	\$31,269	\$2,160	\$40,347



Company Kennebec Telephone Company
Study Year 2003

RELATIVE TOLL MESSAGES

INTERSTATE TOLL MESSAGES	65,916	0.143575
INTRASTATE INTER-LATA TOLL MESSAGES	372,161	0.810621
INTRASTATE INTRA-LATA TOLL MESSAGES	21,029	0.045804
TOTAL	459,106	1.000000

South Dakota PUC Cost Study Sheet 'G' Line 43

RELATIVE USERS PERCENT

Split one third to each jurisdiction, interstate, intrastate and local
Per NECA cost issue 2.10 dated 5/97
Inter - Intra LATA split based on SLU

South Dakota PUC Cost Study Sheet 'G' Line 44

CABS PERCENT

Fifty percent to state and interstate
Inter - Intra LATA split based on SLU

South Dakota PUC Cost Study Sheet 'G' Line 45

Company Kennebec Telephone Company
Study Year 2003

LOCAL EU BILLING DEVELOPMENT
BILLING EXCLUDING ACCESS LINE 55

LOCAL SERVICE REV	\$196,566	
OPTIONAL SERVICES	\$0	
	\$196,566	0.393160
INTERSTATE TOLL REVENUE	\$168,090	0.336204
INTRASTATE INTER-LATA TOLL REV	\$7,774	0.015549
INTRASTATE INTRA-LATA TOLL REV	\$104,153	0.208321
INTRASTATE INTRA-LATA PRIVATE LINE	\$23,381	0.046766
	\$303,398	
TOTAL REV	\$499,964	1.000000

South Dakota PUC Cost Study Sheet 'G' Lines 35, 37, and 38.

Kennebec Telephone Company

3/10/2004

Uncollectible Global Crossing and MCI / Worldcom SD Cost Model

Cost Study Year	2001	2002	2003	2004
Intrastate Uncollectibles (12/01 - 1/28/02) amount	\$882	\$26,315	\$26,315	\$25,433
Less Intrastate Recovery	\$265	\$11,709	\$11,709	\$11,445
Net Uncollectible	\$617	\$14,605	\$14,605	\$13,988

1/3 of the amount goes on Sheet V, Line 100, "Direct Acct. No. 2690", in the "Total Company (B)" column. Also the same amount is placed (assigned) to the "Message Telephone Service", "IntraLATA (F)" column.

\$206	\$4,868	\$4,868	\$4,663
-------	---------	---------	---------

1/3 of the amount goes on Sheet V, Line 249, "Uncollectibles, in the "Total Company (B)" column. Also the same amount is placed (assigned) to the "Message Telephone Service", "IntraLATA (F)" column.

\$206	\$4,868	\$4,868	\$4,663
-------	---------	---------	---------

1/3 of the amount goes on Sheet J, Line 34, "Uncollectibles, in the "Locat Switching (E)" column.

\$206	\$4,868	\$4,868	\$4,663
-------	---------	---------	---------

Kennebec Telephone Company

3/10/2004

Uncollectible Global Crossing SD Cost Model

Per a letter from Marlene Bennet, Martin Group, LECA board dated February 17, 2003 and a subsequent email message send to Wendel Aanerud date February 20, 2003, a method was outlined to include Global Crossing uncollectibles in the 2001 SD Cost Study. The method is as follows:

Cost Study Year	2001	2002	2003	2004
Intrastate Uncollectibles (12/01 - 1/28/02) amount	\$882	\$882	\$882	\$0
Less Intrastate Recovery	\$265	\$265	\$265	\$0
Less NECA Settlement (70%)	\$617	\$617	\$617	\$0
1/3 of the amount goes on Sheet V, Line 100, "Direct Acct. No. 2690", in the "Total Company (B)" column. Also the same amount is placed (assigned) to the "Message Telephone Service", "IntraLATA (F)" column.	\$206	\$206	\$206	\$0
1/3 of the amount goes on Sheet V, Line 249, "Uncollectibles, in the "Total Company (B)" column. Also the same amount is placed (assigned) to the "Message Telephone Service", "IntraLATA (F)" column.	\$206	\$206	\$206	\$0
1/3 of the amount goes on Sheet J, Line 34, "Uncollectibles, in the "Locat Switching (E) column.	\$206	\$206	\$206	\$0

Kennebec Telephone Company

3/10/2004

Uncollectible MCI / Worldcom SD Cost Model

Cost Study Year	2001	2002	2003	2004
Intrastate Uncollectibles (12/01 - 1/28/02) amount	\$0	\$25,433	\$25,433	\$25,433
Less Intrastate Recovery	\$0	\$11,445	\$11,445	\$11,445
Net Uncollectible	\$0	\$13,988	\$13,988	\$13,988
1/3 of the amount goes on Sheet V, Line 100, "Direct Acct. No. 2690", in the "Total Company (B)" column. Also the same amount is placed (assigned) to the "Message Telephone Service", "IntraLATA (F)" column.	\$0	\$4,663	\$4,663	\$4,663
1/3 of the amount goes on Sheet V, Line 249, "Uncollectibles, in the "Total Company (B)" column. Also the same amount is placed (assigned) to the "Message Telephone Service", "IntraLATA (F)" column.	\$0	\$4,663	\$4,663	\$4,663
1/3 of the amount goes on Sheet J, Line 34, "Uncollectibles, in the "Locat Switching (E)" column.	\$0	\$4,663	\$4,663	\$4,663

Kennebec Telephone Company
 Account 6721: Contract Services for Cost Study

2003	Cost Study Contract Fee	Interstate	Intrastate	Adjusted Intrastate	Note
Cost Consultant	\$54,926.38	\$41,515.76	\$13,410.62		
Accountant	<u>\$17,108.40</u>	<u>\$8,554.20</u>	<u>\$8,554.20</u>		
Total	\$72,034.78	\$50,069.96	\$21,964.82		
2003 Booked Nonrecurring Cost Study Expense			<u>\$1,700.00</u>		1
Cost Consultant expense less NRC Study Expense			\$20,264.82	\$20,264.82	
Cost study filed the first year is equal to 1/3 of NRC Expense			\$566.67		
Cost study filed the second consecutive year is equal to 1/3 of the NRC Expense plus 1/3 of previously un-recovered amount (1700 - 567)/3			\$566.67 <u>\$377.78</u> \$944.44		
Cost study filed the third consecutive year is equal to 1/3 of the NRC Expense plus 1/3 of the previously un-recovered amount (1700 - 567 + 1700 - 944)/3			\$566.67 <u>\$629.63</u> \$1,196.30		
Amount to be recovered year each for the next 3 years			\$1,196.30	\$1,196.30	2
(Sheet V, Line 231)	\$71,531.08	\$50,069.96		\$21,461.12	3

Notes

1. Adjustment to cost study preparation (see "Adjustment" worksheet)
2. Direct assign amount to cost study, sheet V, line 100
3. Direct assign amount to cost study, sheet V, line 231

Kennebec Telephone Company
Operating Fixed Charges

2003 EOY

Reg. Plant in Service	\$8,153,746		
Plant Under Construction	\$22,010		
Materials and Supplies	\$173,362		
Accumulated Depr.	\$3,784,014		
Deffered Taxes	\$79,000		
Total Operating	\$4,486,104	60.62%	\$136,350
Other Investments	\$1,695,786		
Non Reg. Invest.	\$16,782		
Current Assets	\$909,657		
Aquistion Adjustment	\$624,851		
Accumulated Depr.	\$315,896		
Non-Reg. Accum. Depr.	\$16,782		
Total Non-Operating	\$2,914,398	39.38%	\$88,580
Total	\$7,400,502	100.00%	\$224,930
Total Assets	\$7,479,502		

Kennebec Telephone Company
 Known and Measurable amounts for 2004

---GENERAL SUPPORT FACILITIES---

2110 Land & Support Assets

Support Assets	81,000
Land	0
Total G S F	81,000

---CENTRAL OFFICE EQUIPMENT---

2210 COE-Switching

Cat 2-Tandem Switching	0
Cat 3-Local Switching Equal Access	0
Cat 3-Local Switching	0
Total C O E Switch	0

2230 COE-Transmission

Cat 4.1-Exchange Circuit	
4.11 Ex Wide Band (loop)	0
4.12 Ex Trk (EAS, wdb & non-wdb)	0
4.13 Ex Line (loop)	80,000
Cat 4.2-Interexchange	
4.22 I X Wide Band	0
4.23 All Other	30,000
4.23 Direct Assignment	0
Cat 4.3-Host/Remote	
Joint	0
WATS	0
Total C O E Trans	110,000
Total C O E	110,000

----INFORMATION ORIG/TERM EQUIPMENT ----

2310 Info Orig/Term Equipment

Cat 1-Other IOT Equip	0
Direct Assignment	0
Cat 2-Cust Premises Equip	0
Total I O T	0

----CABLE & WIRE FACILITIES ----

2410 Cable & Wire Facilities

Cat 1-Exch Line	10,000
Cat 2.1-Exch Wideband	0
Cat 2.2-Exch Trunk (EAS)	0
Cat 3.1-Interexch Wideband	0
Cat 3-Interexchange Trunk	78,000
Cat 3-Direct Assignment	0
Cat 4-Host/Remote C&WF	
Joint	0
WATS	0
Total Cable & Wire	88,000

2001 TELEPHONE PLANT IN SERVICE	
2002 Prop Held for Future Use	0
2003 Plt Under Constr	0
2005 Telephone Plant Adjustment	0

Total TPUC etc.	0
TOTAL TEL PLANT	279,000

---OTHER PLANT ACCOUNTS, MATERIALS & SUPPLIES---

1220 Materials & Supplies	0
1402 RTB Stock	0
Investment Allowances/Disallowances	0
Extraordinary Switch Retirement (Unamort. Amt.)	0
2680 Tangible Assets	0
2690 Intangibles	0

Total Other	0
Total Rate Base	279,000

---RESERVES & DEFERRALS---

3100 Accum Depr-Tel Plt in Svc	
Support Assets	13,527
COE-Switching	0
COE-Transmission	11,000
Info Orig/Term Equip	0
Cable & Wire Facilities	4,400
Equal Access Accum Depreciation	0
Total Dep. Reserves	28,927

3200 Acc. amortization plt. held for future use (2002)	0
3400 Accumulated amortization Tangible (2680)	0
3500 Accumulated amortization Intangible (2690)	0
3600 Accumulated amortization Other (2005)	0
4100 Net Cur Def Op Inc Taxes	0
4310 Other Long-Term Liabilities	0
4340 Net Noncurrent Def Taxes	0
Total Misc. Items	0

4040 Customer Deposits	0
Total Res. & Def.	28,927

TOTAL TEL PLANT	279,000
Total Res. & Def.	28,927
NET TEL PLANT	250,073

---PLANT SPECIFIC EXPENSES---

6110 Network Support Expenses		
Joint		0
Direct Assignment		0
6120 General Support Expenses		
Joint		0
Direct Assignment		0
6210 Central Office Switching Expense		0
6220 Operators System Expense		0
6230 Central Office Transmission expense		0
6210 Equal Access Expenses		0
6310 IOT Equip Expenses		
Cat 1-Other IOT Eq Expenses		0
Cat 2-Cust Prem Equip Exp		0
6410 C&WF Expenses		
Joint		0
Direct Assignment		0
	Total Plant Specific	0

---PLANT NONSPECIFIC EXPENSES---

6510 Other Prop Plant & Eq Expense		0
6530 Network Operations Expense		0
6540 Access Expense (IX Carriers)		0
6540 USF Contribution Direct Assignment		0
	Sub total	0
6560 Depr and Amort Expense		
6561 Depr Exp-Tel Plt in Svc		
Support Assets		13,527
COE-Switching		0
COE-Equal Access Switching		0
COE-Transmission		11,000
Info Orig/Term Equip		0
Cable & Wire Facilities		4,400
6562 Prop Held for Future Use		0
6563 Tangible Assets		0
6564 Intangibles		0
6565 Amort Exp-Other		0
Extraordinary Switch Retirement Amortization		0
	Total Amort.	28,927
	Total Non Specific	28,927

CUSTOMER OPERATION EXPENSES		
6610 Marketing Expense		0
6620 Services Expenses		
Published Direct Listings:		
Classified		0
Alpha		0
Foreign		0
Call Completion- Op Assist		0
Call Completion Direct Assignment		0
Cat 1-LBOE EU Service Order Procedures		0
Cat 1-LBOE EU Svc Order Direct Assignment		0
Cat 1-LBOE EU Payment & Collecting		0
Cat 1-LBOE EU Billing Inquiry		0
Cat 1-LBOE Coin Collecting & Administration		0
Cat 1-LBOE End User Access		0
	Total Cat 1 LBOE	0
Cat 2-CSE Message Processing		0
Cat 2-CSE Other B&C		0
Cat 2-CSE CABS		0
Cat 2-Direct Assignment		0
	Total Cat 2 CSE	0
Cat 3-CSE Other		0
Cat 3-Direct Assignment		0
	Total Customer Op.	0
---CORPORATE OPERATIONS EXPENSES---		
6710 Exec & Planning Expenses		
All Other		0
Direct Assignment Interstate		0
Direct Assignment Intrastate		0
	Total Exec & Planning Expenses	0
6720 Gen'l and Admin Expenses		
All Other		0
Direct Assignment Interstate		0
Direct Assignment Intrastate		0
	Total Gen'l and Admin Expenses	0
	Total Corporate	0

7200 Operating Taxes Excluding ICT & GRT	
All Other	0
Direct Assignment	0
Total Operating Taxes	0
7200 Operating Taxes Excluding 7250	0
(Including ICT, GRT, Property & Misc. Taxes)	
(FOR USE WITH CWC ONLY)	
Non Standard CWC Factor (Lead/Lag, etc.)	
Non Standard CWC Factor Desc. (eg Lead/Lag)	
---OTHER INCOME AND ADJUSTMENTS---	
7300 Nonoper Inc & Expenses	
7340 Funds Used During Constr	0
Contributions (Part of 7370)	0
7500 Interest & Related Items	
7510 Int Funded Debt (Fixed Charges)	0
Interest on Customer Deposits (Part of 7540)	0
Investment Tax Credit Amortization	0
Uncollectibles Direct Assignment	0
Amortization of excess Def. Taxes	0
Capitalized Payroll	0
Depreciation Adjustments	0
Total Other	
TOTAL OPERATING EXPENSES & TAXES	
PLANT SPECIFIC	0
NON SPECIFIC	28,927
CUSTOMER OPS	0
CORPORATE	0
OP TAX EXC. ICT	0
CONTRIBUTIONS	0
TOTAL	28,927