

# LOCAL EXCHANGE TELEPHONE COMPANIES

For the provision of (check all that apply):

- INCUMBENT LOCAL EXCHANGE CARRIER (ILEC)
- NEW ENTRANT CARRIER (NEC)
- Class A
- Class B

## ANNUAL REPORT

OF

TELEPHONE SERVICE COMPANY

(Exact legal name of respondent)

If name was changed during year, show also the previous name and date of change.

www.telserco.com

Website URL:

<u>2 WILLIPIE ST. PO BOX 408</u>	<u>WAPAKONETA</u>	<u>AUGLAIZE</u>	<u>OH</u>	<u>45895</u>
Address	City	County	State	Zip Code
<u>419-739-2200</u>				

Phone: (Area Code) Number

<u>2 WILLIPIE ST. PO BOX 408</u>	<u>WAPAKONETA, AUGLAIZE</u>	<u>OH</u>	<u>45895</u>
(Address of principal business office at end of year)			

TO THE  
PUBLIC UTILITIES COMMISSION OF OHIO



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MAY 02 2002  
PUCO FISCAL

FOR THE  
YEAR ENDED DECEMBER 31, 20\_01

Name, title, address, e-mail address, telephone and fax numbers (including area code) of the person to be contacted concerning this report.

TERRANCE SCHWIETERMAN, CFO, 2 WILLIPIE ST PO BOX 408, WAPAKONETA OH  
PHONE: 419-739-2291, FAX: 419-739-2299 45895

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## GENERAL INSTRUCTIONS

Please read General Instructions carefully before filling out this form:

1. **Class A** -- Companies having annual revenues from regulated telecommunications operations of \$100,000,000 or more.  
**Class B** -- Companies having annual revenues from regulated telecommunications operations of less than \$100,000,000.
2. **Class B** companies may choose to use **Class A** accounts.
3. The word "Respondent" in the following inquiries means the person, firm, association, or company on whose behalf the report is made.
4. This annual report form was prepared in conformity with the Uniform System of Accounts prescribed by the PUCO for local exchange telephone companies. All accounting words and phrases are to be interpreted in accordance with said classification.
5. The schedules and questions contained in this report were developed to be generally applicable to all local exchange telephone companies. All instructions shall be followed and each question answered as fully and accurately as possible. Sufficient answers shall appear to show that no schedule, question, or line item has been overlooked. If a particular line item or schedule does not apply to the respondent, indicate this by answering "none", "0", or "not applicable", as appropriate.
6. Customary abbreviations may be used except that the exact name of the respondent shall be shown in full on the "cover page" and on the "Verification" page.
7. Where the space provided is insufficient for the required data or it is necessary or desirable to insert additional statements or schedules, the insert pages shall show the number and title of the schedule to which it pertains, as well as the name of the respondent and the year covered, and shall be on 8 1/2" x 11" durable paper.
8. The information required with respect to any statement furnished is the minimum requirement. The respondent may add such further material information as is necessary to ensure that the required statements are not misleading.
9. All copies filed with the Commission must be legible and permanent. All entries shall be made in permanent ink or by a typewriter. Items of a reverse or contrary character shall be enclosed in parentheses, or indicated by a minus sign followed by the amount.
10. The annual report shall be signed by a duly elected officer of the respondent.
11. The information required in this report, unless otherwise indicated, is to be reported for the entire company and not for the State of Ohio only.
12. Totals should be provided as indicated. The respondent shall ensure that schedule totals and subtotals are mathematically correct.
13. If a line item is supported by a detailed schedule elsewhere in this report, the respondent should ensure that the detailed schedule is completed and that the amounts on both schedules match.
14. The word "affiliated companies" means companies that directly or indirectly through one or more intermediaries control or are controlled by, or are under common control with, the utility filing this report.
15. Please list all accounts and totals in whole dollars only. Make sure the rounded numbers are equal to the original totals, when the original totals are rounded to the nearest dollar amount.

### ADDITIONAL FILING REQUIREMENTS

The following list is intended only as a reminder to local exchange companies with less than 15,000 access lines of additional information required to be filed with the Commission and when such information is due.

- (1) Major Outage Reports (Rule 4901:1-5-03, O.A.C.) - when a major outage occurs, the local area news media and the Commission's Emergency Outage Coordinator must be notified within two hours. If such outage affects 9-1-1 service, the 9-1-1 PSAP for each affected county must also be notified immediately with an estimate of when 9-1-1 service will be restored.
- (2) Emergency Services Coordinator Names and Telephone Numbers (Rule 4901:1-5-22, O.A.C.) - the list of a company's Emergency Services Coordinator and appropriate phone numbers shall be updated as necessary and submitted to the Commission's Emergency Services Coordinator in the Consumer Services Department.
- (3) Directories (Rule 4901:1-5-06 (C), O.A.C.) - three copies of each directory shall be provided to the Commission's Library.

IDENTITY OF RESPONDENT

1. Give the location (including street and number) of (a) the main Ohio business office of respondent at the close of the year, and (b) if respondent is a foreign corporation, the main business office if not in this state.

(a) TELEPHONE SERVICE COMPANY (b) N/A  
2 WILLIPIE ST.  
P.O. BOX 408  
WAPPAKONETA, OH 45895

2. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual. Indicate date of incorporation or date of formation of partnership.

CORPORATION, APRIL 14, 1947

3. If a consolidated or merged company, name all constituent and all merged companies absorbed during the year.

N/A

4. Date and authority for each consolidation and for each merger effected during the year.

N/A

5. If a reorganized company, give name of original corporation. State the occasion for any reorganization effected during the year.

N/A

6. For new entrant carrier (NEC); give PUCO Certification approval date N/A, and Case No. \_\_\_\_\_.

7. For NEC's only describe current serving area.

N/A

**CORPORATE CONTROL OVER RESPONDENT**

1. Did any corporation or corporations, telephone or other, hold control over the respondent at the close of the year? NO If control was so held, state:
  - a. The name and address of the controlling corporation or corporations: \_\_\_\_\_
  - b. The form of control, whether sole or joint: \_\_\_\_\_
  - c. The manner in which control was established: \_\_\_\_\_
  - d. The extent of control: \_\_\_\_\_
  - e. Whether control was direct or indirect: \_\_\_\_\_
  - f. If indirect, the name and address of the intermediary through which control was established: \_\_\_\_\_
  
2. Did any individual, association, or corporation hold control, as trustee, over the respondent at the close of the year? NO If control was so held, state:
  - a. The name and address of the trustee: \_\_\_\_\_
  - b. The name and address of the beneficiary or beneficiaries for whom the trust was maintained, if available: \_\_\_\_\_

**RESPONDENT'S CONTROL OVER OTHER CORPORATIONS**

3. Did the respondent hold control over other corporations at the close of the year? YES If so, state: \_\_\_\_\_
  - a. The name and address of corporation or corporations controlled: TSC COMMUNICATIONS, INC. 2 WILLIE STREET, P.O. BOX 408, WYANDHOLETA, OH 45895
  - b. The form of control, whether sole or joint: SOLE
  - c. Other parties, if any, to joint agreement for control: N/A
  - d. The manner in which control was established: SUBSIDIARY - NON-REGULATED ENTITY OF TELEPHONE SERVICE COMPANY
  - e. The extent of control: 100%
  - f. Whether control is direct or indirect: DIRECT
  - g. If indirect, the name and address of the intermediary through which control was established: \_\_\_\_\_

### IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated data furnished should apply to the same period the report covers. Answers should be numbered in accordance with the inquiries and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, identification of the other answer will be sufficient.

1. Purchase or sale of entire property, or of a part of property when service territory is included: Give brief description of each transaction, name of other party, date, consideration, and Commission authorization.

*NONE*

2. Lease of property (to or from another) of the kind covered by the preceding inquiry: To the extent applicable give details corresponding to those required by the preceding inquiry.

*LEASE OF BUILDING SPACE: FRED KOENIG 1/15/97 \$650.00/MONTH*

3. Securities issued during the year: Identify the securities, give purpose of issuance, date, consideration received and Commission authorization. As here used, the term "securities" shall be taken to mean any capital stock or debt, the issuance of which requires prior authorization by this Commission.

*NONE*

4. Changes in articles of incorporation: Give brief particulars of each change and date.

*NONE*

5. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.

*NONE*

## SCHEDULE: 1

## VOTING POWERS AND ELECTIONS

1. In the schedule below, show the particulars called for concerning the stockholders of respondent who, at the date of the latest closing of the stock-book of respondent prior to the actual filing of this report, had the twenty highest voting powers of the respondent. If any such holder is held in trust, attach a statement showing the beneficial owners. If the stock-book was not closed within the year, show twenty such stockholders as of the close of the year. In the space provided, show total shares and notes of all stockholders.

Name and Address of Stockholders	No. of Shares Held	No. of Voting Shares	Other Vote Empowered Securities
Hauss-Helms Foundation, Wapakoneta, OH	451,848	451,848	
Jean Schmidlapp Kelly, Redwood Falls, MN	87,234	87,234	
Jean Schmidlapp Kelly, Trustee for Patricia Kelly Garrison, Lewistown, MT	54,873	54,873	
Jean Schmidlapp Kelly, Trustee for Michele Kelly Traver, Lewistown, MT	54,873	54,873	
Alice E Cox, Toledo, OH	54,069	54,069	
Gros Freres Enterprises, LLC, Orlando, FL	54,069	54,069	
Phyllis T. Hill, Lima, OH	47,667	47,667	
City of Wapakoneta, Wapakoneta, OH	49,245	49,245	
Alma Mary Stueve, Tulsa, OK	36,582	36,582	
Robert L. Becker, Columbus, OH	26,934	26,934	
Lorraine Wetzell, Ashland, OH	26,934	26,934	
Carolyn McFarland Jones, Garden City, LI, NY	26,934	26,934	
Jeanne E Winget, Columbus, OH	23,517	23,517	
Karen E Maxson, Dayton, OH	20,600	20,600	
Nancy S Stroh, Wapakoneta, OH	19,095	19,095	
Leland Stroh Trust, Wapakoneta, OH	19,095	19,095	
Martha G Molder, Rocky Mount, NC	18,291	18,291	
MERRILL LYNCH, PIERCE, ET AL	18,291	18,291	
Wapakoneta Masonic Temple, Wapakoneta, OH	16,884	16,884	
St Paul United Church of Christ	16,884	16,884	
<b>TOTAL LISTED ABOVE</b>	<b>1,123,919</b>	<b>1,123,919</b>	
<b>ALL STOCKHOLDERS</b>	<b>1,298,661</b>	<b>1,298,661</b>	

SCHEDULE: 2

BOARD OF DIRECTORS				
1. Give the name of each person who was a member of the Board of Directors at any time during the year.				
2. Columns (d) and (e) relate to Board meetings only.				
Name of Director and Address (City and State) (a)	Served Continuously From (b)	Term Expired or Current Term Will Expire (c)	Number of Meetings Attended During Year (d)	Fees Paid During Year (e)
James E Weger, Wapakoneta, OH	Apr 5, 1955	Apr <del>30</del> , 200 <del>3</del>	13	\$10,000
Robert C Lietz, Wapakoneta, OH	Apr 28, 1981	Apr <del>30</del> , 200 <del>3</del>	13	2,500
Douglas S Jauert, Wapakoneta, OH	Apr 28, 1981	Apr <del>30</del> , 200 <del>3</del>	13	2,500
James H Stroh, Wapakoneta, OH	Mar 25, 1989	Apr <del>30</del> , 200 <del>3</del>	13	2,500
Lonnie D Pedersen, Wapakoneta, OH	Apr 25, 1995	Apr <del>30</del> , 200 <del>3</del>	13	2,500
Name of Chairman of the Board      James E Weger Name of Secretary of Board          Douglas S Jauert Number of Meetings of Board during the year      13 Number of directors provided for by charter or by-laws, as amended to the end of the year      5 Number of directors required to constitute a quorum      3				

## SCHEDULE: 3

## PRINCIPAL GENERAL OFFICERS

1. The persons to be listed herein are the chairman of the board, president, vice-presidents, treasurer, general counsel, and comptroller. Respondents that do not have officers bearing the aforesaid titles shall list those officers who have the responsibilities normally associated with such titles.
2. Customary abbreviations may be used in showing titles and departments in columns (a) and (b).

Title of General Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name of Person Holding the Office at End of Year (c)	Office Address (City & State) (d)
CHAIRMAN OF THE BOARD	OVER ALL	JAMES E. WEGER	WAPAKONETA, OH
PRESIDENT	OVER ALL	LONNIE D. PEDERSEN	
VICE-PRESIDENT (COMPANY)	CUSTOMER SERVICE, CLEC, BRIGHT.NET	CLINT CONOVER	
VICE-PRESIDENT (BOARD)		ROBERT LIETZ	
TREASURER		JAMES STROH	
SECRETARY		DOUGLAS JAUERT	
CHIEF FINANCIAL OFFICER	ACCOUNTING, PURCHASING INFORMATION SERVICES	TERENCE SCHNEIDERMAN	

## SCHEDULE: 4

BALANCE SHEET ASSETS AND OTHER DEBITS						
Account No.		Account Title	Page No.	Balance at End of Previous Year (in dollars)	Balance at End of Current Year (in dollars)	Increase or (Decrease) (in dollars)
Class "A" Company	Class "B" Company					
<b>CURRENT ASSETS:</b>						
.....	1120	Cash and Equivalents				
1130	.....	Cash		535 922	779 454	243 532
1140	.....	Special Cash Deposits		323	323	—
1150	.....	Working Cash Advances		680	680	—
1160	.....	Temporary Investments	37	100 623	256 019	155 396
1180	1180	Telecommunications Accounts Receivable	37	5,898 929	963 984	(4,934 945)
1181	1181	Acts. Receivable Allowance-Telecom. (Cr.)	37			
1190	1190	Other Accounts Receivable	37	—	4,691 588	4,691 588
1191	1191	Accounts Receivable Allowance-Other (Cr.)	37			
1200	1200	Notes Receivable	38	83 063	83 063	—
1201	1201	Notes Receivable Allowance (Cr.)	38			
1210	1210	Interest and Dividends Receivable	38	1 687	798	(889)
1220	1220	Material and Supplies		283 689	295 349	11 660
.....	1280	Prepayments				
1290	.....	Prepaid Rents				
1300	.....	Prepaid Taxes				
1310	.....	Prepaid Insurance				
1320	.....	Prepaid Directory Expenses		28 472	26 032	(2 440)
1330	.....	Other Prepayments		445 959	516 771	70 812
1350	1350	Other Current Assets				
(1130-1350)	(1120-1350)	<b>TOTAL CURRENT ASSETS</b>		<b>7,379 347</b>	<b>7,614 061</b>	<b>234 714</b>

SCHEDULE: 4

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BALANCE SHEET ASSETS AND OTHER DEBITS						
Account No.		Account Title	Page No.	Balance at End of Previous Year (in dollars)	Balance at End of Current Year (in dollars)	Increase or (Decrease) (in dollars)
Class "A" Company	Class "B" Company					
<b>NONCURRENT ASSETS:</b>						
1401	1401	Investments in Affiliated Cos.	38	1,638,021	2,869,543	1,231,522
1402	1402	Investments in Nonaffiliated Cos.	38	1,476,393	1,515,149	38,756
1406	1406	Nonregulated Investments				
1407	1407	Unamort. Debt Issuance Exp.				
1408	1408	Sinking Funds				
1410	1410	Other Noncurrent Assets			(99,900)	(99,900)
1437	1437	Deferred Tax Regulatory Assets				
1438	1438	Deferred Maintenance and Retirements	39		278,754	278,754
1439	1439	Deferred Charges	39	-		
1500	1500	Other Juris. Assets-Net	40			
(1401-1500)	(1401-1500)	<b>TOTAL NONCURRENT ASSETS</b>		<b>3,114,414</b>	<b>4,563,546</b>	<b>1,449,132</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>						
2001	2001	Tele. Plant in Service	27-29	17,847,738	18,157,454	309,716
2002	2002	Prop. Held for Future Telecommunications Use	29			
2003	2003	Tele. Plant Under Construction-Short Term	29			
2004	2004	Tele. Plant Under Construction-Long Term	29			
2005	2005	Tele. Plant Adjustment	29			
2006	2006	Nonoperating Plant	29			
2007	2007	Goodwill	29			
(2001-2007)	(2001-2007)	<b>TOTAL PROP., PLANT &amp; EQUIP.</b>		<b>17,847,738</b>	<b>18,157,454</b>	<b>309,716</b>

SCHEDULE: 4

BALANCE SHEET ASSETS AND OTHER DEBITS						
Account No.		Account Title	Page No.	Balance at End of Previous Year (in dollars)	Balance at End of Current Year (in dollars)	Increase or (Decrease) (in dollars)
Class "A" Company	Class "B" Company					
<b>DEPRECIATION AND AMORTIZATION:</b>						
3100	3100	Accum. Deprec.	30-35	5,154,578	6,366,440	1,211,862
3200	3200	Accum. Deprec.-Held for Future Tele. Use				
3300	3300	Accum. Deprec.-Nonoper.				
.....	3400	Accum. Amort.-Tangible				
3410	.....	Accum. Amort.-Capit. Leases				
3420	.....	Accum. Amort.-Lshld. Imprv.				
3500	3500	Accum. Amort.-Intangible		272,930	35,459	(237,471)
3600	3600	Accum. Amort.-Other				
(3100-3600)	(3100-3600)	<b>TOTAL DEPREC. AND AMORT.</b>		<b>5,427,509</b>	<b>6,401,899</b>	<b>974,390</b>
		<b>NET PLANT (2001-2007) Less (3100-3600)</b>		<b>12,420,229</b>	<b>11,755,555</b>	<b>(664,674)</b>
		<b>TOTAL ASSETS (1120-2007) Less (3100-3600)</b>		<b>22,913,991</b>	<b>23,933,162</b>	<b>1,019,171</b>

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## SCHEDULE: 4

BALANCE SHEET LIABILITIES AND OTHER CREDITS						
Account No.		Account Title	Page No.	Balance at End of Previous Year (in dollars)	Balance at End of Current Year (in dollars)	Increase or (Decrease) (in dollars)
Class "A" Company	Class "B" Company					
<b>CURRENT LIABILITIES:</b>						
4010	4010	Accounts Payable		273,188	177,860	(95,328)
4020	4020	Notes Payable		-		
4030	4030	Advance Billing and Pay.				
4040	4040	Customer Deposits		2,644	1,524	(1,120)
4050	4050	Cur. Maturities-Long Term Debt				
4060	4060	Cur. Maturities-Cap. Leases				
4070	4070	Income Taxes-Accrued		(518,124)	(114,113)	404,011
4080	4080	Other Taxes-Accrued		303,169	298,681	(4,488)
4100	4100	Net Cur. Def. Oper. Income Taxes	40	(77,255)	(75,659)	1,596
4110	4110	Net Cur. Def. Nonoper. Income Taxes				
4120	4120	Other Accrued Liabilities		138,233	156,104	17,871
4130	4130	Other Current Liabilities				
(4010-4130)	(4010-4130)	<b>TOTAL CURRENT LIABILITIES</b>		<b>1,21,855</b>	<b>444,397</b>	<b>322,542</b>
<b>LONG-TERM DEBT:</b>						
4210	4210	Funded Debt	42	3,925,000	3,000,000	(925,000)
4220	4220	Premium on Long-Term Debt	42			
4230	4230	Discount on Long-Term Debt	42			
4240	4240	Reacquired Debt				
4250	4250	Obligations Under Cap. Leases	42			
4260	4260	Advances from Affil. Cos.	42			
4270	4270	Other Long-Term Debt	42			
(4210-4270)	(4210-4270)	<b>TOTAL LONG-TERM DEBT</b>		<b>3,925,000</b>	<b>3,000,000</b>	<b>(925,000)</b>

## SCHEDULE: 4

BALANCE SHEET LIABILITIES AND OTHER CREDITS						
Account No.		Account Title	Page No.	Balance at End of Previous Year (in dollars)	Balance at End of Current Year (in dollars)	Increase or (Decrease) (in dollars)
Class "A" Company	Class "B" Company					
<b>OTHER LIAB. AND DEF. CREDITS:</b>						
4310	4310	Other Long-Term Liabilities				
4320	4320	Unamort. Oper. ITC-Net				
4330	4330	Unamort. Nonoper. ITC-Net				
4340	4340	Net Noncur. Def. Oper. Income Taxes	41	1,748,747	1,819,202	70,455
4341	4341	Net Deferred Tax Liability Adjustments	41			
4350	4350	Net Noncur. Def. Nonoper. Income Taxes		453	423	40
4360	4360	Other Deferred Credits	43	40,581	231,235	190,754
4361	4361	Deferred Tax Regulat. Liability	44			
4370	4370	Other Juris. Liab. & Def. Cr.-Net	41			
(4310-4370)	(4310-4370)	<b>TOTAL OTHER LIAB. &amp; DEF. CR.</b>		<b>1,789,781</b>	<b>2,051,030</b>	<b>261,249</b>
<b>STOCKHOLDERS' EQUITY:</b>						
4510	4510	Capital Stock	45	420,000	420,000	—
4520	4520	Additional Paid-in Capital	45	18,000	18,000	—
4530	4530	Treasury Stock	45	(96,950)	(96,950)	—
4540	4540	Other Capital				
4550	4550	Retained Earnings	26	16,736,305	18,096,685	1,360,380
(4510-4550)	(4510-4550)	<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>17,077,355</b>	<b>18,437,735</b>	<b>1,360,380</b>
(4010-4550)	(4010-4550)	<b>TOTAL LIAB. &amp; STOCKHOLDERS' EQUITY</b>		<b>22,913,991</b>	<b>23,933,162</b>	<b>1,019,171</b>

SCHEDULE: 4A

NOTES TO BALANCE SHEET

SCHEDULE 5:

INCOME STATEMENT (in dollars)				
Account No.		Account Title	Amount	
Class "A" Company	Class "B" Company			
		<b>LOCAL NETWORK SERVICES REVENUES:</b>		
5001	.....	Basic Area Revenue	1,250	633
5002	.....	Optional Extended Area Revenue		
5003	.....	Cellular Mobile Revenue		
5004	.....	Other Mobile Services Revenue		
5000	.....	Basic Local Service Revenue		
(5001-5004)				
5010	.....	Public Telephone Revenue		
5040	.....	Local Private Line Revenue	22	283
5050	.....	Customer Premises Revenue		
5060	.....	Other Local Exchange Revenue	486	552
5069	.....	Other Local Exchange Revenue Settlements		
(5001-5069)	5000	<b>LOCAL NETWORK SERVICES REVENUES</b>	1,759	468
		<b>NETWORK ACCESS SERVICE REVENUES:</b>		
5081	5081	End User Revenue	580	838
5082	5082	Switched Access Revenue	1,407	855
5083	5083	Special Access Revenue	216	644
5084	5084	State Access Revenue	3,502	956
5080	5080	<b>NETWORK ACCESS REVENUE</b>		
(5081-5084)	(5081-5084)		5,708	293
		<b>LONG DISTANCE NETWORK SERVICES REVENUES:</b>		
5100	5100	Long Distance Message Revenue	525	842
5111	.....	Long Distance Inward-Only Revenue		

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## SCHEDULE: 5

INCOME STATEMENT (in dollars)				
Account No.		Account Title	Amount	
Class "A" Company	Class "B" Company			
5112	.....	Long Distance Outward-Only Revenue		
5121	.....	Subvoice Grade Long Distance Private Network Revenue		
5122	.....	Voice Grade Long Distance Private Network Revenue		67 754
5123	.....	Audio Program Grade Long Distance Private Network Revenue		
5124	.....	Video Program Grade Long Distance Private Network Revenue		
5125	.....	Digital Transmission Long Distance Private Network Revenue		
5126	.....	Long Distance Private Network Switching Revenue		
5128	.....	Other Long Distance Private Network Revenue		
5129	.....	Other Long Distance Private Network Revenue Settlements		
5160	.....	Other Long Distance Revenue		
5169	.....	Other Long Distance Revenue Settlements		
(5100-5169)	5100	TOTAL LONG DISTANCE NETWORK SERVICE REVENUES		595 596
		MISCELLANEOUS REVENUES:		
5230	.....	Directory Revenue		351 584
5240	.....	Rent Revenue		79 654
5250	.....	Corporate Operations Revenue		
5261	.....	Special Billing Arrangements Revenue		
5262	.....	Customer Operations Revenue		
5263	.....	Plant Operations Revenue		
5264	.....	Other Incidental Regulated Revenue		52 430
5269	.....	Other Revenue Settlements		
5270	.....	Carrier Billing and Collection Revenue		141 008
(5230-5270)	5200	MISCELLANEOUS REVENUES		624 676

SCHEDULE: 5

INCOME STATEMENT (in dollars)				
Account No.		Account Title	Amount	
Class "A" Company	Class "B" Company			
<u>NONREGULATED REVENUES:</u>				
5280	5280	Non Regulated Operating Revenue		
<u>UNCOLLECTIBLE REVENUES:</u>				
5301	.....	Uncollectible Revenue - Telecommunications	26	210
5302	.....	Uncollectible Revenue - Other		
5300 (5301-5302)	5300	<b>UNCOLLECTIBLE REVENUES</b>	<b>26</b>	<b>210</b>
		<b>TOTAL OPERATING REVENUE (5001 - 5302)</b>	<b>8,714</b>	<b>243</b>

SCHEDULE: 5

INCOME STATEMENT (in dollars)								
Account No.		Account Title	Salaries and Wages (a)	Benefits (b)	Rents (c)	Other Expenses (d)	Clearances (e)	Total (f)
Class "A" Company	Class "B" Company							
		<b>PLANT SPECIFIC OPERATIONS EXPENSE:</b>						
6112	.....	Motor Vehicle Expense	3,388	977	8,063	65,875	(69,320)	8,983
6113	.....	Aircraft Expense						
6114	.....	Spec. Purpose Vehicles Expense						
6115	.....	Garage Work Equipment Expense						
6116	.....	Other Work Equipment Expense	742	243		14,352	(15,153)	284
6110	6110	<b>NETWORK SUPPORT EXPENSE</b>	4,230	1,220	8,063	80,227	(84,473)	9,267
(6112-6116)								
6121	.....	Land and Building Expense	5,323	1,493	17,260	59,084		83,160
6122	.....	Furniture and Artworks Expense				4,310		4,310
6123	.....	Office Equipment Expense			4,007	5,733		9,740
6124	.....	General Purpose Computers Expense	185,605	51,761		113,847		351,213
6120	6120	<b>GENERAL SUPPORT EXPENSE</b>	190,928	53,254	21,267	182,974		448,423
(6121-6124)								
6211	.....	Analog Electronic Expense						
6212	.....	Digital Electronic Expense	59,563	19,440		189,641		268,644
6215	.....	Electro-Mechanical Expense						
6210	6210	<b>CENTRAL OFFICE SWITCH EXPENSE</b>	59,563	19,440		189,641		268,644
(6211-6215)								
6220	6220	Operator Systems Expense						
6231	.....	Radio Facilities Expense						
6232	.....	Circuit Equipment Expense	14,734	4,298	48,000	20,407		87,139
6230	6230	<b>CENTRAL OFFICE TRANSM. EXPENSE</b>	14,734	4,298	48,000	20,407		87,139
(6231-6232)								
6311	.....	Station Apparatus Expense	133	40		251		424
6341	.....	Large Private Branch Exchange Expense						
6351	.....	Public Telephone Terminal Equipment Expense						
6362	.....	Other Terminal Equipment Expense						
6310	6310	<b>INFO. ORIG./TERM. EXPENSE</b>	133	40		251		424
(6311-6362)								

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SCHEDULE: 5

INCOME STATEMENT (in dollars)								
Account No.		Account Title	Salaries and Wages (a)	Benefits (b)	Rents (c)	Other Expenses (d)	Clearances (e)	Total (f)
Class "A" Company	Class "B" Company							
6411	.....	Poles Expense	81	28	2,800	74		2,983
6421	.....	Aerial Cable Expense	28,347	7,497		16,618		52,462
6422	.....	Underground Cable Expense	2,318	632		9,616		12,566
6423	.....	Buried Cable Expense	60,997	17,926		10,841		89,764
6424	.....	Submarine Cable Expense						
6425	.....	Deep Sea Cable Expense						
6426	.....	Intrabuilding Network Cable Expense	82	19		18		119
6431	.....	Aerial Wire Expense				228		228
6441	.....	Conduit Systems Expense				(1,382)		(1,382)
6410 (6411-6441)	6410	<b>CABLE AND WIRE FACIL. EXPENSE</b>	<b>91,825</b>	<b>26,096</b>	<b>2,800</b>	<b>133,588</b>		<b>254,309</b>
(6112-6441)	(6110-6410)	<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>361,113</b>	<b>104,348</b>	<b>80,130</b>	<b>607,088</b>	<b>(84,473)</b>	<b>1,068,206</b>
		<b>PLANT NONSPECIFIC OPERATIONS EXPENSE:</b>						
6511	.....	Property Held for Future Telecommunications Use Expense						
6512	.....	Provisioning Expense	8,057	2,251		33,088	(50,855)	(7,459)
6510 (6511-6512)	6510	<b>OTHER PROP., PLANT &amp; EQUIP. EXPENSE</b>	<b>8,057</b>	<b>2,251</b>		<b>33,088</b>	<b>(50,855)</b>	<b>(7,459)</b>
6531	.....	Power Expense				25,844		25,844
6532	.....	Network Administration Expense						
6533	.....	Testing Expense	38,835	11,817				50,652
6534	.....	Plant Oper. Admin. Expense	85,244	22,220		206	(3,620)	104,990
6535	.....	Engineering Expense	16,712	4,912		2,212	(612)	23,224
6530 (6531-6535)	6530	<b>NETWORK OPERATIONS EXPENSE</b>	<b>140,791</b>	<b>38,349</b>	<b>-</b>	<b>28,262</b>	<b>(3,292)</b>	<b>204,110</b>
6540	6540	Access Expense				300,828		300,828
6561	.....	Depreciation Expense-Telecommunications Plant In Service				1,016,485		1,016,485

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## SCHEDULE: 5

INCOME STATEMENT (in dollars)								
Account No.		Account Title	Salaries and Wages (a)	Benefits (b)	Rents (c)	Other Expenses (d)	Clearances (e)	Total (f)
Class "A" Company	Class "B" Company							
6562	.....	Depreciation Expense-Property Held for Future Telecommunications Use						
6563	.....	Amortization Expense-Tangible						
6564	.....	Amortization Expense-Intangible				82,583		82,583
6565	.....	Amortization Expense-Other						
6560	6560	<b>DEP'N &amp; AMORT. EXPENSE</b>				1099,068		1099,068
(6561-6565)	(6510-6560)	<b>TOTAL PLANT NONSPECIFIC OPERATIONS</b>	148,848	40,600		1,461,246	(54,147)	1,596,547
		<b>CUSTOMER OPERATIONS EXPENSE:</b>						
6611	.....	Product Management	7,568	2,274		184		10,026
6612	.....	Sales	28,891	7,946		8,069		44,906
6613	.....	Product Advertising	7,414	2,090		29,608		39,102
6610	6610	<b>MARKETING</b>	43,873	12,300		37,861		94,034
(6611-6613)								
6621	.....	Call Completion Services				9,818		9,818
6622	.....	Number Services				67,528		67,528
6623	.....	Customer Services	173,706	48,996		381,500		604,202
6620	6620	<b>SERVICES</b>	173,706	48,996		460,846		683,548
(6621-6623)	(6610-6620)	<b>TOTAL CUSTOMER OPERATIONS EXPENSE</b>	217,579	61,296		498,907		777,582
		<b>CORPORATE OPERATIONS EXPENSE:</b>						
6711	.....	Executive	423,805	89,038		113,007		625,850
6712	.....	Planning						
6710	6710	<b>EXECUTIVE AND PLANNING</b>	423,805	89,038		113,007		625,850
(6711-6712)								
6721	.....	Accounting and Finance	160,572	47,298		51,553		259,423

SCHEDULE: 5

INCOME STATEMENT (in dollars)								
Account No.		Account Title	Salaries and Wages (a)	Benefits (b)	Rents (c)	Other Expenses (d)	Clearances (e)	Total (f)
Class "A" Company	Class "B" Company							
6722	.....	External Relations				35,196		35,196
6723	.....	Human Resources	39,496	11,563		22,731		73,790
6724	.....	Information Management						
6725	.....	Legal				26,533		26,533
6726	.....	Procurement	30,581	8,989				39,570
6727	.....	Research and Development						
6728	.....	Other General and Administrative	69,239	3,422		145,374		218,035
6720 (6721-6728)	6720	<b>GENERAL AND ADMINISTRATIVE</b>	<b>299,828</b>	<b>71,272</b>		<b>281,387</b>		<b>652,487</b>
6790	6790	Provision for Uncollectible Notes Receivable						
(6710-6790)	(6710-6790)	<b>TOTAL CORPORATE OPERATIONS EXPENSE</b>	<b>723,633</b>	<b>160,310</b>		<b>394,394</b>		<b>1,278,337</b>
(6112-6790)	(6110-6790)	<b>TOTAL OPERATING EXPENSES</b>	<b>1,451,173</b>	<b>366,554</b>	<b>80,130</b>	<b>2,961,435</b>	<b>(138,620)</b>	<b>4,720,672</b>

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Annual Report of Telephone Service Company Year Ended December 31, 2001

SCHEDULE: 5

INCOME STATEMENT (in dollars)			Total
Account No.	Account Title		
Class "A" Company	Class "B" Company		
	<b>OPERATING TAXES:</b>		
7210	Operating Investment Tax Credits-Net		
7220	Operating Federal Income Taxes	1,185	496
7230	Operating State and Local Income Taxes		
7240	Operating Other Taxes		
7250	Provision for Deferred Operating Income Taxes-Net	350	274
7200			
(7210-7250)	<b>TOTAL OPERATING TAXES</b>	1,535	770
	<b>NET OPERATING INCOME (5001-5302)</b>		2,457
	Less (6110-7200)		801
	<b>OTHER OPERATING INCOME AND EXPENSE:</b>		
7110	Income from Custom Work		
7130	Return from Nonreg. Use of Regulated Facilities		
7140	Gains and Losses from Foreign Exchange		
7150	Gains or Losses from Disposition of Land & Artwork		
7160	Other Operating Gains & Losses		
7100			
(7110-7160)	<b>TOTAL OTHER OPERATING INCOME AND EXPENSE</b>		-
	<b>NONOPERATING INCOME AND EXPENSE:</b>		
7310	Dividend Income	55	608
7320	Interest Income	40	394
7330	Income from Sinking and Other Funds		
7340	Allowance for Funds Used During Construction		

Annual Report of TELEPHONE SERVICE COMPANY

Year Ended December 31, 20 01

SCHEDULE: 5

INCOME STATEMENT (in dollars)			Total
Account No.	Account Title		
Class "A" Company			
7350	Gains or Losses from Disposition of Certain Prop.		287,284
7360	Other Nonoperating Income		(2,756)
7370	Special Charges		
7300 (7310-7370)	TOTAL NONOPERATING INCOME AND EXPENSE		380,530
	NONOPERATING TAXES:		
7410	Nonoperating Investment Tax Credits-Net		
7420	Nonoperating Federal Income Taxes		18,803
7430	Nonoperating State & Local Income Taxes		
7440	Nonoperating Other Taxes		
7450	Provision for Deferred Nonoperating Income Taxes-Net		
7400 (7410-7450)	TOTAL NONOPERATING TAXES		18,803
	INTEREST AND RELATED ITEMS:		
7510	Interest on Funded Debt		160,498
7520	Interest Expense-Capital Leases		
7530	Amortization of Debt Issuance Expense		
7540	Other Interest Deductions		
7500 (7510-7540)	TOTAL INTEREST AND RELATED ITEMS		160,498

Annual Report of TELEPHONE SERVICE COMPANY

Year Ended December 31, 20 01

SCHEDULE: 5

Account No.		Account Title	Total
Class "A" Company	Class "B" Company		
<u>EXTRAORDINARY ITEMS:</u>			
7610	.....	Extraordinary Income Credits	
7620	.....	Extraordinary Income Charges	
7630	.....	Current Income Tax Effect of Extraord. Items-Net	
7640	.....	Prov. for Def. Inc. Tax Effect of Extraord. Items-Net	
7600	.....		
(7610-7640)		<b>TOTAL EXTRAORDINARY ITEMS</b>	
<u>JURISDICTIONAL DIFFERENCES AND</u>			
<u>NONREGULATED INCOME ITEMS:</u>			
7910	7910	Income Effect of Juris. Rate-making Dif.-Net	
7990	7990	Nonregulated Net Income	
<b>NET INCOME</b>			<b>2,657,030</b>

SCHEDULE: 5A

**NOTES TO INCOME STATEMENT**

SCHEDULE: 6

STATEMENT OF RETAINED EARNINGS			
Account No.	Item	Page No.	Amount (in dollars)
	Balance-First of Year	13	16,736 305
	Changes:		
	Balance Transferred from Income	24	2,157 030
	Dividends Declared		(1,298 650)
	Miscellaneous Debits to Retained Earnings		
	Miscellaneous Credits to Retained Earnings		
	Balance-End of Year	13	18,096 685
	Notes to Statement of Retained Earnings:		

SCHEDULE: 7

PARTNERSHIP CAPITAL STATEMENT (1)			
Account No.	Item	Page No.	Amount (in dollars)
	Partnership Capital-Beginning of Year	13	
	Net Income (Loss) for Year	24	
	Partners' Capital Contributions		
	Miscellaneous Credits		
	<b>TOTAL CREDITS</b>		
	Partners' Drawings		
	Prior Period Adjustment(s)		
	Miscellaneous Debits		
	<b>TOTAL DEBITS</b>		
	Partnership Capital-End of Year	13	

(1) This statement should also be used by sole proprietors.

Annual Report of Telephone Service Company Year Ended December 31, 2001

SCHEDULE: 8

ANALYSIS OF PLANT IN SERVICE (in dollars)								
Account No.	Class "A" Company	Class "B" Company	TELECOMMUNICATIONS PLANT IN SERVICE (ACCT. 2001) Plant Accounts (a)	Balance at End of Previous Year (b)	Additions (c)	Retirements (d)	Transfers & Adjustments (e)	Balance at End of Current Year (f)=(b)+(c)-(d)+(e)
			<b>GENERAL SUPPORT ASSETS:</b>					
		2110	Land and Support Assets					
	2111		Land	171,310			(5,956)	165,354
	2112		Motor Vehicles	765,048	136,777	100,595		501,230
	2113		Aircraft					
	2114		Special Purpose Vehicles					
	2115		Garage Work Equipment					
	2116		Other Work Equipment	147,739		323		147,416
	2121		Buildings	1,611,864	11,743		5,956	1,627,563
	2122		Furniture	263,125	6,320	900		267,445
	2123.1		Office Support Equip.	47,527				47,527
	2123.2		Co. Comm. Equip.	2,150	2,991	2,991		2,150
	2124		General Purpose Computers	364,003	15,662	65,136	124,410	738,637
	(2111-2124)	2110	TOTAL GENERAL SUPPORT ASSETS	3,077,766	173,393	169,945	124,410	3,205,329
			<b>CENTRAL OFFICE ASSETS:</b>					
	2211		Analog Electronic Switching					
	2212		Digital Electronic Switching	2,832,393	85,682	10,980	410,675	3,317,790
	2215		Electro-Mechanical Switching					
	2215.1		Step-by-step Switching					
	2215.2		Crossbar Switching					
	2215.3		Other Elec.-Mech. Switching					
	(2211-2215.3)	2210	CENTRAL OFFICE SWITCHING	2,832,393	85,682	10,980	410,675	3,317,790
	2220		Operator Systems					
	2231		Radio Systems					
	2232		Circuit Equipment	942,389	95,486	91,475	21,528	968,128
	(2231-2232)	2230	CENTRAL OFFICE TRANSMISSION	942,389	95,486	91,475	21,528	968,128

SCHEDULE: 8

ANALYSIS OF PLANT IN SERVICE (in dollars)							
Account No.		TELECOMMUNICATIONS PLANT IN SERVICE (ACCT. 2001) Plant Accounts (a)	Balance at End of Previous Year (b)	Additions (c)	Retirement s (d)	Transfers & Adjustment s (e)	Balance at End of Current Year (f)=(b)+(c)+ (d)+(e)
*Class "A" Company	Class "B" Company						
<b>INFORMATION ORIGATION/TERMINATION ASSETS:</b>							
2311	.....	Station Apparatus					
2321	.....	Customer Premises Wiring					
2341	.....	Large Private Branch Exchanges					
2351	.....	Public Tele. Terminal Equipment					
2362	.....	Other Terminal Equipment					
(2311-2362)	2310	INFORMATION ORIGATION/TERMINATION CABLE AND WIRE FACILITIES ASSETS:					
2411	.....	Poles	314,239	3,083	24,841	3,988	296,469
2421	.....	Aerial Cable	998,547	26,447	162,311	106,479	969,184
2422	.....	Underground Cable	2,304,925	24,656	13,928	7,557	2,323,202
2423	.....	Buried Cable	4,856,611	86,205	46,755	151,173	5,047,234
2424	.....	Submarine Cable					
2425	.....	Deep Sea Cable					
2426	.....	Intrabuilding Network Cable	4,396	1,590			5,986
2431	.....	Aerial Wire					
2441	.....	Conduit Systems	1,890,900	23,146			1,914,046
(2411-2441)	2410	CABLE AND WIRE FACILITIES	10,369,618	165,129	217,845	269,219	10,556,121
<b>AMORTIZABLE ASSETS:</b>							
2681	.....	Capital Leases					
2682	.....	Leasehold Improvements					
(2681-2682)	2680	AMORTIZABLE TANGIBLE ASSET					
2690	2690	Intangibles	625,572	5,370		(526,712)	104,230
2001 (2110-2690)	2001 (2110-2690)	TOTAL TELECOMMUNICATIONS PLANT IN SERVICE	17,847,938	525,060	520,045	298,840	19,191,683

Annual Report of TELEPHONE SERVICE COMPANY

Year Ended December 31, 2001

SCHEDULE: 8

ANALYSIS OF PLANT IN SERVICE (in dollars)							
Account No.		TELECOMMUNICATIONS PLANT IN SERVICE (ACCT. 2001) Plant Accounts (a)	Balance at End of Previous Year (b)	Additions (c)	Retirement s (d)	Transfers & Adjustment s (e)	Balance at End of Current Year (f)=(b)+(c)+ (d)+(e)
*Class "A" Company	Class "B" Company						
2001	2001	Telecommunications Plant in Service	17,847,738	525,060	520,045	298,840	19,191,683
2002	2002	Property Held For Future Telecommunications Use					
2003	2003	Tele. Plant Under Construction-Short Term					
2004	2004	Tele. Plant Under Construction-Long Term					
2005	2005	Tele. Plant Adjustment					
2006	2006	Nonoperating Plant					
2007	2007	Goodwill					
(2001-2007)	(2001-2007)	<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>17,847,738</b>	<b>525,060</b>	<b>520,045</b>	<b>298,840</b>	<b>19,191,683</b>

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)						
(Please check if the Company's Depreciation Expense is Calculated: <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually)						
Account No.		Account Title	Accumulated Depreciation At Beginning of Current Year (a)	Accrual Rate (b)	Annual Accrual (c)	Original Cost of Plant Retired (d)
Class "A" Company	Class "B" Company					
<b>GENERAL SUPPORT ASSETS:</b>						
.....	2110	Land and Support Assets				
2111	.....	Land	3 277	-	-	
2112	.....	Motor Vehicles	367 242	11.60%	45 179	100 595
2113	.....	Aircraft				
2114	.....	Special Purpose Vehicles				
2115	.....	Garage Work Equip.				
2116	.....	Other Work Equip.	119 398	6.40	7 655	323
2121	.....	Buildings	540 398	3.03	49 198	
2122	.....	Furniture	82 336	5.00	12 412	900
2123.1	.....	Office Support Equip.	26 920	12.50	2 802	
2123.2	.....	Co. Comm. Equip.	7 547	9.80	777	2 991
2124	.....	Gen. Purpose Computers	255 771	20.00	56 951	65 136
(2111-2124)	2110	TOTAL GEN. SUPPORT ASSETS	1,402 909		174 996	169 945
<b>CENTRAL OFFICE ASSETS:</b>						
(2211-2215.3)	2210	Central Office-Switching				
2211	.....	Analog Electronic Switching				
2212	.....	Digital Electronic Switching	1,066 268	8.08	229 133	10 980
2212.1	.....	Digital Switch. - Hardware		8.08		
2212.2	.....	Digital Switch. - Software	-	25.00	53 636	
2215	.....	Electro-Mechanical Switching				
2215.1	.....	Step-by-Step Switch.				
2215.2	.....	Crossbar Switch.				
2215.3	.....	Oth. Ele. Mech. Switch.				
2220	2220	Operator Systems				
.....	2230	Central Office-Transmission				
2231	.....	Radio Systems				
2232	.....	Circuit Equip.	213 618	8.0	77 185	91 275
(2211-2232)	(2210-2230)	TOTAL CEN. OFFICE ASSETS	1,279 886		359 954	102 255

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(a) From Accounting Records (b) For information only, not part of this calculation (c) thru (g) From Accounting Records  
 Note: Listed below are specifics that need to be identified in Annual Reports for minimum acceptable standards in Depreciation:  
 1. List the current accrual rates being used to calculate depreciation expense in Column (b). If using a composite accrual rate please specify and show how the composite rate was calculated  
 2. Identify the source of these accrual rates (PUCO Case No. 01-2188-TP-AAM) (If Accrual Rate changes during the year should be identified with effective date of change JANUARY 1, 2001)  
 3. Clearly mark on the Depreciation Schedule how depreciation expense was calculated, i.e., monthly, quarterly, semi-annually, or annually.

Continue on next page

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)						
(Please check if the Company's Depreciation Expense is Calculated: <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually)						
Account No.		Account Title	Cost of Removal (e)	Salvage (f)	Other (g)	Balance at End of Current Year (h)=(a)+(c)-(d)-(e)+(f)+(g)
Class "A" Company	Class "B" Company					
<b>GENERAL SUPPORT ASSETS:</b>						
	2110	Land and Support Assets				
2111		Land			(3,877)	
2112		Motor Vehicles		35,938	(130,891)	216,873
2113		Aircraft				
2114		Special Purpose Vehicles				
2115		Garage Work Equip.				
2116		Other Work Equip.			(30,779)	95,951
2121		Buildings			(1,776)	587,820
2122		Furniture			128	93,976
2123.1		Office Support Equip.			6,466	36,188
2123.2		Co. Comm. Equip.			(815)	4,540
2124		Gen. Purpose Computers		20	(12,031)	235,575
(2111-2124)	2110	<b>TOTAL GEN. SUPPORT ASSETS</b>		<b>35,958</b>	<b>(172,975)</b>	<b>1,270,943</b>
<b>CENTRAL OFFICE ASSETS:</b>						
(2111-2215.3)	2210	Central Office-Switching				
2211		Analog Electronic Switching				
2212		Digital Electronic Switching			(162,430)	1,121,991
<del>2215</del>		Electro-Mechanical Switching			186,161	239,797
2215.1		Step-by-Step Switch.				
2215.2		Crossbar Switch.				
2215.3		Oth. Ele. Mech. Switch.				
2220	2220	Operator Systems				
	2230	Central Office-Transmission				
2231		Radio Systems				
2232		Circuit Equip.			155,661	355,189
(2211-2232)	(2210-2230)	<b>TOTAL CEN. OFFICE ASSETS</b>			<b>179,392</b>	<b>1,716,977</b>

(a) From Accounting Records (b) For information only, not part of this calculation (c) thru (g) From Accounting Records  
 Note: Listed below are specifics that need to be identified in Annual Reports for minimum acceptable standards in Depreciation:  
 1. List the current accrual rates being used to calculate depreciation expense in Column (b). If using a composite accrual rate please specify and show how the composite rate was calculated.  
 2. Identify the source of these accrual rates (PUCO Case No. *01-2188-11-1112*). (If Accrual Rate changes during the year should be identified with effective date of change *JANUARY 1, 2001*)  
 3. Clearly mark on the Depreciation Schedule how depreciation expense was calculated, i.e., monthly, quarterly, semi-annually, or annually.

Continue on next page

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2212.2

**ACCUMULATED DEPRECIATION (Account 3100) (in dollars)**

(Please check if the Company's Depreciation Expense is Calculated:  Monthly  Quarterly  Annually)

Account No.		Account Title	Accumulated Depreciation At Beginning of Current Year (a)	Accrual Rate (b)	Annual Accrual (c)	Original Cost of Plant Retired (d)
Class "A" Company	Class "B" Company					
		<b>INFORM. ORIG./TERM. ASSETS:</b>				
2311	.....	Station Apparatus				
2321	.....	Cust. Premises Wiring				
2341	.....	Large Priv. Branch Exch.				
2351	.....	Pub. Tele. Terminal Equip.				
2362	.....	Other Term. Equipment				
(2311-2362)	2310	TOTAL INFO. ORIG./TERM. ASSETS				
		<b>CABLE &amp; WIRE FACIL. ASSETS:</b>				
2411	.....	Poles	310 012	7.50%	22 902	24 841
2421	.....	Aerial Cable	63 808	6.74	44 742	160 586
2421.1	.....	Aerial Cable - Metallic				
2421.2	.....	Aerial Cable - Nonmetallic	—	4.33	4 136	
2421.3	.....	Aerial Cable - Drop	35 139	8.33	20 035	1 725
2422	.....	Underground Cable	350 742	3.87	71 744	13 938
2422.1	.....	Underground Cable - Metallic				
2422.2	.....	Underground Cable - Nonmetallic	42 773	3.89	18 273	
2423	.....	Buried Cable	948 749	4.77	149 615	46 756
2423.1	.....	Buried Cable - Metallic				
2423.2	.....	Buried Cable - Nonmetallic	91 915	4.20	26 631	
2423.3	.....	Buried Cable - Drop	316 507	4.77	56 347	
2424	.....	Submarine Cable				
2425	.....	Deep Sea Cable				

(a) From Accounting Records

(b) For information only, not part of this calculation

(c) thru (g) From Accounting Records

Note: Listed below are specifics that need to be identified in Annual Reports for minimum acceptable standards in Depreciation:

- List the current accrual rates being used to calculate depreciation expense in Column (b). If using a composite accrual rate please specify and show how the composite rate was calculated.
- Identify the source of these accrual rates (PLCO Case No. 01-2138-TP-AAA). (If Accrual Rate changes during the year should be identified with effective date of change January 1, 2001).
- Clearly mark on the Depreciation Schedule how depreciation expense was calculated, i.e., monthly, quarterly, semi-annually, or annually.

Continue on next page

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)						
(Please check if the Company's Depreciation Expense is Calculated: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually)						
Account No.		Account Title	Cost of Removal (e)	Salvage (f)	Other (g)	Balance at End of Current Year (h)=(a)+(c)-(d)-(e)+(f)+(g)
Class "A" Company	Class "B" Company					
<b>INFORM. ORIG./TERM. ASSETS:</b>						
2311	.....	Station Apparatus				
2321	.....	Cust. Premises Wiring				
2341	.....	Large Priv. Branch Exch.				
2351	.....	Pub. Tele. Terminal Equip.				
2362	.....	Other Term. Equipment				
(2311-2362)	2310	TOTAL INFO. ORIG./TERM. ASSETS				
<b>CABLE &amp; WIRE FACIL. ASSETS:</b>						
2411	.....	Poles	9,879	3,610	(21,554)	280,250
2421	.....	Aerial Cable	18,708	11,814	528,368	469,438
2421.1	.....	Aerial Cable - Metallic				
2421.2	.....	Aerial Cable - Nonmetallic			6,731	10,857
2421.3	.....	Aerial Cable - Drop	1,569		135,220	187,100
2422	.....	Underground Cable	362	123	(1,139)	407,170
2422.1	.....	Underground Cable - Metallic				
2422.2	.....	Underground Cable - Nonmetallic			(5,714)	55,330
2423	.....	Buried Cable	196	500	(52,568)	999,544
2423.1	.....	Buried Cable - Metallic				
2423.2	.....	Buried Cable - Nonmetallic			155,936	274,482
2423.3	.....	Buried Cable - Drop		5	(41,850)	331,009
2424	.....	Submarine Cable				
2425	.....	Deep Sea Cable				

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(a) From Accounting Records (b) For information only, not part of this calculation (c) thru (g) From Accounting Records  
 Note: Listed below are specifics that need to be identified in Annual Reports for minimum acceptable standards in Depreciation:  
 1. List the current accrual rates being used to calculate depreciation expense in Column (b). If using a composite accrual rate please specify and show how the composite rate was calculated.  
 2. Identify the source of these accrual rates (PUCO Case No. 01-2188-TP-MIM). (If Accrual Rate changes during the year should be identified with effective date of change JANUARY 1, 2001)  
 3. Clearly mark on the Depreciation Schedule how depreciation expense was calculated, i.e., monthly, quarterly, semi-annually, or annually.

Continue on next page

Annual Report of TELEPHONE SERVICE COMPANY

Year Ended December 31, 2001

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)						
(Please check if the Company's Depreciation Expense is Calculated: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually)						
Account No.		Account Title	Accumulated Depreciation At Beginning of Current Year (a)	Accrual Rate (b)	Annual Accrual (c)	Original Cost of Plant Retired (d)
Class "A" Company	Class "B" Company					
2426	.....	Intrabldg. Net. Cable	2 436	5.75%	299	
2426.1	.....	Intrabldg. Net. Cable - Metallic				
2426.2	.....	Intrabldg. Net. Cable - Nonmetallic				
2431	.....	Aerial Wire				
2441	.....	Conduit Systems	309 502	2.44	46 420	
(2411-2441)	2410	TOTAL CABLE & WIRE FACIL. ASSETS	2,471 783		461 134	247 846
		TOTAL ACCUMULATED DEPREC. (2112-2441)	5,154 578		996 084	520 046

(a) From Accounting Records (b) For information only, not part of this calculation (c) thru (g) From Accounting Records

Note: Listed below are specifics that need to be identified in Annual Reports for minimum acceptable standards in Depreciation:

- List the current accrual rates being used to calculate depreciation expense in Column (b). If using a composite accrual rate please specify and show how the composite rate was calculated.
- Identify the source of those accrual rates (PUCO Case No. 01-008-TP-NAM). (If Accrual Rate changes during the year should be identified with effective date of change JANUARY 1, 2001.)
- Clearly mark on the

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SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)						
(Please check if the Company's Depreciation Expense is Calculated: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually)						
Account No.		Account Title	Cost of Removal (e)	Salvage (f)	Other (g)	Balance at End of Current Year (h)=(a)+(c)-(d)-(e)+(f)+(g)
Class "A" Company	Class "B" Company					
2426	.....	Intrabldg. Net. Cable			(436)	2 299
2426.1	.....	Intrabldg. Net. Cable - Metallic				
2426.2	.....	Intrabldg. Net. Cable - Nonmetallic				
2431	.....	Aerial Wire				
2441	.....	Conduit Systems			5119	361 041
(2411-2441)	2410	TOTAL CABLE & WIRE FACIL. ASSETS	30 714	15 052	708 111	3,378 520
		TOTAL ACCUMULATED DEPREC. (2112-2441)	30 714	52 010	714 528	6,366 440

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(a) From Accounting Records (b) For information only, not part of this calculation (c) thru (g) From Accounting Records  
 Note: Listed below are specifics that need to be identified in Annual Reports for minimum acceptable standards in Depreciation:  
 1. List the current accrual rates being used to calculate depreciation expense in Column (b). If using a composite accrual rate please specify and show how the composite rate was calculated  
 2. Identify the source of these accrual rates (PUCO Case No. 21-2188-TP-1111). (If Accrual Rate changes during the year should be identified with effective date of change JANUARY 1, 2001)  
 3. Clearly mark on the Depreciation Schedule how depreciation expense was calculated, i.e., monthly, quarterly, semi-annually, or annually.

SCHEDULE: 10

UNCOLLECTIBLE ACCOUNTS (Accounts 1181 and 1191) (in dollars)			
	(a)	Account 1181 (b)	Account 1191 (c)
1	Balance at Beginning of the Year	\$	\$
2	Accruals Charged		
3	Collection of Amounts Previously Written Off		
4	Other Credits	N/A	N/A
5	TOTAL CREDITS.....	\$	\$
6	Uncollectibles Written Off During the Year		
7	Other Debits (Explain in a Note)		
8	TOTAL DEBITS.....	\$	\$
9	Balance at End of the Year	\$	\$
10	TOTAL OPERATING REVENUE FOR THE YEAR.....	\$	\$
11	Net Write Offs During the Year (Line 6 minus Line 3)	\$	\$
12	Ratio of Line 11 to Line 10	%	%
13	Ratio of Line 2 to Line 10	%	%

Annual Report of TELEPHONE SERVICE COMPANY

Year Ended December 31, 2001

SCHEDULE: 11

**RECEIVABLES AND INVESTMENTS - AFFILIATED AND NONAFFILIATED COMPANIES**  
(in dollars)

1. Provide in columns (b) thru (k), the year-end balances for each affiliate identified in column (a).

Name of Affiliate (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Receivable Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accts. Receivable Allowance-Other (f)
TSC COMMUNICATIONS	\$	\$	\$	\$ 4,608,689	\$
BRIGHT.NET OHIO				82,899	
Total Affiliated	—	—	—	4,691,588	—
Total Nonaffiliated	256,019	963,984			
<b>TOTAL BALANCE</b>	256,019	963,984	—	4,691,588	—

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SCHEDULE: 11

RECEIVABLES AND INVESTMENTS - AFFILIATED AND NONAFFILIATED COMPANIES  
(in dollars)

1. Provide in columns (b) thru (k), the year-end balances for each affiliate identified in column (a).

Name of Affiliate (a)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receiv. Allowance (h)	Account 1210 Int. & Div. Receivable (i)	Account 1401 Investments in Affiliated Companies (j)	Account 1402 Investments in Nonaffiliated Companies (k)
TSC COMMUNICATIONS	\$ 83,063	\$	\$	\$ 951,534	\$
ComNET, INC.					53,000
HORIZON PCS				1,918,009	
FIBER SOLUTIONS					52,482
HORIZON TELCOM					1,374,209
OTHER					35,458
Total Affiliated	83,063	—	—	2,869,543	1,515,149
Total Nonaffiliated	—	—	798	—	
TOTAL BALANCE	83,063	—	798	2,869,543	1,515,149

SCHEDULE: 12

<b>DEFERRED CHARGES (Accounts 1438 and 1439)</b> (Include data for each item in excess of \$1,000,000)	
Description of Item (a)	Amount at End of Current Year (in dollars) (b)
ACCOUNT 1438	\$
<i>DEFERRED DEPRECIATION CHARGE - Pen Case</i> <i>Study 01-2188-TP-AMM</i>	<i>278,754</i>
Aggregate of All Other Items	
<b>TOTAL</b>	<hr/> <b>\$278,754</b>
ACCOUNT 1439	
Aggregate of All Other Items	
<b>TOTAL</b>	<hr/> \$



SCHEDULE: 15

NET NONCUR. DEF. OPERATING INCOME TAXES - ACCOUNT 4340 (in dollars)				
Description (a)	Balance at End of Previous Year (b)	Debits (c)	Credits (d)	Balance at End of Current Year (e)=(b)-(c)+(d)
FEDERAL INCOME TAX	1,748,747		70,455	1,819,202
TOTALS	1,748,747		70,455	\$1,819,202

SCHEDULE: 16

NET DEFERRED TAX LIABILITY ADJUSTMENTS - ACCOUNT 4341 (in dollars)				
Description (a)	Balance at End of Previous Year (b)	Debits (c)	Credits (d)	Balance at End of Current Year (e)=(b)-(c)+(d)
N/A				
TOTALS				\$

SCHEDULE: 17

OTHER JURIS. LIABILITY & DEF. CR. - NET - ACCOUNT 4370 (in dollars)				
Description (a)	Balance at End of Previous Year (b)	Debits (c)	Credits (d)	Balance at End of Current Year (e)=(b)-(c)+(d)
N/A				
TOTALS				\$

SCHEDULE: 18

LONG-TERM DEBT (Accounts 4210, 4220, 4230, 4250, 4260 and 4270) (in dollars)								
1. List in account number order in column (a) a description of the long-term obligation, including those maturing in the coming year. 2. In the remaining columns (b) - (i) respondent shall furnish the appropriate data.								
Description of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Face Amount Outstanding (d)	Unamortized Premium or Discount (e)	Stated Rate (f)	Yield Rate (g)	Short-Term Portion (h)	Long-Term Portion (i)
42 DEBT NOTE & TERM LOAN UP TO \$7,000,000	7-7-98	7-7-08	\$ 3,000,000	\$ -0-	*	*	\$ -0-	\$ 3,000,000

\* VARIABLE INTEREST RATE OF 45 BASIS POINTS OVER LIBOR OR A FIXED RATE OF 7.19%.



SCHEDULE: 20

DEFERRED TAX REGULATORY LIABILITY (ACCOUNT 4361) (in dollars)	
1. Disclose the data for each item in Account 4361 amounting to over \$25,000.	
Description of Item (a)	Amount at End of Current Year (b)
N/A	\$
All other - less than \$25,000 each (or aggregate of all other items)	
TOTAL	\$

SCHEDULE: 21

CAPITAL STOCK (Account 4510, 4520 and 4530) (in dollars)									
1. Respondent shall enter the class of stock and a description of any pertinent details such as differences in voting rights, preferences as to dividends or assets, pledges, etc. 2. Respondent shall provide the information specified in column headings (b) through (j) and note any other pertinent information at the bottom of this schedule.									
Class and Description of Capital Stock (a)	Par or Stated Value Amount (b)	Number of Shares Authorized (c)	Amount of Stock Issued and Outstanding		Acct. 4520 Additional Paid In Capital (f)	Total (Col. (d) & (e)) (g)	Number of Shares of Treasury Stock (h)	Acct. 4530 Amount in Treasury Stock Account (i)	Total Dividends Declared (j)
			Number of Stock Issued (d)	Acct. 4510 e=(b) x (d) \$ Amount of Stock Issued & Outstanding (e)					
<u>COMMON:</u>	\$ -0-	2,000,000	1,688,400	\$ 420,000	\$ 18,000	\$ 438,000	389,739	\$ 96,950	1,298,661
<u>PREFERRED:</u>									
<b>TOTALS</b>	\$ -0-	2,000,000	1,688,400	\$ 420,000	\$ 18,000	\$ 438,000	389,739	\$ 96,950	1,298,661

SCHEDULE: 22

GENERAL SERVICES AND LICENSES		
1. Provide in column (a) the name of the affiliate to whom respondents paid \$50,000 or more for services rendered under a license agreement, a general service contract, or other arrangement providing for the furnishing of general accounting, engineering, financial, legal, patent, and other general services.		
Name(s) of Affiliate (a)	Service Provided (b)	Amount (in dollars) (c)
N/A		
Aggregate of All Other Items		
TOTAL		\$



SCHEDULE: 24

**ANALYSIS OF EXTRAORDINARY ITEMS (Accounts 7610 and 7620)  
(in dollars)**

1. In column (a) provide the particulars with respect to Accounts 7610 and 7620, with totals for each account.

Particulars (a)	Debit Amounts (b)	Credit Amounts (c)	Tax Effect Included in Account 7630 (d)	Tax Effect Included in Account 7640 (e)
N/A	\$	\$	\$	\$

SCHEDULE: 25

DISTRIBUTION OF SALARIES AND WAGES							
	Number of Employees as of December 31			Total Compensation for Year Ending December 31	Distribution of Wages		
	Male	Female	Total		Operation & Maintenance Accounts	Construction	Other (Specify)
Telephone	37	32	69	2,021,422	1,734,143	287,279	—
Part-time Employees	10	4	14	59,417	59,417	—	—
Full-time Employees	27	28	55	1,962,005	1,674,726	287,279	—
<b>TOTAL ALL EMPLOYEES</b>	<b>37</b>	<b>32</b>	<b>69</b>	<b>2,021,422</b>	<b>1,734,143</b>	<b>287,279</b>	<b>—</b>

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**OUTSIDE PLANT STATISTICS (WIRE)**

1. Report the mileage at the end of the year for all solely owned plant and the respondent's share of any jointly owned plant.
2. In column (r), provide the number of poles that company owns, and shares & joint use with other company.
3. Column (p) and (q) are not included column (c).

(a)	State or Territory (b)	Miles of Aerial Wire (c)	AERIAL CABLE		UNDERGROUND CABLE		BURIED CABLE		SUBMARINE CABLE	
			Miles of Cable (d)	Miles of Wire In Cable (e)	Miles of Cable (f)	Miles of Wire In Cable (g)	Miles of Cable (h)	Miles of Wire In Cable (i)	Miles of Cable (j)	Miles of Wire In Cable (k)
1	OHIO	—	67.91	1611.81	24.35	1,016.00	173.04	9,563.18	—	—
2										
3										
4										
5										
6										
TOTAL		—	67.91	1611.81	24.35	1,016.00	173.04	9,563.18	—	—

(a)	State or Territory (b)	DEEP SEA CABLE		INTRA BUILDING NETWORK CABLE		TOTAL CABLE	
		Miles of Cable (l)	Miles of Wire In Cable (m)	Miles of Cable (n)	Miles of Wire In Cable (o)	Miles of Cable (p)	Miles of Wire In Cable (q)
1	OHIO	—	—	1.90	10.90	274.17	12,233.30
2							
3							
4							
5							
6							
TOTAL		—	—	1.90	10.90	274.17	12,233.30

(a)	State or Territory (b)	Number of Poles (r)		Miles of Tube In Coaxial Cable (s)		CONDUIT SYSTEM	
		Company owns poles	Company shares & joint use with other company	Miles of Tube In Coaxial Cable (s)		Trench Miles (t)	Duct Miles (u)
				(In Ground)	(Aerial)		
1	OHIO	3,560	—	—	—	21.90	54.30
2							
3							
4							
5							
6							
TOTAL		3,560	—	—	—	21.90	54.30

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### OUTSIDE PLANT STATISTICS (FIBER OPTIC)

1. Report the mileage at the end of the year for all solely owned plant and the respondent's share of any jointly owned plant.

(a)	State or Territory (b)	FIBER OPTIC AERIAL CABLE		FIBER OPTIC UNDERGROUND CABLE		FIBER OPTIC BURIED CABLE	
		Miles of Fiber Optic Cable (c)	Miles of Fiber Optic In Cable (d)	Miles of Fiber Optic Cable (e)	Miles of Fiber Optic In Cable (f)	Miles of Fiber Optic Cable (g)	Miles of Fiber Optic In Cable (h)
1	OHIO	6.95	333.08	24.25	1,067.00	37.83	1,187.10
2							
3							
4							
5							
6							
	TOTAL	6.95	333.08	24.25	1,067.00	37.83	1,187.10

(a)	State or Territory (b)	FIBER OPTIC SUBMARINE CABLE		DEEP SEA FIBER OPTIC CABLE		INTRA BUILDING NETWORK FIBER OPTIC CABLE		TOTAL FIBER OPTIC CABLE	
		Miles of Fiber Optic Cable (i)	Miles of Fiber Optic In Cable (j)	Miles of Fiber Optic Cable (k)	Miles of Fiber Optic In Cable (l)	Miles of Fiber Optic Cable (m)	Miles of Fiber Optic In Cable (n)	Miles of Fiber Optic Cable (o)	Miles of Fiber Optic In Cable (p)
1	OHIO	-	-	-	-	-	-	69.03	2,587.18
2									
3									
4									
5									
6									
	TOTAL	-	-	-	-	-	-	69.03	2,587.18

Annual Report of  
SCHEDULE: 26A

TELEPHONE SERVICE COMPANY

Year Ended December 31, 20 01

SCHEDULE: 27

DETAIL OF OHIO EXCHANGE ACCESS LINES IN SERVICE BY CUSTOMER CLASS (For Company with less than 15,000 access lines)							
Name of Exchange (a)	Business Access Lines		Public Access Lines (d)	Residential Access Lines (e)	Mobile Access Lines (f)	Special Access Lines (Non-Switched) (g)	Total Access Lines (h)
	Single Line (b)	Multi Line (c)					
CRIDERSVILLE	114	435	1	1,699	-	-	2,249
WAPAKONETA	577	2,521	36	5,948	-	182	9,264
<b>TOTAL</b>	<b>691</b>	<b>2,956</b>	<b>37</b>	<b>7,647</b>	<b>-</b>	<b>182</b>	<b>11,513</b>

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NOTE: List all of the access line data by exchange.



Annual Report of TELEPHONE SERVICE COMPANY Year Ended December 31, 20 01

SCHEDULE: 29

OHIO CENTRAL OFFICES SCHEDULED TO BE UPGRADED		
Date Expected to be Placed in Service	Manufacturer & Type of Equipment	Capable of Independent Operation? (Yes) or (No)
	N/A	

Note: This form is only applicable to local exchange companies with less than 15,000 access lines.  
Date: Date new switch was placed or will be placed in service.  
Manufacturer & Type of Equipment: List the type of switch and its manufacturer.  
(Yes) or (No): Is the switch a HOST or REMOTE, i.e. does it have stand-alone capability.

SCHEDULE: 30

PROJECTION OF NEW OR CHANGED OHIO CENTRAL OFFICE PREFIXES (NXX) TO BE PLACED IN SERVICE	
PREFIXES (NXX) Number(s)	Date is Expected to be Operational
N/A	

Note: This form is only applicable to local exchange companies with less than 15,000 access lines.  
Prefixes (NXX) Number(s): Where any new NXXs placed in service or will any be placed in service in the upcoming year.  
Date: Give date new NXX was or will be operational.

SCHEDULE: 31

Form 1

**TOLL USAGE STUDY TO OHIO CONTIGUOUS EXCHANGES**  
(Month and year of study)

AVERAGE NUMBER OF MESSAGE TOLL CALLS EQUALING 3.0 OR OVER BUT LESS THAN 8.0 PER ACCESS LINE PER MONTH FROM ONE EXCHANGE TO ANOTHER

Originating exchange (1)	Number of access lines in 1	Terminating exchange(s) (2)	Number of messages from 1 to 2	Messages per access line per month from 1 to 2*
<i>PER TOLL STUDY DONE 12-19-99, TSC HAS NO CALLING RATES OR GREATER.</i>				

Form 2

**TOLL USAGE STUDY TO OHIO CONTIGUOUS EXCHANGES**  
(Month and year of study)

AVERAGE NUMBER OF MESSAGE TOLL CALLS EQUALING 8.0 OR MORE PER ACCESS LINE PER MONTH FROM ONE EXCHANGE TO ANOTHER

Originating exchange (1)	Number of access lines in 1	Terminating exchange(s) (2)	Number of messages from 1 to 2	Messages per access line per month from 1 to 2*
<i>PER TOLL STUDY DONE 12-19-99, TSC HAS NO CALLING RATES 8.0 OR GREATER.</i>				

\* Total number of messages from 1 to 2 + total number of access lines in 1.

Note: This form is only applicable to local exchange companies with less than 15,000 access lines. EAS calling rates should be filed only for contiguous exchanges that currently have no EAS between them.

**Service Connection Assistance (SCA)  
Annual Reporting Form**

Class of Service	Number of Program Participants- End of Period [A]	Number of New Program Participants During Period [B]	Number of Participants By Qualifying Program				Percentage Penetration of Optional Features			Participants Disconnected for Non-Payment [L]	
			HEAP [C]	E-HEAP [D]	OECF [E]	SSI [F]	Medicaid [G]	Touchtone [H]	Wire Care [I]		Non-Pub Custom Calling [K]
(1) Flat											
(2) Message											
(3) Measured											
(4) TOTAL											

Class of Service	Average Monthly Local Bill [M]	Average Monthly Toll Bill [N]	Average Service Connection Charge Waived [O]	Average of Waived Deposits [P]	Amount of Monthly Subscriber Line Charge [Q]	Number of Months for SLC Waiver [R]
(2) Message	\$	\$	\$	\$	\$	
(3) Measured	\$	\$	\$	\$	\$	
(4) TOTAL						

Telephone Company
Street/P.O. Box
City, State, Zip Code
Name of Person Completing Form
Signature
Date

Note: This form is applicable to local exchange companies with less than 15,000 access lines, that are exempted from offering TSA and only provide SCA.

### Service Connection Assistance (SCA) Annual Reporting Form

Class of Service	Number of Program Participants- End of Period [A]	Number of New Program Participants During Period [B]	Number of Participants By Qualifying Program				Percentage Penetration of Optional Features			Participants Disconnected for Non-Payment [L]		
			HEAP [C]	E-HEAP [D]	OEEP [E]	SSI [F]	Medicalaid [G]	Touchtone [H]	Wire Care [I]		Non-Pub Custom Calling [J]	Custom Calling [K]
(1) Flat	8	18	3	1	1	2	14	100%	44%	38%	72%	8
(2) Message												
(3) Measured												
(4) TOTAL	8	18	3	1	1	2	14	100%	44%	38%	72%	8

TELEPHONE SERVICE CO. Telephone Company
P O Box 408 Street/P.O. Box
WAPAKONETA, OH 45895 City, State, Zip Code
PATTY MINNICH Name of Person Completing Form
<i>Patty Minnich</i> 4-26-02 Signature Date

Class of Service	Average Monthly Local Bill [M]	Average Monthly Toll Bill [N]	Average Service Connection Charge Waived [O]	Average of Waived Deposits [P]	Amount of Monthly Subscriber Line Charge [Q]	Number of Months for SLC Waiver [R]
(2) Message	\$	\$	\$	\$	\$	
(3) Measured	\$	\$	\$	\$	\$	
(4) TOTAL	\$ 18.72	\$ 31.82	\$ 22.85	\$ 35.00	\$ 3.50	12

Note: This form is applicable to local exchange companies with less than 15,000 access lines, that are exempted from offering TSA and only provide SCA.

Instructions:

- Revenue billed on behalf of other entities should not be included on this schedule if the company does not include this revenue in its determination of taxable gross receipts for Ohio gross receipts tax purposes. If, however, the local exchange company includes revenue billed on behalf of other entities in its taxable gross receipts, such revenue should then be included on this schedule.
- "Earnings or receipts from sales to other public utilities for resale" includes, but is not limited to, carrier access charges paid to the company.

SCHEDULE: 33

STATEMENT OF INTRASTATE GROSS EARNINGS (REVENUE) FOR THE YEAR \*  
(in dollars)

Account No.		Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
Class "A" Company	Class "B" Company				
<b>LOCAL NETWORK SERVICES REVENUES:</b>					
5001	.....	Basic Area Rev.	1,250,633		1,250,633
5002	.....	Optional Extended Area Rev.			
5003	.....	Cellular Mobile Service Rev.			
5004	.....	Other Mobile Service Rev.			
5000	.....	Basic Local Service Rev.	1,250,633		1,250,633
(5001-5004)					
5010	.....	Public Telephone Rev.			
5040	.....	Local Private Line Rev.	22,283		22,283
5050	.....	Customer Premises Rev.			
5060	.....	Other Local Exchange Rev.	486,552		486,552
5069	.....	Other Local Exchange Rev. Settlements			
(5001-5069)	5000	<b>TOTAL LOCAL NETWORK SERVICES REVENUES</b>	<b>1,759,468</b>		<b>1,759,468</b>
<b>NETWORK ACCESS SERVICES REVENUES:</b>					
5081	5081	End User Rev.	580,838	580,838	
5082	5082	Switched Access Revenue	1,407,856	1,407,856	
5083	5083	Special Access Revenue	216,643	216,643	
5084	5084	State Access Revenue	3,502,956		3,502,956
5080	5080	<b>NETWORK ACCESS REVENUE</b>	<b>5,708,293</b>	<b>2,205,337</b>	<b>3,502,956</b>
(5081-5084)	(5081-5084)				

Note: Total Column should agree with revenues reported on Schedule 5.  
Provide detailed explanation of any deviations.

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SCHEDULE: 33

STATEMENT OF INTRASTATE GROSS EARNINGS (REVENUE) FOR THE YEAR *					
(in dollars)					
Account No.		Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
Class "A" Company	Class "B" Company				
<b>LONG DISTANCE NETWORK SERVICES REVENUES:</b>					
5100	.....	Long Distance Message Rev.	525 842		525 842
5111	.....	Long Distance Inward-Only Rev.			
5112	.....	Long Distance Outward-Only Rev.			
5121	.....	Subvoice Grade Long Dist. Priv. Net. Rev.			
5122	.....	Voice Grade Long Dist. Priv. Net. Rev.	69 754		69 754
5123	.....	Audio Prog. Grade Long Dist. Priv. Net. Rev.			
5124	.....	Video Prog. Grade Long Dist. Priv. Net. Rev.			
5125	.....	Digital Trans. Long Dist. Priv. Net. Rev.			
5126	.....	Long Dist. Priv. Net. Switching Rev.			
<b>LOCAL NETWORK SERVICES REVENUES:</b>					
5128	.....	Other Long Dist. Priv. Net. Rev.			
5129	.....	Other Long Dist. Priv. Net. Rev. Settlements			
5160	.....	Other Long Dist. Rev.			
5169	.....	Other Long Dist. Rev. Settlements			
5100-5169	5100	<b>LONG DISTANCE NETWORK SERVICE REVENUES (FOR CLASS "B" ACCOUNT 5100)</b>	<b>595 596</b>		<b>595 596</b>
<b>MISCELLANEOUS REVENUES:</b>					
5230	.....	Directory Rev.	351 584		351 584
5240	.....	Rent Rev.	79 654		79 654
5250	.....	Corporate Operations Rev.			
5261	.....	Special Billing Arrangement Rev.			
5262	.....	Customer Operations Rev.			
5263	.....	Plant Operations Rev.			
5264	.....	Other Incidental Regulated Rev.	52 430		52 430

Note: Total Column should agree with revenues reported on Schedule 5.  
Provide detailed explanation of any deviations.

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SCHEDULE: 33

STATEMENT OF INTRASTATE GROSS EARNINGS (REVENUE) FOR THE YEAR *					
(in dollars)					
Account No.		Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
Class "A" Company	Class "B" Company				
5269	.....	Other Rev. Settlements			
5260	.....	Miscellaneous Revenues (5261-5269)			
5270	.....	Carrier Billing & Collection Rev.	141,008		141,008
5200 (5230-5270)	5200	MISCELLANEOUS REVENUES	624,676		624,676
<b>NONREGULATED REVENUES:</b>					
5280	5280	Nonregulated Operating Revenues			
<b>TOTAL OPERATING REVENUES (5001-5280)</b>			<b>8,688,033</b>	<b>2,205,337</b>	<b>6,482,696</b>
<b>OTHER OPERATING INCOME AND EXPENSES:</b>					
7110	.....	Income from Custom Work			
7130	.....	Return from Nonregulated Use of Reg. Fac.			
7140	.....	Gains and Losses from Foreign Exchange			
7150		Gains or Losses from Disposition of Land and Artwork			
7160	.....	Other Operating Gains and Losses			
7100 (7110-7160)	7100	OTHER OPERATING INCOME AND EXPENSES			
<b>NONOPERATING INCOME AND EXPENSES:</b>					
7310	.....	Dividend Income	55,608		55,608
7320	.....	Interest Income	40,394		40,394
7330	.....	Income from Sinking and Other Funds			
7340	.....	Allowance for Funds Used During Construction			
7350	.....	Gains from the Disposition of Certain Prop.			
7360	.....	Other Nonoper. Income (Income & Gains Only)			
7370	.....	Special Charge			
7300 (7310-7370)	7300	NONOPERATING INCOME AND EXPENSE	96,002		96,002

Note: Total Column should agree with revenues reported on Schedule 5.  
Provide detailed explanation of any deviation.

Annual Report of TELEPHONE SERVICE COMPANY

Year Ended December 31, 2001

SCHEDULE: 33

STATEMENT OF INTRASTATE GROSS EARNINGS (REVENUE) FOR THE YEAR \*  
(in dollars)

Account No.		Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
Class "A" Company	Class "B" Company				
<b>EXTRAORDINARY ITEMS:</b>					
7610	.....	Extraordinary Income Credits			
7620	.....	Extraordinary Income Charges Debit			
7630	.....	Current Income Tax Effect of Extraordinary Items-Net: Credited			
7640	.....	Provision for Deferred Income Tax Effect of Extraordinary Items-Net: Credited			
7600 (7610-7640)	7600	<b>TOTAL EXTRAORDINARY ITEMS</b>			
		<b>SUBTOTAL (5001-7640)</b>	<b>8,784,035</b>	<b>2,205,337</b>	<b>6,578,698</b>
		Less:			
		- Earnings or receipts from sales to public utilities for resale	( 5,268,462 )	( 1,657,788 )	( 3,610,674 )
		<b>TOTAL</b>	<b>3,515,573</b>	<b>547,549</b>	<b>2,968,024</b>

\* Intrastate means from one point to another point in Ohio, or wholly within Ohio.

Note: Total Column should agree with revenues reported on Schedule 5.  
Provide detailed explanation of any deviations.

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SCHEDULE: 34

IN ORDER TO ENSURE THAT PUCO CORRESPONDENCE IS DIRECTED TO THE APPROPRIATE PERSON AT THE CORRECT ADDRESS, PLEASE COMPLETE THE FOLLOWING.

Name, Title, Address, and Phone Number of the Company's Contact Persons  
to Receive Entries and Orders from the Docketing Division

Lonnie D. Pedersen President  
Name Title  
P.O. Box 408, 2 Willie Street, Wapakoneta, OH 45895  
Address  
419-739-2227  
Phone Number (Including Area Code)

Name, Title, Address, and Phone Number of Person to whom Invoice  
should be Directed

Tercy Schwietzerman CFO  
Name Title  
P.O. Box 408, 2 Willie Street, Wapakoneta, OH 45895  
Address  
419-739-2291  
Phone Number (Including Area Code)

Name and Address of the President

Lonnie D. Pedersen President  
Name  
P.O. Box 408, 2 Willie Street, Wapakoneta, OH 45895  
Address

Annual Report of TELEPHONE SERVICE COMPANY Year Ended December 31, 2001

### VERIFICATION

The foregoing report must be verified by the President or Chief Officer of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

### OATH

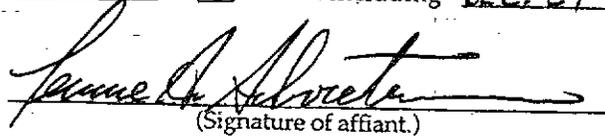
State of OHIO  
County of AUGLAIZE

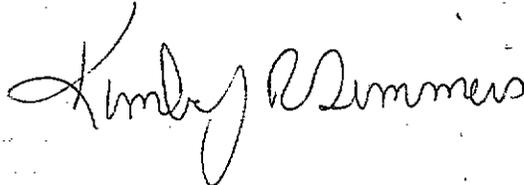
TERRANCE A. SCHWIETERMAN makes oath and says that  
(Insert here the name of the affiant.)

he is CHIEF FINANCIAL OFFICER  
(Insert here the official title of deponent)

of TELEPHONE SERVICE COMPANY  
(Insert here the exact legal title or name of the respondent.)

that he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from and including JAN 01, 2001 to and including DEC. 31, 2001.

  
(Signature of affiant.)



**KIMBERLY R. SIMMERS**  
NOTARY PUBLIC, STATE OF OHIO  
My Commission Expires April 27, 2006