LOCAL EXCHANGE TELEPHONE COMPANIES

For the provision of (check all that apply):

- ☒ INCUMBENT LOCAL EXCHANGE CARRIER (ILEC)
- ☐ Class A
- ☒ Class B

ANNUAL REPORT

OF

90-5039
Telephone Service Company
2 Willipie Street P.O. Box 408
Wapakoneta, OH 45895

Address | City | County | State | Zip Code

419 / 739-2200
Phone: (Area Code) Number

2 Willipie Street PO Box 408 Wapakoneta, OH 45895
(Address of principal business office at end of year)

RECEIVED-DOCKETING DIV
2006 MAY -1 PM 4:30
PUCO

TO THE

PUBLIC UTILITIES COMMISSION OF OHIO

FOR THE
YEAR ENDED DECEMBER 31, 2005

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 Street PO Box 408
terrysch@tdscpa.com Phone: 419/739-2291 Wapakoneta, OH 45895

TABLE OF CONTENTS

Title	Page
General Instructions	1-2
Additional Filing Requirements	3
Identity of Respondent	4
Corporate Control Over Respondent	5
Respondent's Control Over Other Corporations	5
Important Changes During the Year	6
Voting Powers and Elections	7
Board of Directors	8
Principal General Officers	9
Balance Sheet	10-14
Notes to Balance Sheet	15
Income Statement	16-21
Notes to Income Statement	22
Statement of Retained Earnings	23
Partnership Capital Statement	23
Analysis of Plant in Service	24-26
Accumulated Depreciation	27-32
Uncollectible Accounts	33
Receivables and Investments - Affiliated and Nonaffiliated Companies	34-35
Deferred Charges	36
Other Jurisdictional Asset Net	37
Net. Cur. Def. Operating Income Tax	37
Net Noncur. Def. Operating Income Taxes	38
Net Deferred Tax Liability Adjustment	38
Other Juris. Liability & Def. Cr. - Net	38
Long-Term Debt	39
Other Deferred Credits	40
Deferred Tax Regulatory Liability	41
Capital Stock	42
General Services and Licenses	43
Taxes Other Than Income Taxes	44
Analysis of Extraordinary Items	45
Distribution of Salaries and Wages	46
Outside Plant Statistics (Wire)	47
Outside Plant Statistics (Fiber Optic)	48
Detail of Ohio Exchange Access Lines in Service by Customer Class	49
Plant in Service Data - Ohio Class A and B Telephone Companies	50
Ohio Central Office Scheduled to be Upgraded	51
Projection of New or Changed Ohio Central Office Prefixes (NXX) to be placed in Service	52
Toll Usage Study to Ohio Contiguous Exchanges (Form 1)	53
Toll Usage Study to Ohio Contiguous Exchanges (Form 2)	53
Service Connection Assistance (SCA) Annual Reporting Form	54
Explanation of SCA Annual Reporting Form Fields	55
Statement of Intrastate Gross Earnings (Revenue) of the Year	56-59
Name, Address, and Phone Number of the Company's Contact Persons and to Whom Invoice Should Be Directed	60
Verification	61

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.

Telephone Service Company (b) N/A
2 Willipie Street
P O Box 408
Wapakoneta, 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 _____, and Case No. _____.

N/A

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? _____ 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? _____ 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 Willipie Street P O Box 408 Wapakoneta, 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: Subsiduary-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.

NONE

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	451,848	451,848	
Jean Schmidlapp Kelly	78,234	87,234	
Hauss-Schmidlapp Trust (Michelle Traver)	54,873	54,873	
Hauss-Schmidlapp Trust (Patricia Garrison)	54,873	54,873	
Alice Cox	54,069	54,069	
Gross Freres Enterprises	54,069	54,069	
City of Wapakoneta	49,245	49,245	
Phyllis T. Hill	30,517	30,517	
Robert Becker	26,934	26,934	
Lorraine Wetzel	26,934	26,934	
Jeanne C. Winget	23,517	23,517	
Karen Maxson	20,600	20,600	
Nancy Stroh	19,500	19,500	
Leland Stroh	19,400	19,400	
Merrill Lynch Pierce Fenner & Smith Inc	18,291	18,291	
Martha Molder	18,291	18,291	
Thomas Jones	16,934	16,934	
St. Paul United Churchof CHrist	16,884	16,884	
Wapakoneta Masonic Temple	16,884	16,884	
Vivian Green	14,070	14,070	
TOTAL LISTED ABOVE	1,074,967	1,074,967	
ALL STOCKHOLDERS	1,298,661	1,298,661	

Annual Report of TELEPHONE SERVICE COMPANY Year Ended December 31, 2005

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)
Robert Lietz Wapakoneta, OH	April 28, 1981	April 25.2006	10	$12,000
Douglas S. Jauert Wapakoneta, OH	April 28, 1981	April 25,2006	10	12,000
James H. Stroh Wapakoneta, OH	March 25,1989	April 25,2006	10	12,000
Lonnie D Pedersen Wapakoneta, OH	April 25,1995	April 25,2006	10	12,000
Gustave S. WintzerWapakoneta, OH	April 30,2003	April 25,2006	10	12,000

Name of Chairman of the Board Robert Lietz

Name of Secretary of Board Douglas Jauert

Number of Meetings of Board during the year 10

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

Annual Report of TELEPHONE SERVICE COMPANY Year Ended December 31, 20 05

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	Robert Lietz	Wapakoneta, OH
President	Over All (Sales-Information)	Lonnie D.Pedersen	Wapakoneta, OH
Vice President (Company)	Operations	Clint Conover	Wapakoneta, OH
Secretary of the Board		Douglas Jauert	Wapakoneta, OH
Treasurer of the Board		James H Stroh	Wapakoneta, OH
Chief Financial Officer	Finance/Accounting	Terrance Schwieterman	Wapakoneta, OH

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 4

BALANCE SHEET
ASSETS AND OTHER DEBITS

Account No. Class "A" Company	Account No. Class "B" Company	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)
		CURRENT ASSETS:				
.....	1120	Cash and Equivalents				
1130	.....	Cash		(47697)	1089062	1136759
1140	.....	Special Cash Deposits		323	323	—
1150	.....	Working Cash Advances		1030	1030	—
1160	.....	Temporary Investments	34	267081	1286952	1019871
1180	1180	Telecommunications Accounts Receivable	34	1286059	1586480	300421
1181	1181	Acts. Receivable Allowance-Telecom. (Cr.)	34	(52857)	(91464)	38607
1190	1190	Other Accounts Receivable	34	9806350	18849731	9043381
1191	1191	Accounts Receivable Allowance-Other(Cr.)	34			
1200	1200	Notes Receivable	35	83063	83063	—
1201	1201	Notes Receivable Allowance (Cr.)	35			
1210	1210	Interest and Dividends Receivable	35			
1220	1220	Material and Supplies		1173116	693416	(479700)
.....	1280	Prepayments				
1290	.....	Prepaid Rents				
1300	.....	Prepaid Taxes				
1310	.....	Prepaid Insurance		100	—0—	(100)
1320	.....	Prepaid Directory Expenses		22876	21920	(956)
1330	.....	Other Prepayments		617400	652250	34850
1350	1350	Other Current Assets				
(1130-1350)	(1120-1350)	TOTAL CURRENT ASSETS		13156844	24172763	11015919

Annual Report of Telephone Service Company Year Ended December 31, 2005

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					
		NONCURRENT ASSETS:				
1401	1401	Investments in Affiliated Cos.	35	845554	1623118	777564
1402	1402	Investments in Nonaffiliated Cos.	35	1526134	585073	(941061)
1406	1406	Nonregulated Investments				
1407	1407	Unamort. Debt Issuance Exp.				
1408	1408	Sinking Funds				
1410	1410	Other Noncurrent Assets		(66380)	(90109)	(23729)
1437	1437	Deferred Tax Regulatory Assets				
1438	1438	Deferred Maintainance and Retirements	36	69689	-0-	(69689)
1439	1439	Deferred Charges	36			
1500	1500	Other Juris. Assets-Net	37			
(1401-1500)	(1401-1500)	TOTAL NONCURRENT ASSETS		2374997	2118082	(256915)
		PROPERTY, PLANT AND EQUIPMENT:				
2001	2001	Tele. Plant in Service	24-26	20796186	20962832	166647
2002	2002	Prop. Held for Future Telecommunications Use	26			
2003	2003	Tele. Plant Under Construction-Short Term	26	76287	79144	2857
2004	2004	Tele. Plant Under Construction-Long Term	26			
2005	2005	Tele. Plant Adjustment	26			
2006	2006	Nonoperating Plant	26			
2007	2007	Goodwill	26			
(2001-2007)	(2001-2007)	TOTAL PROP., PLANT & EQUIP.		20872472	21041976	169504

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 4

BALANCE SHEET
ASSETS AND OTHER DEBITS

Account No. Class "A" Company	Account No. Class "B" Company	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)
		DEPRECIATION AND AMORTIZATION:				
3100	3100	Accum. Deprec.	27-32	(8888156)	(9718066)	(829910)
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.-Lsehld. Imprv.				
3500	3500	Accum. Amort.-Intangible				
3600	3600	Accum. Amort.-Other		(35459)	(35459)	-0-
(3100-3600)	(3100-3600)	TOTAL DEPREC. AND AMORT.		(8923615)	(9753525)	(829910)
		NET PLANT (2001-2007) Less (3100-3600)		11948857	7649349	(4299508)
		TOTAL ASSETS (1120-2007) Less (3100-3600)		27480698	37579296	10098598

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 4

BALANCE SHEET
LIABILITIES AND OTHER CREDITS

Account No. Class "A" Company	Account No. Class "B" Company	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)
		CURRENT LIABILITIES:				
4010	4010	Accounts Payable		1209981	9955020	8745239
4020	4020	Notes Payable				
4030	4030	Advance Billing and Pay.				
4040	4040	Customer Deposits		13001	12709	(292)
4050	4050	Cur. Maturities-Long Term Debt				
4060	4060	Cur. Maturities-Cap. Leases				
4070	4070	Income Taxes-Accrued		(691289)	56282	747571
4080	4080	Other Taxes-Accrued		201174	360084	158909
4100	4100	Net Cur. Def. Oper. Income Taxes	37	(111043)	(80498)	30545
4110	4110	Net Cur. Def. Nonoper. Income Taxes				
4120	4120	Other Accrued Liabilities		190369	199955	9586
4130	4130	Other Current Liabilities				
(4010-4130)	(4010-4130)	TOTAL CURRENT LIABILITIES		811993	10503552	9691559
		LONG-TERM DEBT:				
4210	4210	Funded Debt	39	3633250	2466550	(1166700)
4220	4220	Premium on Long-Term Debt	39			
4230	4230	Discount on Long-Term Debt	39			
4240	4240	Reacquired Debt				
4250	4250	Obligations Under Cap. Leases	39			
4260	4260	Advances from Affil. Cos.	39			
4270	4270	Other Long-Term Debt	39			
(4210-4270)	(4210-4270)	TOTAL LONG-TERM DEBT		3633250	2466550	(1166700)

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 4

BALANCE SHEET
LIABILITIES AND OTHER CREDITS

Account No. Class "A" Company	Account No. Class "B" Company	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)
		OTHER LIAB. AND DEF. CREDITS:				
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	38	1971615	1836467	(135148)
4341	4341	Net Deferred Tax Liability Adjustments	38			
4350	4350	Net Noncur. Def. Nonoper. Income Taxes		(575261)	(354124)	221137
4360	4360	Other Deferred Credits	40	50073	-0-	(50073)
4361	4361	Deferred Tax Regulat. Liability	41			
4370	4370	Other Juris. Liab. & Def. Cr.-Net	38	390452	422154	31702
(4310-4370)	(4310-4370)	TOTAL OTHER LIAB. & DEF. CR.		1836879	1904497	67618
		STOCKHOLDERS' EQUITY:				
4510	4510	Capital Stock	42	420000	420000	-0-
4520	4520	Additional Paid-In Capital	42	18000	18000	-0-
4530	4530	Treasury Stock	42	(96950)	(96950)	-0-
4540	4540	Other Capital				
4550	4550	Retained Earnings	23	20857526	22363647	1506121
(4510-4550)	(4510-4550)	TOTAL STOCKHOLDERS' EQUITY		21198576	22704697	1506121
(4010-4550)	(4010-4550)	TOTAL LIAB. & STOCKHOLDERS' EQUITY		27480698	37579296	10098598

SCHEDULE: 4A

NOTES TO BALANCE SHEET

SCHEDULE: 5

INCOME STATEMENT (in dollars)			
Account No.		Account Title	Amount
Class "A" Company	Class "B" Company		
		LOCAL NETWORK SERVICES REVENUES:	
5001	.....	Basic Area Revenue	1138486
5002	.....	Optional Extended Area Revenue	
5003	.....	Cellular Mobile Revenue	
5004	.....	Other Mobile Services Revenue	
5000 (5001-5004)	.....	Basic Local Service Revenue	1138486
5010	.....	Public Telephone Revenue	
5040	.....	Local Private Line Revenue	18503
5050	.....	Customer Premises Revenue	(80556)
5060	.....	Other Local Exchange Revenue	463505
5069	.....	Other Local Exchange Revenue Settlements	
(5001-5069)	**5000**	LOCAL NETWORK SERVICES REVENUES	1539938
		NETWORK ACCESS SERVICE REVENUES:	
5081	5081	End User Revenue	881880
5082	5082	Switched Access Revenue	1090811
5083	5083	Special Access Revenue	483177
5084	5084	State Access Revenue	3432486
5080 (5081-5084)	**5080 (5081-5084)**	NETWORK ACCESS REVENUE	5888354
		LONG DISTANCE NETWORK SERVICES REVENUES:	
5100	5100	Long Distance Message Revenue	386939
5111	.....	Long Distance Inward-Only Revenue	
5112	.....	Long Distance Outward-Only Revenue	
5121	.....	Subvoice Grade Long Distance Private Network Revenue	
5122	.....	Voice Grade Long Distance Private Network Revenue	57240
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	444179

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 5

INCOME STATEMENT
(in dollars)

Account No.		Account Title	Amount
Class "A" Company	Class "B" Company		
		MISCELLANEOUS REVENUES:	
5230	.....	Directory Revenue	437029
5240	.....	Rent Revenue	92634
5250	.....	Corporate Operations Revenue	
5261	.....	Special Billing Arrangements Revenue	5845
5262	.....	Customer Operations Revenue	
5263	.....	Plant Operations Revenue	
5264	.....	Other Incidental Regulated Revenue	161183
5269	.....	Other Revenue Settlements	
5270	.....	Carrier Billing and Collection Revenue	84628
(5230-5270)	5200	MISCELLANEOUS REVENUES	781319
		NONREGULATED REVENUES:	
5280	5280	Non Regulated Operating Revenue	-0-
		UNCOLLECTIBLE REVENUES:	
5301	.....	Uncollectible Revenue - Telecommunications	28183
5302	.....	Uncollectible Revenue - Other	
5300 (5301-5302)	5300	UNCOLLECTIBLE REVENUES	28183
		TOTAL OPERATING REVENUE (5001 - 5302)	8681973

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 5

INCOME STATEMENT (in dollars)			
Account No.		Account Title	Amount
Class "A" Company	Class "B" Company		
		PLANT SPECIFIC OPERATIONS EXPENSE:	
6112	.....	Motor Vehicle Expense	14381
6113	.....	Aircraft Expense	
6114	.....	Spec. Purpose Vehicles Expense	
6115	.....	Garage Work Equipment Expense	
6116	.....	Other Work Equipment Expense	1870
6110 (6112-6116)	6110	NETWORK SUPPORT EXPENSE	16251
6121	.....	Land and Building Expense	85385
6122	.....	Furniture and Artworks Expense	4307
6123	.....	Office Equipment Expense	10297
6124	.....	General Purpose Computers Expense	369535
6120 (6121-6124)	6120	GENERAL SUPPORT EXPENSE	469523
6211	.....	Analog Electronic Expense	
6212	.....	Digital Electronic Expense	335925
6215	.....	Electro-Mechanical Expense	
6210 (6211-6215)	6210	CENTRAL OFFICE SWITCH.EXPENSE	335925
6220	6220	Operator Systems Expense	
6231	.....	Radio Facilities Expense	
6232	.....	Circuit Equipment Expense	55880
6230 (6231-6232)	6230	CENTRAL OFFICE TRANSM. EXPENSE	55880
6311	.....	Station Apparatus Expense	137
6341	.....	Large Private Branch Exchange Expense	
6351	.....	Public Telephone Terminal Equipment Expense	
6362	.....	Other Terminal Equipment Expense	
6310 (6311-6362)	6310	INFO. ORIG./TERM. EXPENSE	137
6411	.....	Poles Expense	5525
6421	.....	Aerial Cable Expense	52410
6422	.....	Underground Cable Expense	7157
6423	.....	Buried Cable Expense	83457
6424	.....	Submarine Cable Expense	
6425	.....	Deep Sea Cable Expense	
6426	.....	Intrabuilding Network Cable Expense	40
6431	.....	Aerial Wire Expense	1505
6441	.....	Conduit Systems Expense	519
6410 (6411-6441)	6410	CABLE AND WIRE FACIL. EXPENSE	150613
(6112-6441)	(6110-6410)	TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	1028329

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 5

INCOME STATEMENT (in dollars)			
Account No.		Account Title	Amount
Class "A" Company	Class "B" Company		
		PLANT NONSPECIFIC OPERATIONS EXPENSE:	
6511	.....	Property Held for Future Telecommunications Use Expense	
6512	.....	Provisioning Expense	(107474)
6510 (6511-6512)	6510	OTHER PROP., PLANT & EQUIP. EXPENSE	(107474)
6531	.....	Power Expense	38696
6532	.....	Network Administration Expense	64299
6533	.....	Testing Expense	
6534	.....	Plant Oper. Admin. Expense	64095
6535	.....	Engineering Expense	45850
6530 (6531-6535)	6530	NETWORK OPERATIONS EXPENSE	212900
6540	6540	Access Expense	212722
6561	.....	Depreciation Expense-Telecommunications Plant In Service	1059957
6562	.....	Depreciation Expense-Property Held for Future Telecommunications Use	
6563	.....	Amortization Expense-Tangible	
6564	.....	Amortization Expense-Intangible	20017
6565	.....	Amortization Expense-Other	
6560 (6561-6565)	6560	DEPRECIATION & AMORT. EXPENSE	1292696
(6511-6565)	(6510-6560)	TOTAL PLANT NONSPECIFIC OPERATIONS	1398122
		CUSTOMER OPERATIONS EXPENSE:	
6611	.....	Product Management	955
6612	.....	Sales	50696
6613	.....	Product Advertising	65432
6610 (6611-6613)	6610	MARKETING	117083
6621	.....	Call Completion Services	(3)
6622	.....	Number Services	53632
6623	.....	Customer Services	781939
6620 (6621-6623)	6620	SERVICES	835568
(6610-6620)	(6610-6620)	TOTAL CUSTOMER OPERATIONS EXPENSE	952651
		CORPORATE OPERATIONS EXPENSE:	
6711	.....	Executive	514644
6712	.....	Planning	
6710 (6711-6712)	6710	EXECUTIVE AND PLANNING	514644

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 5

INCOME STATEMENT (in dollars)			
Account No.		Account Title	Amount
Class "A" Company	Class "B" Company		
6721	.....	Accounting and Finance	361202
6722	.....	External Relations	10323
6723	.....	Human Resources	148555
6724	.....	Information Management	
6725	.....	Legal	42204
6726	.....	Procurement	51225
6727	.....	Research and Development	
6728	.....	Other General and Administrative	276809
6720 (6721-6728)	6720	GENERAL AND ADMINISTRATIVE	890316
6790	6790	Provision for Uncollectible Notes Receivable	
(6710-6790)	(6710-6790)	TOTAL CORPORATE OPERATIONS EXPENSE	1404960
(6112-6790)	(6110-6790)	TOTAL OPERATING EXPENSES	4784062
		OPERATING TAXES:	
7210	.....	Operating Investment Tax Credits-Net	
7220	.....	Operating Federal Income Taxes	1114321
7230	.....	Operating State and Local Income Taxes	133374
7240	.....	Operating Other Taxes	373415
7250	.....	Provision for Deferred Operating Income Taxes-Net	
7200 (7210-7250)	7200	TOTAL OPERATING TAXES	1621110
		NET OPERATING INCOME (5001-5302) Less (6110-7200)	2276801
		OTHER OPERATING INCOME AND EXPENSE:	
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)	7100	TOTAL OTHER OPERATING INCOME AND EXPENSE	-0-

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 5

INCOME STATEMENT
(in dollars)

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Amount
		NONOPERATING INCOME AND EXPENSE:	
7310	.....	Dividend Income	20568
7320	.....	Interest Income	20767
7330	.....	Income from Sinking and Other Funds	
7340	.....	Allowance for Funds Used During Construction	
7350	.....	Gains or Losses from Disposition of Certain Prop.	
7360	.....	Other Nonoperating Income	937433
7370	.....	Special Charges	(3558)
7300 (7310-7370)	**7300**	**TOTAL NONOPERATING INCOME AND EXPENSE**	975210
		NONOPERATING TAXES:	
7410	.....	Nonoperating Investment Tax Credits-Net	
7420	.....	Nonoperating Federal Income Taxes	(234169)
7430	.....	Nonoperating State & Local Income Taxes	
7440	.....	Nonoperating Other Taxes	
7450	.....	Provision for Deferred Nonoperating Income Taxes-Net	
7400 (7410-7450)	**7400**	**TOTAL NONOPERATING TAXES**	(234169)
		INTEREST AND RELATED ITEMS:	
7510	.....	Interest on Funded Debt	(83191)
7520	.....	Interest Expense-Capital Leases	
7530	.....	Amortization of Debt Issuance Expense	
7540	.....	Other Interest Deductions	
7500 (7510-7540)	**7500**	**TOTAL INTEREST AND RELATED ITEMS**	(83191)
		EXTRAORDINARY ITEMS:	
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)	**7600**	**TOTAL EXTRAORDINARY ITEMS**	
		JURISDICTIONAL DIFFERENCES AND NONREGULATED INCOME ITEMS:	
7910	7910	Income Effect of Juris. Ratemaking Dif.-Net	
7990	7990	Nonregulated Net Income	
		NET INCOME	2934651

SCHEDULE: 5A

NOTES TO INCOME STATEMENT

SCHEDULE: 6

Account No.	STATEMENT OF RETAINED EARNINGS Item	Page No.	Amount (in dollars)
	Balance-First of Year	14	20857526
	Changes: Balance Transferred from Income	21	1506121
	Dividends Declared		
	Miscellaneous Debits to Retained Earnings		
	Miscellaneous Credits to Retained Earnings		
	Balance-End of Year	14	22363647
	Notes to Statement of Retained Earnings:		

SCHEDULE: 7

Account No.	PARTNERSHIP CAPITAL STATEMENT (1) Item	Page No.	Amount (in dollars)
	Partnership Capital-Beginning of Year	14	
	Net Income (Loss) for Year	21	
	Partners' Capital Contributions		
	Miscellaneous Credits		
	TOTAL CREDITS		
	Partners' Drawings		
	Prior Period Adjustment(s)		
	Miscellaneous Debits		
	TOTAL DEBITS		
	Partnership Capital-End of Year	14	

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

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 8

ANALYSIS OF PLANT IN SERVICE
(in dollars)

Account No. *Class "A" Company	Account No. 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)
		GENERAL SUPPORT ASSETS:					
.....	2110	Land and Support Assets					
2111	.....	Land	165354				165354
2112	.....	Motor Vehicles	581318	93557	(52473)		622402
2113	.....	Aircraft					
2114	.....	Special Purpose Vehicles					
2115	.....	Garage Work Equipment					
2116	.....	Other Work Equipment	189631	17855	(3394)	(1114)	202978
2121	.....	Buildings	2334257	12546			2346802
2122	.....	Furniture	283914		(3622)		280292
2123.1	.....	Office Support Equip.	57010		(4865)		52145
2123.2	.....	Co. Comm. Equip.	15532	664			16196
2124	.....	General Purpose Computers	459470	54528			51399
(2111-2124)	2110	TOTAL GENERAL SUPPORT ASSETS	4086486	179150	(64354)	(1114)	4200168
		CENTRAL OFFICE ASSETS:					
2211	.....	Analog Electronic Switching					
2212	.....	Digital Electronic Switching	3931676	144439		(75513)	4000603
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	3931676	144439		(75513)	4000603
2220	2220	Operator Systems					
2231	.....	Radio Systems					
2232	.....	Circuit Equipment	1093915				1093915
(2231-2232)	2230	CENTRAL OFFICE TRANSMISSION	1093915				1093915

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 8

ANALYSIS OF PLANT IN SERVICE
(in dollars)

Account No. *Class "A" Company	Account No. 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)
		INFORMATION ORIGINATION/TERMINATION ASSETS:					
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 ORIGINATION/TERMINATION					
		CABLE AND WIRE FACILITIES ASSETS:					
2411	.....	Poles	292727	2723	(10666)		284784
2421	.....	Aerial Cable	833322	5439	(107973)	95	730884
2422	.....	Underground Cable	2250741	4421			2255163
2423	.....	Buried Cable	6231049	74913	(1154)		6304807
2424	.....	Submarine Cable					
2425	.....	Deep Sea Cable					
2426	.....	Intrabuilding Network Cable	5986				5986
2431	.....	Aerial Wire					
2441	.....	Conduit Systems	1966054	16239			1982292
(2411-2441)	2410	CABLE AND WIRE FACILITIES	11579879	103735	(119793)	95	11563916
		AMORTIZABLE ASSETS:					
2681	.....	Capital Leases					
2682	.....	Leasehold Improvements					
(2681-2682)	2680	AMORTIZABLE TANGIBLE ASSET					
2690	2690	Intangibles	104230				104230
2001 (2110-2690)	2001 (2110-2690)	TOTAL TELECOMMUNICATIONS PLANT IN SERVICE	20796186	427324	(184147)	(76532)	20962832

25

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 8

ANALYSIS OF PLANT IN SERVICE
(in dollars)

Account No. *Class "A" Company	Account No. 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)
2001	2001	Telecommunications Plant in Service	20796186	427324	(184147)	(76532)	20962832
2002	2002	Property Held For Future Telecommunications Use					
2003	2003	Tele. Plant Under Construction-Short Term	76287			2857	79144
2004	2004	Tele. Plant Under Construction-Long Term					
2005	2005	Tele. Plant Adjustment					
2006	2006	Nonoperating Plant					
2007	2007	Goodwill					
(2001-2007)	(2001-2007)	**TOTAL PROPERTY, PLANT AND EQUIPMENT**	20872472	427324	(184147)	(73675)	21041976

96

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)

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

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Accumulated Depreciation At Beginning of Current Year (a)	Accrual Rate (b)	Annual Accrual (c)	Original Cost of Plant Retired (d)
		GENERAL SUPPORT ASSETS:				
.....	2110	Land and Support Assets				
2111	.....	Land				
2112	.....	Motor Vehicles	395782	11.6%	70649	(52473)
2113	.....	Aircraft				
2114	.....	Special Purpose Vehicles				
2115	.....	Garage Work Equip.				
2116	.....	Other Work Equip.	12744	10.4%	11449	(3394)
2121	.....	Buildings	759137	3.03%	70918	
2122	.....	Furniture	34890	5%	14105	(3622)
2123.1	.....	Office Support Equip.	53789	12.5%	6822	(4865)
2123.2	.....	Co. Comm. Equip.	7297	9.8%	1555	
2124	.....	Gen. Purpose Computers	435639	20%	29859	
(2111-2124)	2110	TOTAL GEN. SUPPORT ASSETS	1915948		205357	(64354)
		CENTRAL OFFICE ASSETS:				
(2211-2215.3)	2210	Central Office-Switching				
2211	.....	Analog Electronic Switching				
2212	.....	Digital Electronic Switching				
2212.1	.....	Digital Switch. - Hardware	1855661	8.08%	259865	
2212.2	.....	Digital Switch. - Software	557445	25%	1023	
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.	606098	8.08%	88388	
(2211-2232)	(2210-2230)	TOTAL CEN. OFFICE ASSETS	3019204		349276	

(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 beings 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. _____). (If Accrual Rate changes during the year should be identified with effective date of change _____).
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
SCHEDULE: 9

Year Ended December 31, 20 05

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)

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

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Cost of Removal (e)	Salvage (f)	Other (g)	Balance at End of CurrentYear (h)=(a)+(c)-(d)-(e)+(f)+(g)
		GENERAL SUPPORT ASSETS:				
.....	2110	Land and Support Assets				
2111	.....	Land				
2112	.....	Motor Vehicles		7600		421557
2113	.....	Aircraft				
2114	.....	Special Purpose Vehicles				
2115	.....	Garage Work Equip.				
2116	.....	Other Work Equip.				135469
2121	.....	Buildings				830055
2122	.....	Furniture				145373
2123.1	.....	Office Support Equip.				57746
2123.2	.....	Co. Comm. Equip.				8852
2124	.....	Gen. Purpose Computers				465498
(2111-2124)	2110	TOTAL GEN. SUPPORT ASSETS		7600		2064550
		CENTRAL OFFICE ASSETS:				
(2111-2215.3)	2210	Central Office-Switching				
2211	.....	Analog Electronic Switching				
2212	.....	Digital Electronic Switching				2673994
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.				694487
(2211-2232)	(2210-2230)	TOTAL CEN. OFFICE ASSETS				3368481

98

(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 beings 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. _____). (If Accrual Rate changes during the year should be identified with effective date of change _____).
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, 2005

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)

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

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Accumulated Depreciation At Beginning of Current Year (a)	Accrual Rate (b)	Annual Accrual (c)	Original Cost of Plant Retired (d)
		INFORM.ORIG/TERM.ASSETS:				
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				
		CABLE & WIRE FACIL. ASSETS:				
2411	.....	Poles	186074	7.5%	18754	(10666)
2421	.....	Aerial Cable	258255	6.9%	29966	(107346)
2421.1	.....	Aerial Cable - Metallic	189673	8.3%	18286	(627)
2421.2	.....	Aerial Cable - Nonmetallic	24491	4.2%	2172	
2421.3	.....	Aerial Cable - Drop				
2422	.....	Underground Cable	436704	3.89%	65457	
2422.1	.....	Underground Cable - Metallic				
2422.2	.....	Underground Cable - Nonmetallic	104547	2.89%	17800	
2423	.....	Buried Cable	1321681	4.77%	162970	(1154)
2423.1	.....	Buried Cable - Metallic	489739	4.77%	62619	
2423.2	.....	Buried Cable - Nonmetallic	501260	4.2%	51497	
2423.3	.....	Buried Cable - Drop				
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:

1. List the current accrual rates beings 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. _____). (If Accrual Rate changes during the year should be identified with effective date of change _____).
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, 20 05

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)

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

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Cost of Removal (e)	Salvage (f)	Other (g)	Balance at End of CurrentYear (h)=(a)+(c)-. (d)-(e)+(f)+(g)
		INFORM.ORIG/TERM.ASSETS:				
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				
		CABLE & WIRE FACIL. ASSETS:				
2411	.....	Poles	(6859)	40		187343
2421	.....	Aerial Cable	(5299)		(1770)	173806
2421.1	.....	Aerial Cable - Metallic	(541)		627	207418
2421.2	.....	Aerial Cable - Nonmetallic				276663
2421.3	.....	Aerial Cable - Drop				
2422	.....	Underground Cable				502161
2422.1	.....	Underground Cable - Metallic				
2422.2	.....	Underground Cable - Nonmetallic				122348
2423	.....	Buried Cable	(2922)		(5586)	1474989
2423.1	.....	Buried Cable - Metallic	(34)			552324
2423.2	.....	Buried Cable - Nonmetallic				552757
2423.3	.....	Buried Cable - Drop				
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:

1. List the current accrual rates beings 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. _____). (If Accrual Rate changes during the year should be identified with effective date of change _____).
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, 2005

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)

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

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Accumulated Depreciation At Beginning of Current Year (a)	Accrual Rate (b)	Annual Accrual (c)	Original Cost of Plant Retired (d)
2426	.....	Intrabldg. Net. Cable	2882	5.75%	292	
2426.1	.....	Intrabldg. Net. Cable - Metallic				
2426.2	.....	Intrabldg. Net. Cable - Nonmetallic				
2431	.....	Aerial Wire				
2441	.....	Conduit Systems	437695	2.44%	43353	
(2411-2441)	2410	TOTAL CABLE & WIRE FACIL. ASSETS	3953001		474166	(119793)
		TOTAL ACCUMULATED DEPREC. (2112-2441)	8888153		1028800	(184147)

31

(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 beings 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. _____). (If Accrual Rate changes during the year should be identified with effective date of change _____).
3. Clearly mark on the

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 9

ACCUMULATED DEPRECIATION (Account 3100) (in dollars)

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

Account No. Class "A" Company	Account No. Class "B" Company	Account Title	Cost of Removal (e)	Salvage (f)	Other (g)	Balance at End of CurrentYear (h)=(a)+(c)-(d)-(e)+(f)+(g)
2426	.....	Intrabldg. Net. Cable				3175
2426.1	.....	Intrabldg. Net. Cable - Metallic				
2426.2	.....	Intrabldg. Net. Cable - Nonmetallic				
2431	.....	Aerial Wire				
2441	.....	Conduit Systems				481048
(2411-2441)	2410	**TOTAL CABLE & WIRE FACIL. ASSETS**	(15655)	40	(6729)	4285031
		TOTAL ACCUMULATED DEPREC. (2112-2441)	(15655)	7640	(6729)	9718062

32

(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 beings 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. _____). (If Accrual Rate changes during the year should be identified with effective date of change _____).
3. Clearly mark on the Depreciation Schedule how depreciation expense was calculated, i.e., monthly, quarterly, semi-annually, or annually.

Annual Report of _____ Year Ended December 31, 20____

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		
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, 20 05

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)	Accont 1191 Accts. Receivable Allowance-Other (f)
	$	$	$	$	$
TSC Comm				16524043	
Bright.net				2325688	
Total Affiliated				18849731	
Total Nonaffiliated	1286952	1586480	(91464)		-0-
TOTAL BALANCE	1286952	1586480	(91464)	18849731	-0-

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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 Comm	83063			1623118	
ComNet					18,000
Horizon PCS					356975
Fiber Solutions					31490
Horizon Telecom					
Champaign					77418
Other					101190
Total Affiliated	83063			1623118	
Total Nonaffiliated					585073
TOTAL BALANCE	83063			1623118	585073

SCHEDULE: 12

DEFERRED CHARGES (Accounts 1438 and 1439) (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	$
Aggregate of All Other Items	
TOTAL	$ -0-
ACCOUNT 1439	
Aggregate of All Other Items	
TOTAL	$ -0-

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 13

OTHER JURISDICTIONAL ASSET NET - ACCOUNT 1500 (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)
TOTALS				$

SCHEDULE: 14

NET CUR. DEF. OPERATING INCOME TAX - ACCOUNT 4100 (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	(111043)	30545		(80498)
TOTALS	(111043)	30545		$ (80498)

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	1971615	(135148)		1836467
TOTALS	1971615	(135148)		$1836467

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				$ -0-

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)
Liability Asset Retired Obligation #4370	390452		31702	422154
TOTALS	390452		31702	$ 422154

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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)
			$	$	%	%	$	$
TERM LOAN	7-7-98	7-7-08	2466550	-0-	*	*	-0-	2466550

SCHEDULE: 19

OTHER DEFERRED CREDITS (Account 4360)
(in dollars)

1. Disclose the data for each item in Account 4360 amounting to over $25,000.

Description of Item (a)	Amount at End of Current Year (b)
	$
Deferred Credits	-0-
All other - less than $25,000 each (or aggregate of all other items)	
TOTAL	$ -0-

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	$

Annual Report of Telephone Service Company Year Ended December 31, 2005

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.

			Amount of Stock Issued and Outstanding						
Class and Description of Capital Stock (a)	Par or Stated Value Amount (b)	Number of Shares Authorized (c)	Number of Stock Issued (d)	Acct. 4510 e=(b) x (d) $ Amount of Stock Issued & Outstanding (e)	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)
COMMON:	$ -0-	2000000	1688400	$ 420,000	$ 18000	$	389739	$ (9695)	1428527
PREFERRED:									
TOTALS	$	2000000	1688400	$ 420000	$ 18000	$	389739	$ (9695)	1428527

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		$

Annual Report of Telephone Service Company Year Ended December 31, 20 05

SCHEDULE: 23

TAXES OTHER THAN INCOME TAXES - OPERATING ACCOUNT 7240 (in dollars)	
Type of Tax:	Amount
Ohio Property Tax	152939
Ohio Gross Receipts Tax	
F.I.C.A.	
Other (Specify list)	
OHIO STATE TAX	193476
OHIO MUNICIPAL TAX	27000
TOTAL ACCOUNT 7240	$ 373415

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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				

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 25

DISTRIBUTION OF SALARIES AND WAGES

Telephone	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)
	36	31	67				
Part-time Employees	7	5	12	106372	106372		
Full-time Employees	29	26	55	2401973	1986723	415250	
TOTAL ALL EMPLOYEES	36	31	67	2508345	2093095	415250	

SCHEDULE: 26

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										
2										
3	OH10	36.84	65762	24.35	1016	175.10	9721.90			
4										
5										
6										
	TOTAL	36.84	65762	24.35	1016	175.10	9721.90			

(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							
2							
3	OH10			1.90	10.90	274.17	12233.30
4							
5							
6							
	TOTAL			1.90	10.90	274.17	12233.30

(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	(In Ground)	(Aerial)	Trench Miles (t)	Duct Miles (u)
1							
2							
3	OH10	3630				22.90	57.16
4							
5							
6							
	TOTAL	3630				22.90	57.16

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							
2							
3	OHIO	6.95	333.08	24.25	1067.00	42.83	1811.10
4							
5							
6							
	TOTAL	6.95	333.08	24.25	1067.00	42.83	1811.10

(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									
2									
3	OHIO							69.03	2587.18
4									
5									
6									
	TOTAL							69.03	2587.18

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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)					
Crederamille	457	62		1461		11	
645	366			1169		11	
941	91			292			
Wapakoneta	1460	1045		5257		162	
738	1278			4574			
739	91			683			
TOTAL	3743	1107		13436		184	

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

Annual Report of Telephone Services Company Year Ended December 31, 20 05

SCHEDULE: 28

PLANT AND SERVICE DATA - OHIO TELEPHONE COMPANIES
DETAIL OF BILLABLE ACCESS LINES IN SERVICE BY EXCHANGE IN OHIO

			No. of Business Access Lines			No. of Residential Access Lines		
Exchange Name (a)	No. of COs. In Exch. (b)	Type & Model(s) of CO(s) In Exchange (c)	Single Line (d)	Multi-Line Trunks (e)	No. of Company Pay Stations (f)	1-Party (g)	Multi-Party (h)	No. of Total Access Lines (i)
Crederswille	1	RCU	457	62	1	1461	0	
Wapakoneta	1	EWSD	1469	1045	33	5257	0	
TOTAL FOR OHIO			1926	1107	34	6718		

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

For companies with more exchanges than will fit this page, substitute a computer printout with the same information in place of this page.

For exchanges with multiple central offices, list the number of each type of central office, e.g., 12-5ESS, 1-61E, 2-DMS10, etc. The total should equal the total number of COs listed in Column (b).

Unusual switch types should be characterized as Electromechanical, Analog or Digital.

Use the following symbols to show in the above columns:
*Includes Key System, PBX and Centrex.
**Inlcudes all Single Line Business Access Lines.

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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.

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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*
	8597	419/ALL LIMA Per Toll Study done 12/19/02	38807	4.514

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*
		No Greater per Toll Study		12/19/02

* 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 HEAP [C]	E-HEAP [D]	OECP [E]	SSI [F]	Medicaid [G]	Percentage Penetration of Optional Features Touchtone [H]	Wire Care [I]	Non-Pub [J]	Custom Calling [K]	Participants Disconnected for Non-Payment [L]
(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]
(1) Flat	$	$	$	$	$	
(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.

Annual Report of _____ Year Ended December 31, 20__
SCHEDULE: 32

SCHEDULE 32: Service Connection Assistance

EXPLANATION OF SCA ANNUAL REPORTING FORM FIELDS

A, 1-3 - Refers to the number of SCA customers at the end of the fiscal year, as distinguished by the class of service the customers were receiving, i.e., flat, message, or measured rate service.

A,4 - The total of A1 + A2 + A3.

B, 1-3 - Refers to the number of SCA customers that were added to the program during the relevant fiscal year, as distinguished by the class of service. These numbers may actually be greater than the difference between consecutive year's respective totals. For instance, if there were 20 flat rate SCA customers at the end of FY92, and 25 flat rate SCA customers at the end of FY93, but 3 flat rate SCA customers left the program during FY93, then the number of new program participants would be 8, not 5.

B, 4 - The total of B1 + B2 + B3.

C-G, 1-3 - Refers to the number of SCA customers at the end of the fiscal year, as distinguished by the specific assistance program which qualified the customer for SCA, and further divided by the particular class of service.

C-G, 4 - The respective totals for C thru G, 1 + 2 + 3.

H-K, 1-3 - Refers to the percentage of SCA customers utilizing the respective optional features, as distinguished by the class of service the customer is receiving. These percentages may be calculated at the end of the fiscal year, as opposed to monitoring any changes during the course of the 12 month period.

H-K, 4 - THESE FIELDS SHOULD NOT ACTUALLY REFLECT TOTALS. Rather, they should reflect the respective percentages of utilization of each optional feature, expressed as a factor of all TSA customers, disregarding class of service distinctions.

L, 1-3 - Refers to the number of SCA customers involuntarily disconnected for non-payment during the course of the relevant fiscal year, as distinguished by the class of service.

L, 4 - The total of L1 + L2 + L3.

M, 1-3 - Refers to the average dollar amount of SCA customers' monthly local charges for the relevant year, as distinguished by the class of service.

M, 4 - Refers to the average dollar amount of SCA customers' monthly local charges for the relevant fiscal year, disregarding class of service distinctions.

N, 1-3 - Refers to the average dollar amount of SCA customers' monthly toll charges, including intra and interLATA toll, for the relevant fiscal year, as distinguished by the class of service.

N, 4 - Refers to the average dollar amount of SCA customers' monthly toll charges, including intra and interLATA toll, for the relevant fiscal year, disregarding class of service distinctions.

O, 1-3 - Refers to the average dollar amount of service connection charges that are waived for SCA customers during the relevant fiscal year, as distinguished by the class of service.

O, 4 - Refers to the average dollar amount of service connection charges that are waived for all SCA customers during the relevant fiscal year, disregarding class of service distinctions.

P, 1-3 - Refers to the average dollar amount of deposits waived for SCA customers during the relevant fiscal year, as distinguished by the class of service.

P, 4 - Refers to the average dollar amount of deposits that are waived for all SCA customers during the relevant fiscal year, disregarding class of service distinctions.

Q, 1-3 - Refers to the amount of the Subscriber Line Charge assessed by the company. This dollar amount will be the same for every class of service.

Q, 4 - THIS FIELD SHOULD NOT ACTUALLY REFLECT A TOTAL AND MAY, IN FACT, BE DISREGARDED.

R, 1-3&4 - Like Q, the answer to this field will be the same for 1 thru 4, and will be equal to:

(O + P) ÷ Q

Annual Report of Telephone Service Company Year Ended December 31, 20 05

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. Class "A" Company	Account No. Class "B" Company	Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
		LOCAL NETWORK SERVICES REVENUES:			
5001	.....	Basic Area Rev.	1138486		1138486
5002	.....	Optional Extended Area Rev.			
5003	.....	Cellular Mobile Service Rev.			
5004	.....	Other Mobile Service Rev.			
5000 (5001-5004)	.....	**Basic Local Service Rev.**	1138486		1138486
5010	.....	Public Telephone Rev.			
5040	.....	Local Private Line Rev.	18503		18503
5050	.....	Customer Premises Rev.	(80556)		(80556)
5060	.....	Other Local Exchange Rev.	463505		463505
5069	.....	Other Local Exchange Rev. Settlements			
(5001-5069)	5000	TOTAL LOCAL NETWORK SERVICES REVENUES	1539938		1539938
		NETWORK ACCESS SERVICES REVENUES:			
5081	5081	End User Rev.	881880	881880	
5082	5082	Switched Access Revenue	1090811	1090811	
5083	5083	Special Access Revenue	417416	417416	
5084	5084	State Access Revenue	3432486		3432486
5080 (5081-5084)	5080 (5081-5084)	NETWORK ACCESS REVENUE	5822593	2390107	3432486

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

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 33

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

Account No. Class "A" Company	Account No. Class "B" Company	Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
		LONG DISTANCE NETWORK SERVICES REVENUES:			
5100	.....	Long Distance Message Rev.	386939		386939
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.	57240		57240
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.			
		LOCAL NETWORK SERVICES REVENUES:			
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**	**LONG DISTANCE NETWORK SERVICE REVENUES (FOR CLASS "B" ACCOUNT 5100)**	444179		444179
		MISCELLANEOUS REVENUES:			
5230	.....	Directory Rev.	437029		437029
5240	.....	Rent Rev.	92634		92634
5250	.....	Corporate Operations Rev.			
5261	.....	Special Billing Arrangement Rev.	5845		5845
5262	.....	Customer Operations Rev.			
5263	.....	Plant Operations Rev.			
5264	.....	Other Incidental Regulated Rev.	161183		161183

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

Annual Report of Telephone Service Company Year Ended December 31, 2005

SCHEDULE: 33

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

Account No. Class "A" Company	Account No. Class "B" Company	Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
5269	.....	Other Rev. Settlements			
5260	.....	Miscellaneous Revenues (5261-5269)			
5270	.....	Carrier Billing & Collection Rev.	84628		84628
5200 (5230-5270)	**5200**	**MISCELLANEOUS REVENUES**	781319		781319
		NONREGULATED REVENUES:			
5280	5280	Nonregulated Operating Revenues			
		TOTAL OPERATING REVENUES (5001-5280)	8588029	2390107	6197922
		OTHER OPERATING INCOME AND EXPENSES:			
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**			
		NONOPERATING INCOME AND EXPENSES:			
7310	.....	Dividend Income	20568		20568
7320	.....	Interest Income	20767		20767
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)	937433		937433
7370	.....	Special Charge			
7300 (7310-7370)	**7300**	**NONOPERATING INCOME AND EXPENSE**	978768		978768

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

nnual Report of Telephone Service Company Year Ended December 31, 20 05

HEDULE: 33

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

Account No. Class "A" ompany	Account No. Class "B" Company	Item	Total (1)	Interstate (2)	Ohio Intrastate (3)=(1)-(2)
		EXTRAORDINARY ITEMS:			
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 10-7640)	7600	TOTAL EXTRAORDINARY ITEMS			
		SUBTOTAL (5001-7640)	9566797	2390107	7176690
		Less:			
		- Earnings or receipts from sales to public utilities for resale	(5161035)	(84628)	(5076407)
		TOTAL	4405762	2305479	2100283

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

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