

AR 7/2/01

310800

TELECOMMUNICATIONS SERVICE PROVIDERS  
INCUMBENT LOCAL EXCHANGE CARRIERS  
SUBJECT TO ALTERNATIVE FORM OF REGULATION  
INCLUDING PRICE CAP AND PLAN A COMPANIES  
CLASS A ANNUAL REPORT

OF

COMMONWEALTH TELEPHONE COMPANY

Exact legal name of reporting telephone corporation

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

100 CTE Drive, Dallas, PA 18612

(Address of principal business office at end of year)

FOR THE

YEAR ENDED DECEMBER 31, 2000

TO THE

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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Name, title, address and telephone number (including the area code), E-Mail Address, and Web Site Address of the person to be contacted concerning this report:

Karen Dillon, Senior Manager, General Accounting

100 CTE Drive, Dallas, PA 18612

(570) 631-6236

Karen.Dillon@ct-enterprises.com

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## GENERAL INSTRUCTIONS

1. The completed original and an electronic (e-mail) copy of this report shall be filed with the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, Pennsylvania, 17105-3265 on or before the 30th of April following the end of the year to which the report applies.
2. Incumbent Local Exchange Carriers (LECs) subject to alternative form of regulation provisions, including price caps, upon which this report is served are required by statute to complete and file this report. The statute further provides that when any such report is defective or believed to be erroneous, the reporting corporation shall be duly notified and given a reasonable time within which to make the necessary amendments or corrections. All data comprising this report shall be submitted in electronic and permanent form.
3. All accounting terms and phrases used in this form are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in 52 PA. Code §63.31-63.32. ILECs regulated under Chapter 30's alternative form of regulation provisions, including price cap companies and Plan A companies as defined by Commission Order entered January 20, 2000, at Docket No. P-00981425, shall file the Class A Annual Report. ILECs regulated under Chapter 30's rate base / rate of return regulation provisions, or the Plan B Simplified Rate-making Plan as defined by Commission Order entered January 20, 2000, at Docket No. P-00981245, shall file the Class B Annual Report. All Competitive Local Exchange Carriers (CLECs) shall file the Class C Annual Report. ILECs that are also CLECs shall file the Class A or Class B Annual Report that applies to them and not the Class C Annual Report. Whenever the term respondent is used, it shall mean the reporting company.
4. Standard accounting procedures will apply in determining the nature of any entry (e.g., Uncollectibles, a revenue item, is normally a debit entry, and should be entered as a "positive" number unless the reported balance is a credit). Entries of a reverse or contrary character shall be indicated by parenthesis around the number.
5. If the report is made for a period less than the calendar year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where the period covered is shown. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes). If the books are not closed as of that date, the data in the report should nevertheless be complete and the amounts reported should be supported by information set forth in, or as part of, the books of account.
6. All instructions shall be followed and each question shall be answered fully and accurately. Sufficient answers shall appear to show that no question or schedule has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. Where information called for herein is not given, state fully the reason for its omission.
7. Extra copies of any page will be furnished upon request. If it is necessary or desirable to insert additional statements for the purpose of further explanation of accounts or schedules, they shall be legibly made on paper of durable quality and shall correspond to this form in size of page and width of margin. Additional sheets, ruled either vertically or horizontally, will be furnished on request. Inserts, if any, should be appropriately identified with the schedules to which they relate.
8. If the telecommunications service provider conducts operations both within and outside the Commonwealth of Pennsylvania, data should be reported so that there will be shown the number of subscribers within this state, and (separately by accounts) the operating revenues from sources within this state, and the plant investment as of the end of the year within the state.
9. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year or an appropriate explanation given why different figures were used.
10. Throughout the report, money items shall be shown in units of dollars adjusted to accord with footings. Omitting cents does not apply, however, to items in which cents are of significance, as for instance, in averages and in unit costs.
11. If this report is not completed electronically, the name of the respondent and the year to which the report relates shall be inserted on the top of each page.

## GENERAL INSTRUCTIONS (Continued)

12. While this report is generally considered a public document and therefore available for public inspection pursuant to 52 Pa. Code § 1.76, the public disclosure of certain financial information in an increasingly deregulated, competitive market could prove economically or competitively harmful to the reporting company. Therefore, certain schedules that provide competitively sensitive information have been pre-identified as requesting proprietary information and have been placed at the back of the report and separated by a page that identifies the schedules that follow as proprietary.

In addition, the reporting company may affirmatively designate as proprietary, if the information is not publicly reported or disclosed elsewhere, all information provided in the schedules for Balance Sheet, Notes of Balance Sheet, Income and Retained Earnings Statement, Cash Flow Statement, Prepaid Taxes and Tax Accruals, and Dividends Declared. The reporting company may also affirmatively designate as proprietary, if the information is not already publicly reported or disclosed elsewhere, all information other than the "totals" lines in the schedules for Analysis of Telecommunications Plant Accounts, Analysis of Entries in Accumulated Depreciation (Class A and Class B only), Bases of Charges for Depreciation (Class A and Class B only), Intrastate Operating Revenues, Operating Expenses by Category, Annual Access Line Summary Report, and Number of Employees.

In all of the above cases, the reporting company may designate the information as proprietary without filing a petition for protective order unless the designation is subsequently challenged by a third party pursuant to 52 Pa. Code § 5.423. For all schedules not listed above, if the reporting company designates any information as proprietary, it must immediately file a petition for protective order pursuant to 52 Pa. Code § 5.423 or the information will not be accorded confidential treatment by Commission staff.

For any information designated as proprietary by the reporting company, the Office of Trial Staff, the Office of Consumer Advocate and the Office of Small Business Advocate will also automatically receive such information when they agree to abide by its proprietary treatment. Any state-level executive or legislative branch agency may, upon request to the Commission, also receive such proprietary information if the agency confirms that the information is for official governmental use only, that it will agree not to publicly disclose this information without permission from the reporting company or Commission order, and that it will disclose this information only to its employees who have a need to know it. A form of confidentiality agreement must be executed by each requesting entity in order to have access to any information designated as proprietary.

These preliminary determinations as to what may be proprietary are not final or binding on the Commission or any party wishing to challenge these designations nor are they binding on any party seeking to have additional schedules, or parts thereof, declared proprietary.

If the reporting company designates any information as proprietary in this report, it must file two electronic versions and two hard copy versions, one with the expurgated schedules or parts thereof for placement in the Commission's public files and the other with the unexpurgated schedules or parts thereof stamped "proprietary." Failure to designate a schedule or part thereof as proprietary will result in the information being made available for public disclosure.

1. GENERAL INFORMATION

1 Name and title of officer having custody of the general books of account and address of the office where such books are kept

Donald P. Cawley, Sr. Vice President and Chief Accounting Officer  
Commonwealth Telephone Company  
100 CTE Drive  
Dallas, PA 18612

2 Name of (a) state in which incorporated, (b) date of incorporation, and designation of (c) law under which incorporated. If not incorporated, show type of organization, date organized and the identity of the parties in interest, together with the extent of their respective interests.

(a) State of Incorporation	Pennsylvania
(b) Date of Incorporation	September 27, 1950
(c) Law Under Which Incorporated	An Act of General Assembly of Pennsylvania authorizing the Merger and Consolidation of Certain Corporations

3. If at any time during the year the property of the company was held by a receiver or trustee, give (a) the name of the receiver or trustee, (b) the date such receiver or trustee took possession, (c) authority by which the receivership or trusteeship was vested, and (d) date when possession by receiver or trustee ceased

N/A

4. State the name of each other state or federal body exercising regulatory jurisdiction over respondent (excepting taxing authorities), and if such jurisdiction is limited, the extent of limitation should be set forth. If such jurisdiction terminated prior to the end of the year, state that fact with reasons for such termination and the effective date thereof.

Pennsylvania Public Utility Commission  
Federal Communications Commission

5 The respondent is also required to file with this annual report a copy of the annual shareholder's report in hard copy and a copy of the stockholder's 10K report. If a shareholder's annual report is not prepared by the respondent than a copy of the shareholder's report from the next ownership level shall be provided with this report

Annual Report of: Commonwealth Telephone Company

Year Ended December 31, 2000

2 BOARD OF DIRECTORS

Give the name of each person who was a member of the Board of Directors at any time during the year, indicating with an asterisk (\*) in column (a) those directors, who were members of the Executive Committee (if any), and by a double asterisk (\*\*) the Chairman, if any, at the end of the year. Columns (e) and (f) relate to Board meetings only.

Line No.	Ref. to Exec. Comm. (a)	Name of Director and Address (City and State) (b)	Served Continuously From (c)	Term Expired or Current Term Will Expire (d)	Fees Paid During Year (e)
1	(*) (*)	David C. McCourt - Princeton, NJ	10/31/1993		0

20 Name of Chairman of the Board: David C. McCourt

21 Name of Secretary (or Clerk) of Board: N/A

## 3. PRINCIPAL GENERAL OFFICERS

1. The persons to be listed herein are the chairman of the board (if he is an officer as well as a director), president, vice-president, secretary, 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).

Line No.	Name and Address (City and State) (a)	Title and Department Over Which Jurisdiction is Exercised (b)	Term Expired or Current Term Will Expire (c)	Served Continuously From (d)
1	David C. McCourt - Princeton, NJ	Chairman	0	10/31/1993
2	Michael I. Gottdenker - Dallas, PA	President & Chief Executive Officer	08/18/2000	09/14/1995
3	Michael J. Mahoney - Dallas, PA	President & Chief Executive Officer	0	07/28/2000
4	John Butler - Dallas, PA	Executive VP & Chief Financial Officer	03/17/2000	10/26/1998
5	James DePolo - Dallas, PA	Executive VP	0	09/01/1997
6	John J. Jones - Princeton, NJ	Executive VP, Gen. Counsel & Corp. Secretary	12/31/2000	07/27/1998
7	Kenneth Lee - Dallas, PA	Vice President, General Counsel & Secretary	0	01/15/2001
8	Donald P. Cawley - Dallas, PA	Sr. Vice President & Chief Accounting Officer	0	04/01/1992
9	John D. Filipowicz - Princeton, NJ	VP, Asst. General Counsel & Asst. Secretary	0	02/01/1995
10	Gary M. Zingaretti - Dallas, PA	Vice President of Industry Relations	0	09/22/1997
11	Joe Enis - Dallas, PA	Sr. Vice President & Treasurer	0	12/01/1999
12	Mike Loftus - Dallas, PA	Sr. Vice President & General Manager	0	11/01/1999
13	Patricia Seidel - Dallas, PA	Vice President of Marketing	0	06/04/1990
14	Charles Allabaugh - Dallas, PA	Vice President of Engineering	0	12/26/1956
15				
16				
17				
18				
19				
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22				
23				
24				
25				

## 4. CONTROL OVER RESPONDENT

1. The form of control, e.e. "Sole" or "Joint" held by the organization reported under the Directly Controlling Organization or Person section.
2. The Directly Controlling Organization or Person Section shall contain data associated with the Corporation, Individual, Association or other person who had direct control over the carrier
3. The Section designated for Joint Controlling Organization is provided for entry of data associated with the organization or person involved in the joint control.
4. Under the Section "The Means by Which Control Was Held", enter any phrase which would identify the means of control held by the organization reported under The Directly Controlled Organization or Person Section.
5. The Extent of Control shall include the percent of control held by The Directly Controlled Organization or Person Section
6. Each of these rows is provided for entry of data associated with those named under The Directly Controlled Section. Use one row for each person or organization in the chain of control in ascending order until the ultimate controlling organization or person is reported.
7. The Control as Trustee rows is provided for entry of data associated with the beneficiary of trust when the controlling organization or person named under the Director Controlling Organization or Person section control as trustee. Use no more than three lines per beneficiary.

Line No.	Classification (a)	Description (b)
1	The Form of Control	Sole
2	<u>Directly Controlling Organization or Person</u> Name and Address of Organization or Person	Commonwealth Telephone Enterprises, Inc. 100 CTE Drive Dallas, PA 18612
3	Continuation of Organization Controlling Jointly	
4	Continuation of Organization Controlling Jointly	
6	<u>Joint Controlling Organization or Person</u> Name and Address of Organization or Person	
7	Continuation of Organization Controlling Jointly	
8	Continuation of Organization Controlling Jointly	
...		
9	Name and Address of Organization or Person	
10	Continuation of Organization Controlling Jointly	Ownership of all outstanding common stock
11	Continuation of Organization Controlling Jointly	
12	The Means by Which Control Was Held	
13	The Extent of Control	100%
14	<u>Indirect Control</u> Name of Org. Who Controlled Directly Contr. Org.	N/A
15	Name of Org. Who Controlled Directly Contr. Org.	
16	Name of Org. Who Controlled Directly Contr. Org.	
17	Name of Org. Who Controlled Directly Contr. Org.	
...		
18	Name of Org. Who Controlled Directly Contr. Org.	N/A
19	<u>Control as Trustee</u> Name and Address of Beneficiary	
20	Continuation of data on Beneficiary	
21	Continuation of data on Beneficiary	
22	Name and Address of Beneficiary	
23	Continuation of data on Beneficiary	
24	Continuation of data on Beneficiary	
25	Name and Address of Beneficiary	
26	Continuation of data on Beneficiary	
27	Continuation of data on Beneficiary	

5 CORPORATIONS CONTROLLED BY RESPONDENT

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

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Foot-note Ref. (d)
None			

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

6. HOLDERS OF VOTING SECURITIES

1. Report the requested information for each holder of one percent or more of the voting capital or, if there are fewer than ten such holders, the ten who hold the highest voting powers. Data should be the latest available nearest the end of the year. When the holder of record is a trustee, or other intermediate agency (including a corporation), the data should be reported opposite the names of the beneficial owners, designated as such, under a general heading identifying the trustee or other agency. Securities with contingent voting rights may be disregarded.
  
2. Attach hereto a certified copy of every effective voting trust established under Section 621 of the Business Corporation Law and a certified copy of every other agreement (trustee or otherwise) under which voting securities are held for beneficial owners. If any such agreement has been filed with a previous report, reference to the earlier report will be sufficient provided changes or modifications since the previous filing are shown.

Line No.	Name and Address of Security Holder (a)	Number of Votes as of December 31		
		Common Stock (b)	Other (Specify)	
			(c)	(d)
1	CTE, Inc., 100 CTE Drive, Dallas, PA	1,267,629		
2				
3				
4				
5				
6				
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7. IMPORTANT CHANGES DURING THE YEAR

1. Use no more than three rows per item associated with Extension of System data. Give location, new territory covered and of beginning operation and in the case of purchase, give also name and address of the company from which purchased, date of acquisition and the payment given.
2. In the Substantial Portions or All Property Sold Section, give information regarding location and territory covered. In the case of sale or merger, give the effective date, name and address of the successor company, and the consideration received.
3. Enter only "Yes" or "No" as whether a map is attached defining the territory.
4. Enter "Sole" or "Joint" as to the form of direct control.

Line No.	Classification (a)	Description (b)
1 2 3 4 5 6 7 8 9	Expansion of System (Purchased or Exchanged)	N/A
10 11 12 13 14 15 16 17 18	Substantial Portions Sold, Purchased or Exchanged	N/A
19 20 21 22 23 24 25 26 27	Other	N/A

8. BALANCE SHEET					
Assets and Other Debits					
Provide total company amounts on the basis of the Pennsylvania System of Accounts.					
Any jurisdictional differences between the FCC and PAPUC should be distributed to each account.					
Line No.	Accounts (a)	Sch. No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)	Increase or (Decrease) (e)
<b>CURRENT ASSETS</b>					
1	1130	-	(374,000)	2,372,000	2,746,000
2	1140	-	-	-	-
3	1150	-	26,000	19,000	(7,000)
4	1160	-	14,675,000	13,383,000	(1,292,000)
5	1180	17	12,493,000	12,347,000	(146,000)
6	1181	-	(246,000)	(470,000)	(224,000)
7	1190 1	18	5,259,000	4,940,000	(1,319,000)
8	1190 2	-	13,914,000	14,200,000	286,000
9	1191	-	(210,000)	(210,000)	-
10	1200.1	19	-	-	-
11	1200.2	-	-	-	-
12	1201	-	-	-	-
13	1210	-	490,000	419,000	(71,000)
14	1220	-	4,582,000	4,708,000	126,000
15	1290	-	-	-	-
16	1300	21	991,000	-	(991,000)
17	1310	-	170,000	102,000	(68,000)
18	1320	-	-	-	-
19	1330	-	259,000	2,328,000	2,069,000
20	1350	-	18,000	-	(18,000)
21	1360	22	-	-	-
22			<b>53,047,000</b>	<b>54,138,000</b>	<b>1,091,000</b>
<b>NONCURRENT ASSETS</b>					
23	1401.1	20	-	-	-
24	1401.2	-	-	-	-
25	1402	-	6,411,000	6,411,000	-
26	1406	-	-	-	-
27	1407	-	326,000	294,000	(32,000)
28	1408	-	-	-	-
29	1410	-	-	-	-
30	1438	-	-	-	-
31	1439	-	423,000	1,644,000	1,221,000
32	1500	-	-	-	-
33	1510	22	-	-	-
34			<b>7,160,000</b>	<b>8,349,000</b>	<b>1,189,000</b>
<b>TELECOMMUNICATIONS PLANT*</b>					
35	2001	12	507,504,000	564,308,000	56,804,000
36	2002	12	453,000	449,000	(4,000)
37	2003	12	6,304,000	6,128,000	(176,000)
38	2004	12	-	-	-
39	2005	12	628,000	517,000	(111,000)
40	2006	12	3,298,000	3,785,000	487,000
41	2007	12	-	-	-
42		12	<b>518,187,000</b>	<b>575,187,000</b>	<b>57,000,000</b>
43	3100-3300	13	258,713,000	291,026,000	32,313,000
44	3410-3600	-	10,000	14,000	(4,000)
45		-	<b>259,464,000</b>	<b>284,147,000</b>	<b>24,683,000</b>
46		-	<b>319,671,000</b>	<b>346,634,000</b>	<b>26,963,000</b>

For Notes to Balance Sheet see Page 12

\* If there is activity in this account, provide details on a separate sheet.

8. BALANCE SHEET (continued)					
Liabilities and Other Credits					
Provide total company amounts on the basis of the Pennsylvania System of Accounts.					
Any jurisdictional differences between the FCC and PAPUC should be distributed to each account.					
Line No	Accounts (a)	Sch. No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)	Increase or (Decrease) (e)
	<b>CURRENT LIABILITIES</b>				
1	4010.1	23	8,048,000	8,613,000	565,000
2	4010.2		21,603,000	27,114,000	5,511,000
3	4020.1	24	-	-	-
4	4020.2		30,000,000	30,000,000	-
5	4030		1,201,000	1,312,000	111,000
6	4040	25	297,000	307,000	10,000
7	4050	26	9,010,000	9,010,000	-
8	4060		-	-	-
9	4070	21	2,279,000	1,201,000	(1,078,000)
10	4080	21	1,792,000	1,072,000	(720,000)
11	4100		(4,669,000)	(6,303,000)	(1,634,000)
12	4110		-	-	-
13	4120	-	13,286,000	12,120,000	(1,166,000)
14	4130	-	-	-	-
15	Total Current Liabilities		82,847,000	84,446,000	1,599,000
	<b>LONG-TERM DEBT</b>				
16	4210	26-27	74,328,000	65,319,000	(9,009,000)
17	4220	-	-	-	-
18	4230	-	-	-	-
19	4240	26-27	-	-	-
20	4250	-	-	-	-
21	4260	26-27	-	-	-
22	4270	26-27	-	-	-
23	Total Long-Term Debt		74,328,000	65,319,000	(9,009,000)
	<b>OTHER LIABILITIES &amp; DFD. CREDITS</b>				
24	4310	-	2,451,000	2,451,000	-
25	4320	28	-	-	-
26	4330	28	-	-	-
27	4340	-	42,409,000	44,024,000	1,615,000
28	4350	-	(974,000)	(1,108,000)	(134,000)
29	4360	-	5,137,000	5,433,000	296,000
30	4370	-	-	-	-
31	Total Other Liabilities & Dfd. Credits		49,023,000	50,800,000	1,777,000
	<b>STOCKHOLDERS' EQUITY</b>				
32	4510.1	-	8,451,000	8,451,000	-
33	4510.2	-	-	-	-
34	4520	-	12,658,000	12,658,000	-
35	4530	-	-	-	-
36	4540	-	-	-	-
37	4550.1	-	-	-	-
38	4550.2	-	-	-	-
39	4550.3	-	92,364,000	124,960,000	32,596,000
40	Total Stockholders' Equity		113,473,000	146,069,000	32,596,000
41	Total Liabilities and Other Credits		319,671,000	346,634,000	26,963,000

For Notes to Balance Sheet see Page 12.

9. NOTES TO BALANCE SHEET

- 1 The space below is provided for notes regarding the balance sheet. These notes shall correspond to those accounts and reports using Generally Accepted Accounting Principles (GAAP).

NOTES:

N/A

## 10. INCOME AND RETAINED EARNINGS STATEMENT

Provide total company amount on the basis of the Pennsylvania Uniform System of Accounts.  
Jurisdictional differences between the FCC and the PAPUC should be distributed to each account.

Line No.	Item (a)	Sch No (b)	Total	
			Current Year (c)	Increase or Decrease from Preceding Year (d)
<b>INCOME</b>				
<b>TELEPHONE OPERATING INCOME</b>				
1	Operating Revenues	31	181,752,000	16,298,000
2	Operating Expenses	32	109,031,000	7,127,000
3	Net Operating Revenues		72,721,000	9,171,000
<b>OTHER OPERATING INCOME AND EXPENSE</b>				
4	7110 Income From Custom Work	-	-	-
5	7130 Return From Nonregulated Use of Regulated Facilities	-	-	-
6	7140 Gains/Losses From Foreign Exchange	-	-	-
7	7150 Gains/Losses From Disposition of Land & Artworks	-	-	-
8	7160 Other Operating Gains and Losses	-	(7,000)	(46,000)
9	Total Other Operating Income and Expenses		(7,000)	(46,000)
<b>OPERATING TAXES</b>				
10	7210 Operating Investment Tax Credits-Net	-	-	-
11	7220 Operating Federal Income Taxes	33	22,329,000	1,235,000
12	7230 Operating State and Local Income Taxes	-	7,100,000	435,000
13	7240 Operating Other Taxes	-	6,831,000	642,000
14	7250 Provision for Deferred Operating Income Tax-Net	-	(17,000)	1,207,000
15	Total Operating Taxes		36,243,000	3,519,000
16	Net Operating Income		36,471,000	5,606,000
<b>NONOPERATING INCOME AND EXPENSES</b>				
17	7310 Dividend Income	-	2,740,000	486,000
18	7320 Interest Income	-	123,000	38,000
19	7330 Income From Sinking and Other Funds	-	-	-
20	7340 Allowance For Funds Used During Construction (AFUDC)	-	-	-
21	7350 Gains/Losses From the Disposition of Property	-	-	-
22	7355 Equity in Earnings of Affiliated Companies	-	-	-
23	7360 Other Nonoperating Income	-	(386,000)	12,000
24	7370 Special Charges	-	335,000	(15,000)
25	Subtotal Nonoperating Income and Expense		2,142,000	551,000
<b>NONOPERATING TAXES</b>				
26	7410 Nonoperating Investment Tax Credits-Net	-	-	-
27	7420 Nonoperating Federal Income Taxes	-	813,000	141,000
28	7430 Nonoperating State and Local Income Taxes	-	258,000	45,000
29	7440 Nonoperating Other Taxes	-	1,000	-
30	7450 Provision for Deferred Nonoperating Income Tax-Net	-	(135,000)	44,000
31	Subtotal Nonoperating Taxes		937,000	230,000
32	Total Nonoperating Income		1,205,000	321,000
33	Income Available for Fixed Charges		37,676,000	5,927,000
<b>INTEREST AND RELATED ITEMS</b>				
34	7510 Interest on Funded Debt	-	8,174,000	1,761,000
35	7520 Interest Expense-Capital Leases	-	-	-
36	7530 Amortization of Debt Issuance Expense	-	69,000	31,000
37	7540 Other Interest Deductions	-	12,000	(19,000)
38	Total Interest and Related Items		8,255,000	1,773,000
39	Income Before Extraordinary Items		29,421,000	4,154,000

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

Line No	Item (a)	Sch. No (b)	Total	
			Current Year (c)	Increase or Decrease from Preceding Year (d)
<b>EXTRAORDINARY ITEMS</b>				
40	7610 Extraordinary Income Credits	-	-	-
41	7620 Extraordinary Income Charges	-	-	-
42	7630 Current Income Tax Effect of Extraordinary Items-Net	-	-	-
43	7640 Provision for Deferred Income Tax Effect of Items-Net	-	-	-
44	Total Extraordinary Items	-	-	-
<b>JURISDICTIONAL DIFFERENCES AND NONREGULATED INCOME ITEMS</b>				
45	7910 Income Effect of Jurisdictional Rate-making Differences-Net	-	-	-
46	7990 Nonregulated Net Income	-	13,175,000	218,000
47	Total Jurisdictional Differences and Extraordinary Items	-	13,175,000	218,000
48	Net Income	-	42,596,000	4,372,000
<b>RETAINED EARNINGS</b>				
49	4550.3 Unappropriated Retained Earnings (Beginning of Period)	-	92,364,000	(18,276,000)
50	4550.4 Balance Transferred from Income	-	42,596,000	4,372,000
51	4550.5 Appropriations of Retained Earnings	-	-	-
52	4550.6 Dividends Declared- Preferred Stock	29	-	-
53	4550.7 Dividends Declared- Common Stock	29	10,000,000	(46,500,000)
54	4550.8 Adjustments to Retained Earnings	-	-	-
55	Net Change to Unappropriated Retained Earnings	-	32,596,000	50,872,000
56	4550.3 Unappropriated Retained Earnings (End of Period)	-	124,960,000	32,596,000
57	4550.1 Appropriated Retained Earnings (End of Period)	-	-	-
58	Total Retained Earnings	-	124,960,000	32,596,000
<b>UNAPPROP. UNDISTRIBUTED AFFILIATE EARNINGS</b>				
59	4550.2 Unapprop. Undistributed Affiliate Earnings (Beg. of Period)	-	-	-
60	Equity in Earnings for Period	-	-	-
61	Dividends Received	-	-	-
62	Other Changes (Explain)	-	-	-
63	4550.2 Unapprop. Undistributed Affiliate Earnings (End of Period)	-	-	-
<b>NOTES TO INCOME AND RETAINED EARNINGS STATEMENT</b>				
<p>Note 1 Refunds to subscribers, in the event of an adverse decision in pending rate proceedings, would reduce the amount of "Operating Revenues" for the current year by approximately.....</p>				

## 11. STATEMENT OF CASH FLOWS

Line No.	Description (a)	Current Year Amount (b)	Current Year Amount (c)	Prior Year Amount (d)	Prior Year Amount (e)
	<b>INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS:</b>				
	<u>Cash Flows From Operating Activities:</u>				
1	Net Income/Loss	N/A	42,596,000	N/A	38,224,000
	<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</u>				
2	Depreciation and Amortization	37,011,000	N/A	33,037,000	N/A
3	Provision for Losses for Accounts Receivables	655,000	N/A	750,000	N/A
4	Deferred Income Taxes - Net	(152,000)	N/A	(1,404,000)	N/A
5	Allowance for Funds Used During Construction	0	N/A	0	N/A
6	Net Change in Operating Receivables	836,000	N/A	3,816,000	N/A
7	Net Change in Materials, Supplies & Inventories	(125,000)	N/A	307,000	N/A
8	Net Change in Operating Payables & Accrued Liabilities	3,113,000	N/A	3,899,000	N/A
9	Net Change in Other Assets and Deferred Charges	(2,231,000)	N/A	(762,000)	N/A
10	Net Change in Other Liabilities and Deferred Credits	417,000	N/A	692,000	N/A
11	Other	466,000	N/A	462,000	N/A
12	Total Adjustments	N/A	39,990,000	N/A	40,797,000
13	Net Cash Provided by/Used in Operating Activities	N/A	82,586,000	N/A	79,021,000
	<u>Cash Inflows/Outflows from Investing Activities:</u>				
14	Construction/Acquisition of Property, Plant and Equipment	(51,545,000)	N/A	(41,105,000)	N/A
15	Proceeds from Disposals of Property, Plant and Equipment	313,000	N/A	480,000	N/A
16	Investments in & Advances to Affiliates	0	N/A	0	N/A
17	Proceeds from Repayment of Advances	0	N/A	0	N/A
18	Other Investing Activities	(897,000)	N/A	(1,090,000)	N/A
19	Net Cash Provided by/Used in Investment Activities	N/A	(62,129,000)	N/A	(41,715,000)
	<u>Cash Flows from Financing Activities:</u>				
20	Net Increase/Decrease in Short-Term Debt	0	N/A	30,000,000	N/A
21	Advances from Affiliates	0	N/A	0	N/A
22	Repayment of Advances from Affiliates	0	N/A	0	N/A
23	Proceeds from Long-Term Debt	0	N/A	0	N/A
24	Repayment of Long-Term Debt	(9,010,000)	N/A	(9,010,000)	N/A
25	Payment of Capital Lease Obligations	0	N/A	0	N/A
26	Proceeds from Issue of Common Stock/Equity Investment from Parent	0	N/A	0	N/A
27	Repurchase of Treasury Shares	0	N/A	0	N/A
28	Dividends Paid	(10,000,000)	N/A	(56,500,000)	N/A
29	Other Financing Activities	0	N/A	0	N/A
30	Net Cash Provided by Financing Activities	N/A	(19,010,000)	N/A	(35,510,000)
31	Effect of Exchange Rate Changes on Cash	N/A	0	N/A	0
32	Net Increase/Decrease in Cash and Cash Equivalents	N/A	1,447,000	N/A	1,796,000
33	Cash & Cash Equivalents - Beginning of Period	N/A	14,327,000	N/A	12,531,000
34	Cash & Cash Equivalents - End of Period	N/A	15,774,000	N/A	14,327,000

## 12 ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

1 Report in column (c) all amounts relating to purchases of plant.

2 Items of a reverse or contrary character should be designated by appropriate symbols

Line No	Account (a)	Beginning Balance (b)	Additions (c)	Retirements (d)
	<b>Plant</b>			
1	2001 Telecommunications Plant In Service (TPIS)	507,504,000	60,754,000	4,434,000
2	2002 Property Held For Future Telecommunications Use (PHFTU)	453,000	-	-
3	2003 Telephone Plant Under Construction-Short Term (TPUC)	6,304,000	-	-
4	2004 Telephone Plant Under Construction-Long Term (TPUC)	-	-	-
5	2005 Telecommunications Plant Adjustment	628,000	-	-
6	2006 Nonoperating Plant	3,298,000	487,000	-
7	2007 Goodwill	-	-	-
	<b>Total Plant in Service</b>	<b>518,187,000</b>	<b>61,241,000</b>	<b>4,434,000</b>
	<b>TPIS - General Support</b>			
8	2111 Land	1,683,000	-	-
9	2112 Motor Vehicles	11,527,000	1,793,000	1,060,000
10	2113 Aircraft	-	-	-
11	2114 Special Purpose Vehicles	-	-	-
12	2115 Garage Work Equipment	15,000	-	-
13	2116 Other Work Equipment	2,940,000	817,000	13,000
14	2121 Building	26,420,000	393,000	4,000
15	2122 Furniture	1,163,000	4,000	-
16	2123 Office Equipment	2,222,000	76,000	3,000
17	2124 General Purpose Computers	10,262,000	2,311,000	146,000
18	2110 Land and Support	56,232,000	5,394,000	1,226,000
	<b>TPIS - Central Office</b>			
19	2211 Analog Electronic Switching	-	-	-
20	2212 Digital Electronic Switching	136,601,000	16,687,000	1,401,000
21	2215.1 Step-By-Step Switching	-	-	-
22	2215.2 Crossbar Switching	-	-	-
23	2215.3 Other Electro-Mechanical Switching	-	-	-
24	2215 Electro-Mechanical Switching	-	-	-
25	2210 Central Office Switching	136,601,000	16,687,000	1,401,000
26	2220 Operator Systems	-	-	-
27	2231.3 Satellite & Earth Stations	-	-	-
28	2231.4 Other Radio Facilities	1,730,000	-	-
29	2231 Radio Systems	1,730,000	-	-
30	2232 Circuit Equipment	53,879,000	20,346,000	371,000
31	2230 Transmission	55,609,000	20,346,000	371,000
	<b>TPIS - Information Origination/Termination</b>			
32	2311 Station Apparatus	4,137,000	971,000	192,000
33	2321 Customer Premises Wiring	-	-	-
34	2341 Large PBX	-	-	-
35	2351 Public Telephone Terminal Equipment	2,177,000	(47,000)	-
36	2362 Other Terminal Equipment	1,210,000	139,000	20,000
37	2310 Information Origination/Termination	7,524,000	1,063,000	212,000
	<b>TPIS - Cable &amp; Wire</b>			
38	2411 Poles	29,174,000	1,724,000	264,000
39	2421 Aerial Cable	160,433,000	11,018,000	578,000
40	2422 Underground Cable	3,278,000	6,000	12,000
41	2423 Buried Cable	48,587,000	3,845,000	170,000
42	2424 Submarine Cable	-	-	-
43	2425 Deep sea Cable	-	-	-
44	2426 Intra-building Network Cable	34,000	-	-
45	2431 Aerial Wire	5,809,000	670,000	198,000
46	2441 Conduit Systems	3,163,000	1,000	-
47	2410 Cable & Wire	251,478,000	17,264,000	1,222,000
48	<b>Total TPIS (before amortizable assets)</b>	<b>507,444,000</b>	<b>60,754,000</b>	<b>4,432,000</b>

12. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)

Plant Sold With Traffic (See Instr. 1) (e)	Transfers/ Adjustments (f)	Ending Balance (g)	Line No.
-	484,000	564,308,000	1
-	(4,000)	449,000	2
-	(176,000)	6,128,000	3
-	-	-	4
-	(111,000)	517,000	5
-	-	3,785,000	6
-	-	-	7
-	193,000	575,187,000	
-	-	1,683,000	8
-	-	12,260,000	9
-	-	-	10
-	-	-	11
-	-	15,000	12
-	-	3,744,000	13
-	-	26,809,000	14
-	-	1,167,000	15
-	-	2,295,000	16
-	-	12,427,000	17
-	-	60,400,000	18
-	529,000	152,416,000	19
-	-	-	20
-	-	-	21
-	-	-	22
-	-	-	23
-	-	-	24
-	529,000	152,416,000	25
-	-	-	26
-	-	-	27
-	-	1,730,000	28
-	-	1,730,000	29
-	(68,000)	73,786,000	30
-	(68,000)	75,516,000	31
-	-	4,916,000	32
-	-	-	33
-	-	-	34
-	-	2,130,000	35
-	-	1,329,000	36
-	-	8,375,000	37
-	1,000	30,635,000	38
-	10,000	170,883,000	39
-	-	3,272,000	40
-	12,000	52,274,000	41
-	-	-	42
-	-	-	43
-	-	34,000	44
-	-	7,281,000	45
-	-	3,164,000	46
-	23,000	267,543,000	47
-	484,000	564,250,000	48

12. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)

1 Report in column (c) all amounts relating to purchases of plant.

2 Items of a reverse or contrary character should be designated by appropriate symbols

Line No	Account (a)	Beginning Balance (b)	Additions (c)	Retirements (d)
	<u>TPIS Amortizable Assets</u>			
49	2681 Capital Leases	-	-	-
50	2682 Leasehold Improvements	60,000	-	2,000
51	2680 Amortizable Tangibles	60,000	-	2,000
52	Total Intangibles	-	-	-
	Total TPIS	507,504,000	60,754,000	4,434,000

12. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS (Continued)

Plant Sold With Traffic (See Instr. 1) (e)	Transfers/ Adjustments (f)	Ending Balance (g)	Line No.
		-	49
		58,000	50
-	-	58,000	51
-	-	-	52
-	484,000	564,308,000	53

## 13. ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Line No	Description (a)	Beginning Balance (b)	CREDITS DURING THE YEAR		
			Accruals (c)	Salvage (d)	Other Credits (e)
1	2112 Motor Vehicles	8,068,000	1,554,000	36,000	
2	2113 Aircraft	-			
3	2114 Special Purpose Vehicles	-			
4	2115 Garage Work Equipment	12,000			
5	2116 Other Work Equipment	1,003,000	133,000		
6	2121 Buildings	9,067,000	1,018,000		
7	2122 Furniture	657,000	152,000	1,000	
8	2123 Office Equipment	101,000	41,000		
9	Office Support Equipment				
10	Company Communications Equipment	1,339,000	213,000		
11	2124 General Purpose Computers	4,387,000	2,704,000	1,000	
12	Total Support Assets	24,634,000	5,815,000	38,000	-
13	2211 Analog Electronic Switching	-			
14	2212 Digital Electronic Switching	84,897,000	15,240,000	5,000	
15	2215 Step-by-Step Switching	-			
16	2215 Crossbar Switching	-			
17	2215 Other Electro-mech. Switching				
18	Total Central Office Switching	84,897,000	15,240,000	5,000	-
19	2220 Operator Systems	-			
20	2231 Satellite & Earth Sta. Facilities	-			
21	2231 Other Radio Facilities	1,615,000	46,000		
22	2232 Circuit Equipment	32,463,000	6,498,000	75,000	
23	Total Central Office-Transmission	34,078,000	6,544,000	75,000	-
24	2311 Station Apparatus	2,019,000	320,000		
25	2321 Customer Premises Wiring	-			
26	2341 Large Private Branch Exchange	-			
27	2351 Public Telephone Terminal Equipment	2,102,000	153,000	1,000	
28	2362 Other Terminal Equipment	1,005,000	57,000	47,000	
29	Total Info. Origination/Termination	5,126,000	530,000	48,000	-
30	2411 Poles	13,279,000	1,053,000	61,000	
31	2421 Aerial Cable	68,490,000	5,516,000	57,000	
32	2422 Underground Cable	1,376,000	121,000		
33	2423 Buried Cable	19,791,000	1,936,000	29,000	
34	2424 Submarine Cable	-			
35	2425 Deep Sea Cable	-			
36	2426 Intra-building Network Cable	12,000	1,000		
37	2431 Aerial Wire	4,244,000	157,000		
38	2441 Conduit Systems	1,248,000	93,000		
39	Total Cable and Wire Facilities	108,440,000	8,877,000	147,000	-
40	Total Accum. Deprec - TPIS	257,175,000	37,006,000	313,000	-
41	3200 Held For Future Comm. Use	0			
42	3300 Nonoperating	1,538,000	322,000		
43	Total Accumulated Depreciation	258,713,000	37,328,000	313,000	-

## 13 ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Continued)

Line No.	Description (a)	CHARGES DURING THE YEAR				Ending Balance (j)
		Retirements w/Traffic (f)	Retirements w/o Traffic (g)	Cost of Removal (h)	Other Charges (i)	
1	2112 Motor Vehicles		1,060,000	3,000	-	8,595,000
2	2113 Aircraft					-
3	2114 Special Purpose Vehicles					-
4	2115 Garage Work Equipment					12,000
5	2116 Other Work Equipment		13,000			1,123,000
6	2121 Buildings		4,000	16,000		10,065,000
7	2122 Furniture					810,000
8	2123 Office Equipment		3,000			139,000
9	Office Support Equipment					-
10	Company Communications Equipment					1,552,000
11	2124 General Purpose Computers		146,000			6,946,000
12	Total Support Assets	-	1,226,000	19,000	-	29,242,000
13	2211 Ana log Electronic Switching					-
14	2212 Digital Electronic Switching		1,401,000	13,000		98,728,000
15	2215 Step-by-Step Switching					-
16	2215 Crossbar Switching					-
17	2215 Other Electro-mech. Switching	-	-		-	-
18	Total Central Office Switching	-	1,401,000	13,000	-	98,728,000
19	2220 Operator Systems					-
20	2231 Satellite & Earth Sta. Facilities					-
21	2231 Other Radio Facilities					1,661,000
22	2232 Circuit Equipment		371,000	41,000		38,624,000
23	Total Central Office-Transmission	-	371,000	41,000	-	40,285,000
24	2311 Station Apparatus		192,000			2,147,000
25	2321 Customer Premises Wiring					-
26	2341 Large Private Branch Exchange					-
27	2351 Public Telephone Terminal Equipment					2,256,000
28	2362 Other Terminal Equipment		20,000	13,000		1,076,000
29	Total Info. Origination/Termination	-	212,000	13,000	-	5,479,000
30	2411 Poles		264,000	267,000		13,862,000
31	2421 Aerial Cable		578,000	416,000		73,069,000
32	2422 Underground Cable		12,000			1,485,000
33	2423 Buried Cable		170,000	51,000		21,535,000
34	2424 Submarine Cable					-
35	2425 Deep Sea Cable					-
36	2426 Intra-building Network Cable					13,000
37	2431 Aerial Wire		198,000	76,000		4,127,000
38	2441 Conduit Systems					1,341,000
39	Total Cable and Wire Facilities	-	1,222,000	810,000	-	115,432,000
40	Total Accum. Deprec. - TPIS	-	4,432,000	896,000	-	289,166,000
41	3200 Held For Future Comm. Use					-
42	3300 Nonoperating					1,860,000
43	Total Accumulated Depreciation	-	4,432,000	896,000	-	291,026,000

## 14. BASES OF CHARGES FOR DEPRECIATION

Line No.	Plant Account (a)	Name of Class or Subclass of Plant	(Method) Whole or Remaining Life (b)	Life Years (c)	Net Salvage (%) (d)*	Depreciation	
						Accum (%) (e)	Rate (%) (f)
1	2112	Motor Vehicles	Remaining	8.0	0.0%	70.11%	13.76%
2	2113	Aircraft	N/A				
3	2114	Special Purpose Vehicles	N/A				
4	2115	Garage Work Equipment	Remaining	30.0	0.0%	80.00%	3.28%
5	2116	Other Work Equipment	Remaining	30.0	0.0%	29.99%	3.28%
6	2121	Buildings	Remaining	29.0	0.0%	37.54%	3.52%
7	2122	Furniture	Remaining	7.0	0.0%	69.41%	14.28%
8	2123	Office Equipment	Remaining	11.0	0.0%	73.68%	10.57%
9		Office Support Equipment					
10		Company Communication Equipment					
11	2124	General Purpose Computers	Remaining	5.0	0.0%	55.89%	22.21%
12		Total Support Assets				49.80%	
13	2211	Analog Electronic Switching	N/A				
14	2212	Digital Electronic Switching	Remaining	10.0	0.0%	64.78%	11.50%
15	2215	Step-by-Step Switching	N/A				
16	2215	Crossbar Switching	N/A				
17	2215	Other Electro-Mechanical Switching	N/A				
18		Total Central Office Switching				64.78%	
19	2220	Operator Systems	N/A				
20	2231	Satellite & Earth Sta. Facilities	N/A				
21	2231	Other Radio Equipment	Remaining	37.0	0.0%	96.01%	2.64%
22	2232	Circuit Equipment	Remaining	9.0	0.0%	52.35%	11.15%
23		Total Central Office Transmission				53.35%	
24	2311	Station Apparatus	Remaining	5.0	0.0%	43.67%	5.48%
25	2321	Customer Premises Wiring	N/A				
26	2341	Large Private Branch Exchange	N/A				
27	2351	Public Telephone Terminal Equipment	Remaining	14.0	0.0%	105.92%	7.07%
28	2362	Other Terminal Equipment	Remaining	25.0	0.0%	80.95%	3.98%
29		Total Info. Origination/Termination				65.42%	
30	2411	Poles	Remaining	35.0	0.0%	45.25%	2.81%
31	2421	Aerial Cable	Remaining	35.0	0.0%	42.75%	2.95%
32	2422	Underground Cable	Remaining	26.0	0.0%	45.39%	3.69%
33	2423	Buried Cable	Remaining	26.0	0.0%	41.20%	3.83%
34	2424	Submarine Cable	N/A				
35	2425	Deep Sea Cable	N/A				
36	2426	Intrabuilding Network Cable	Remaining	29.0	0.0%	38.24%	3.40%
37	2431	Aerial Wire	Remaining	-	0.0%	56.68%	0.00%
38	2441	Conduit Systems	Remaining	34.0	0.0%	42.38%	2.92%
39		Total Cable & Wire Facilities				43.15%	
40		Total TPIS					
41	3200	Held for Future Communications Use	N/A				
42	3300	Nonoperating	Remaining	6.0	0.0%	49.14%	6.23%
43		Total TPIS & Other					

## 14. BASES OF CHARGES FOR DEPRECIATION (Continued)

Line No	Plant Account (a)	Name of Class or Subclass of Plant	Account 6561		Average Plant Balance (i)	Composite Rate (%) (j)
			Expensed Amount (g)	Amortized Amount (h)		
1	2112	Motor Vehicles	1,554,000	-	11,894,000	13.07%
2	2113	Aircraft				
3	2114	Special Purpose Vehicles				
4	2115	Garage Work Equipment				
5	2116	Other Work Equipment	133,000	-	3,342,000	3.98%
6	2121	Buildings	1,018,000	-	26,615,000	3.82%
7	2122	Furniture	152,000	-	1,165,000	13.05%
8	2123	Office Equipment	254,000	-	2,259,000	11.24%
9		Office Support Equipment				
10		Company Communications Equipment				
11	2124	General Purpose Computers	2,704,000	-	11,345,000	23.83%
12		Total Support Assets	5,815,000	-	56,620,000	10.27%
13	2211	Analog Electronic Switching				
14	2212	Digital Electronic Switching	15,240,000	-	144,509,000	10.55%
15	2215	Step-by-Step Switching				
16	2215	Crossbar Switching				
17	2215	Other Electro-Mechanical Switching				
18		Total Central Office Switching	15,240,000	-	144,509,000	10.55%
19	2220	Operator Systems				
20	2231	Satellite & Earth Sta. Facilities				
21	2231	Other Radio Facilities	46,000	-	1,730,000	2.66%
22	2232	Circuit Equipment	6,498,000	-	63,833,000	10.18%
23		Total Central Office Transmission	6,544,000	-	65,563,000	9.98%
24	2311	Station Apparatus	320,000	-	4,527,000	7.07%
25	2321	Customer Premises Wiring				
26	2341	Large Private Branch Exchange				
27	2351	Public Telephone Terminal Equipment	153,000	-	2,154,000	7.10%
28	2352	Other Terminal Equipment	57,000	-	1,270,000	4.49%
29		Total Info. Origination/Termination	530,000	-	7,951,000	6.67%
30	2411	Poles	1,053,000	-	29,905,000	3.52%
31	2421	Aerial Cable	5,516,000	-	165,658,000	3.33%
32	2422	Underground Cable	121,000	-	3,275,000	3.69%
33	2423	Bund Cable	1,936,000	-	50,431,000	3.84%
34	2424	Submarine Cable				
35	2425	Deep Sea Cable				
36	2426	Intrabuilding Network Cable	1,000	-	34,000	2.94%
37	2431	Aerial Wire	157,000	-	7,045,000	2.23%
38	2441	Conduit Systems	93,000	-	3,164,000	2.94%
39		Total Cable & Wire Facilities	8,877,000	-	259,512,000	3.42%
40		Total TPIS	37,006,000	-		
41	3200	Held For Future Use				
42	3300	Nonoperating	322,000	-	3,542,000	9.09%
43		Total TPIS & Other	37,328,000	-		

15. ANALYSIS OF ASSETS PURCHASED FROM OR SOLD TO AFFILIATES

- 1 Report separately, for each affiliate by account, for each sale and/or purchase of assets over \$10,000 at any time during the year
- 2 The net book value in column (c) shall be equal the gross investment less accumulated depreciation and other applicable valuation reserves in column (e)

Line No.	Classification (a)	Name of Affiliate (b)	Net Book Cost (c)	Fair Market Value (d)	Tariff (e)	Prevailing Market Price (f)	Total Purchases/Sales (g)
----------	--------------------	-----------------------	-------------------	-----------------------	------------	-----------------------------	---------------------------

A. ANALYSIS OF ASSETS PURCHASED FROM AFFILIATES

1	Asset Purchased	CTSI, Inc.	8,034,000				8,034,000
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14	From All Others						
15	Total Purchases		8,034,000	-	-	-	8,034,000

B. ANALYSIS OF ASSETS SOLD TO AFFILIATES

1	Asset Sold	N/A					
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14	To All Others						
15	Total Sales						

16. ANALYSIS OF SERVICES PURCHASED FROM OR SOLD TO AFFILIATES

1. Respondents shall report all services over \$25,000 rendered by or provided to affiliated companies under a license agreement, a general service contract, or other arrangement for furnishing of general accounting, engineering, financial, legal, patent and other general services.
2. Report the valuation method used, tariffed rate or cost.

Line No	Classification (a)	Name of Affiliate (b)	Fully Distributed Cost (c)	Tariff Rate (d)	Prevailing Market Price (e)	Total Purchases/Sales (f)
<b>A. ANALYSIS OF SERVICES PURCHASED FROM AFFILIATES</b>						
1	Service Purchased	Commonwealth Communications	463,000	N/A	N/A	463,000
2		CTSI, Inc.	108,000	N/A		108,000
3		CTE Services, Inc	16,422,000	N/A	N/A	16,422,000
4						
5						
**	*****	*****	*****	*****	*****	*****
6	Service Purchased					
7	From All Others	N/A				
8	Total Purchases	N/A	16,993,000	-	-	16,993,000
<b>B. ANALYSIS OF SERVICES SOLD TO AFFILIATES</b>						
9	Service Sold	Commonwealth Long Distance Co.	239,000	2,461,000	559,000	3,259,000
10		CTSI, Inc.	3,180,000	992,000		4,172,000
11		epix Internet Services, Inc		5,727,000		5,727,000
12						
13						
**	*****	*****	*****	*****	*****	*****
14	Service Sold					
15	From All Others	N/A				
16	Total Sales	N/A	3,419,000	9,180,000	559,000	13,158,000

17. TELECOMMUNICATIONS ACCOUNTS RECEIVABLE (Account 1180)

Line No	Item (a)	Number of Accounts (b)	Amount at End of the Year (c)
1	Customers and Agents-Receiving Service	211,901	\$ 11,819,000
2	Customers and Agents-Service Discontinued	2,019	528,000
3	Total	****	\$ 12,347,000
4	Less: Reserve for Uncollectible Accounts-Cr.		470,000
5	Balance	*****	\$ 11,877,000

18 ACCOUNTS RECEIVABLE FROM AFFILIATED COMPANIES (Account 1190.1)

1 List the information for each affiliate with balances exceeding \$10,000.

2 Report in column (d) the average of the twelve month-end balances for each item in column (a)

Line No.	Name of Debtor (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)	Average Month-End Balance (d)
1	Account 1190.1 Accounts Receivable from Affiliated Companies Commonwealth Telephone Enterprises, Inc	3,855,000	1,851,000	2,854,000
2	Commonwealth Long Distance Company	234,000	283,000	259,000
3	Commonwealth Communications	21,000	65,000	43,000
4	epix Internet Services, Inc.	444,000	691,000	568,000
5	CTSI, nc	1,704,000	2,040,000	1,872,000
6	CTE Services, Inc	-	10,000	5,000
7				
8	Total Accounts Receivable from Affiliated Companies	6,259,000	4,940,000	5,601,000

19. NOTES RECEIVABLE FROM AFFILIATED COMPANIES (Accounts 1200.1)

1 List the information for each affiliate with balances exceeding \$10,000

Line No	Name of Debtor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate Per Annum (f)
	Account 1200.1					
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12	Total Account 1200.1					***

General Instructions  
Investments in Affiliates and Other Companies

1. Rows 1 through 5 on page 30 are intended for the entry of data associated with carrier investment in affiliated companies under the "equity method". Use one row for each affiliate, in descending order by amount of investment. Enter data in only those rows for which the reporting carrier has investment in affiliate. If the carrier has investment in fewer than 28 affiliates, the remaining rows (including 29) may be left blank.
2. Row 29 on page 30 is the total amount of remaining investments, if any, associated with carrier investment in affiliated companies under the "equity method". This row is to be used only if rows 1 through 28 do not provide enough space for all of the reporting carrier's investment in affiliates under the "equity" method.
3. The Total-Equity Method shown on row 30 shall be the total of rows 1 through 29.
4. Rows 31 through 58 are provided for the entry of data associated with carrier investment in affiliated companies under the "cost method". Use one row for each affiliate, in descending order by amount of investment. Enter data in only those rows for which the reporting carrier has investment in an affiliate. If the carrier has investment in fewer than 28 affiliates, the remaining rows (including row 59) may be left blank.
5. Row 59 is provided for the total amount of remaining investments, if any, associated with carrier investment in affiliated companies under the "cost method". This row is to be used only if rows 31 through 58 do not provide enough space for all of the reporting carrier's investments in affiliates under the "cost method".
6. Row 60, entitled "Total-Cost Method" is the total of rows 31 through 59.
7. Total Affiliates, row 61 is the sum of rows 30 and 60.
8. Row 62 shall include the aggregate amount of investment in non-affiliates.
9. Company name shall include the name of the company in which the reporting carrier has investments.
10. The "Common" column refers to the end-of-year balance of investment in common stock.
11. The "Preferred" column refers to the end-of-year balance of investment in preferred stock.
12. The "Advances" column reflects the end-of-year balance of advances and special deposits of cash for more than one year from the date of deposit.
13. Long-term Debt reflects the end-of-year balance of long term debt issued to other companies.
14. The "Adjustments" column reflects adjustments made for undistributed earnings or losses during the reporting period.
15. The "Net" column refers to the net amount of columns (c) through (g).
16. The "Beginning Balance" column refers to the appropriate portion of Accounts 1160 and 1180 at the beginning of the reporting period for each row item.
17. Gross Debits refers to the gross amount of debits to Accounts 1160 and 1180 during the reporting period for each row item.
18. Gross Credits refers to the gross amount of credits to Accounts 1160 and 1180 during the reporting period.
19. The "Net" column refers to the net amount of columns (i) through (k).

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 20. INVESTMENTS IN AFFILIATES AND OTHER COMPANIES

Line No	Classification (a)	Company Name (b)	Accounts 1401/1402					Net (h)
			Common (c)	Preferred (d)	Advances (e)	LT Debt (f)	Adjustments (g)	
<b>AFFILIATED COMPANIES</b>								
<b>Equity Method</b>								
1	Investment							
2	Investment							
3	Investment							
4	Investment							
5	Investment							
****								
28	Investment							
29	All other Investments	N/A						
30	Total Equity Method	N/A						
<b>Cost Method</b>								
31	Investment							
32	Investment							
33	Investment							
34	Investment							
35	Investment							
****								
58	Investment							
59	All other Investments	N/A						
60	Total Cost Method	N/A						
61	Total Affiliates Equity & Cost							
62	Non-Affiliates				1,000		6,411,000	
63	Total Investments				1,000		6,411,000	

Annual Report of Commonwealth Telephone Company Year Ended December 31, 2000  
 20 INVESTMENTS IN AFFILIATES AND OTHER COMPANIES (Continued)

Line No.	Classification (a)	Company Name (b)	Account 1160				Net (l)
			Beg. Balance (i)	Gross Debit (j)	Gross Credit (k)		
<b>AFFILIATED COMPANIES</b>							
<b>Equity Method</b>							
1	Investment						
2	Investment						
3	Investment						
4	Investment						
5	Investment						
****	*****					*****	
28	Investment						
29	All other Investments	N/A					
30	Total Equity Method	N/A					
<b>Cost Method</b>							
31	Investment						
32	Investment						
33	Investment						
34	Investment						
35	Investment						
****	*****						
58	Investment						
59	All other Investments	N/A					
60	Total Cost Method	N/A					
61	Total Affiliates Equity & Cost	N/A					
62	Non-Affiliates	N/A	14,675,000	17,983,000	19,275,000	13,383,000	
63	Total Investments	N/A	14,675,000	17,983,000	19,275,000	13,383,000	

## INSTRUCTIONS FOR PREPAID TAXES AND TAX ACCRUALS

1. For Prepaid/Accrued Tax Balance - BOP, column (b), enter the beginning balance of prepaid taxes in Account 1300, net of the beginning balance of accrued taxes in accounts 4070 and 4080 on the total row.
2. For Taxes-Accrued, column (c), enter the accruals for the current tax year on the Current year lines. All other accruals should be posted on the Prior year lines.
3. For Taxes Paid/Refunded, column (d), enter payments/refunds for the current year on the Current year row. All other payments/refunds should be posted on the Prior year lines.
4. The Prepaid/Accrued Tax Balance - EOP, column (e), shall reflect the net ending balance of prepaid taxes and tax accruals in accounts 1300, 4070 and 4080.
5. The amount for the row entitled "Total All Categories" shall equal the sum of each individual "Total" row.

## 21 PREPAID TAXES AND TAX ACCRUALS (Accounts 1300, 4070, 4080)

Line No.	Classification (a)	Prepaid/Accrued Tax Balance-BOP Dr/(Cr) (b)	Taxes Accrued Dr/(Cr) (c)	Taxes Paid/Refunded Dr/(Cr) (d)	Taxes Adjustments Dr/(Cr) (e)	Prepaid/Accrued Tax Balance-EOP Dr/(Cr) (f)
1	<u>Property Taxes</u>					
2	Current Years	-	966,000	(651,000)		315,000
3	Prior Years	(16,000)	-	(1,235,000)	1,489,000	238,000
4	Total	(16,000)	966,000	(1,886,000)	1,489,000	553,000
5	<u>Capital Stock Taxes</u>					
6	Current Year	-	2,180,000	(1,662,000)	(436,000)	82,000
7	Prior Years	458,000	-	(500,000)	183,000	141,000
8	Total	458,000	2,180,000	(2,162,000)	(253,000)	223,000
9	<u>Social Security Taxes</u>					
10	Current Year	-	2,223,000	(2,223,000)	-	-
11	Prior Years	-	-	-	-	-
12	Total	-	2,223,000	(2,223,000)	-	-
13	<u>State/Local Taxes</u>					
14	Current Year	-	7,253,000	(5,490,000)	(562,000)	1,201,000
15	Prior Years	2,279,000	-	(2,600,000)	321,000	-
16	Total	2,279,000	7,253,000	(8,090,000)	(241,000)	1,201,000
17	<u>Federal Taxes</u>					
18	Current Year	-	22,871,000	(22,871,000)	-	-
19	Prior Years	-	270,000	(270,000)	-	-
20	Total	-	23,141,000	(23,141,000)	-	-
21	<u>Gross Receipts</u>					
22	Current Year	-	3,180,000	(2,888,000)	(3,000)	289,000
23	Prior Years	353,000	-	(360,000)	7,000	-
24	Total	353,000	3,180,000	(3,248,000)	4,000	289,000
25	<u>Regulatory Fee</u>					
26	Current Year	N/A	N/A	N/A	N/A	N/A
27	Prior Years	N/A	N/A	N/A	N/A	N/A
28	Total	-	-	-	-	-
29	<u>Other Taxes</u>					
30	Current Year	-	190,000	(183,000)	-	7,000
31	Prior Years	6,000	-	(6,000)	-	-
32	Total	6,000	190,000	(189,000)	-	7,000
33	Total All Categories	3,080,000	39,133,000	(40,939,000)	999,000	2,273,000

## 22 DEFERRED OPERATING AND NONOPERATING INCOME TAXES (Accounts 1360 and 1510)

1. Report the details of operating income tax expense related to temporary differences as a result of tax normalization accounting.

Line No.	Particulars (a)	Beginning Balance Dr/Cr (b)	Activity Dr/Cr (c)	End of Year Balance Dr/Cr (d)
<b>NET DEFERRED OPERATING INCOME TAXES - ACCOUNTS 4100 AND 4340:</b>				
<u>Property Related:</u>				
1	Federal Income taxes	31,505,000	617,000	32,122,000
2	State and Local Income Taxes	9,958,000	208,000	10,166,000
3	Total Property Related Deferred Operating Inc Taxes	41,463,000	825,000	42,288,000
<u>Nonproperty Related</u>				
4	Federal Income taxes	(2,830,000)	(641,000)	(3,471,000)
5	State and Local Income Taxes	(893,000)	(203,000)	(1,096,000)
6	Total Nonproperty Related Deferred Operating Inc Taxes	(3,723,000)	(844,000)	(4,567,000)
<b>NET DEFERRED NONOPERATING INCOME TAXES-ACCOUNTS 4110 AND 4350</b>				
<u>Property Related</u>				
Provision for Deferred Nonoperating Income Taxes-Net				
7	Federal Income Taxes	195,000	46,000	241,000
8	State and Local Income Taxes	62,000	14,000	76,000
<u>Deferred Income Tax Effect of Extraordinary Items-Net</u>				
9	Federal Income Taxes			-
10	State and Local Income Taxes			-
11	Total Property Related Deferred Nonoperating Income Taxes	257,000	60,000	317,000
<u>Nonproperty Related</u>				
Provision for Deferred Nonoperating Income Taxes-Net				
12	Federal Income Taxes	(1,117,000)	(148,000)	(1,265,000)
13	State and Local Income Taxes	(114,000)	(46,000)	(160,000)
<u>Deferred Income Tax Effect of Extraordinary Items-Net</u>				
14	Federal Income Taxes			-
15	State and Local Income Taxes			-
16	Total Nonproperty Related Deferred Nonoperating Income Taxes	(1,231,000)	(194,000)	(1,425,000)

23 ACCOUNTS PAYABLE TO AFFILIATED COMPANIES (Account 4010 1)

\* List the information for each affiliate with balances exceeding \$10,000

Line No	Name of Debtor (a)	Balance at Beginning of the Year (b)	Debits During the Year (c)	Credits During the Year (d)	Balance at End of the Year (e)
	Account 4010 1 Accounts Payable to Affiliated Companies				
1	Commonwealth Telephone Enterprises, Inc.	5,594,000	78,552,000	74,256,000	1,298,000
2	Commonwealth Long Distance Company	890,000	7,462,000	7,384,000	812,000
3	CTE Services, Inc.	1,257,000	17,081,000	18,916,000	1,092,000
4	Commonwealth Communications	68,000	625,000	611,000	52,000
5	CTSI, Inc.	225,000	28,520,000	33,654,000	5,359,000
6	apix Internet Services, Inc.	16,000	296,000	280,000	-
7					
8					
9					
10					
11					
12					
13	Total Accounts Payable to Affiliated Companies	8,048,000	132,538,000	133,101,000	8,613,000

24 NOTES PAYABLE TO AFFILIATED COMPANIES (Accounts 4020 1)

\* List the information for each affiliate with balances exceeding \$10,000

Line No	Name of Creditor (a)	Description of Transaction (b)	Date of Issue (c)	Date of Maturity (d)	Amount at End of the Year (e)	Interest Rate Per Annum (f)
	Account 4020 1					%
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						

25 CUSTOMERS' DEPOSITS (Account 4040)

Line No	Item (a)	Number (b)	Amount (c)
1	Customers' Deposits-Balance at end of year	2,657	307,000
2	Interest accrued during year at 5-10 percent	*****	

26 CURRENT MATURITIES - LONG TERM DEBT (ACCOUNTS 4210, 4240, 4260, 4270)

1. Report by balance sheet accounts the particulars concerning Long-Term debt included in Accounts 4210, Funded Debt 4240, Reacquired Debt, 4260, Advances for Affiliated Companies, and 4270, Other Long Term Debt
2. With respect to advances included in Accounts 4260 and 4270, responses should be made only in columns (e) and (h), showing the book liability in column (e)
3. In case obligations mature serially, insert an appropriate symbol in column (d) and give particulars in note.

Line No	Classification (a)	Name of Obligation (b)	Nominal Date of Issue (c)	Date of Maturity (d)	Face Amount Outstanding (e)	Unamortized Premium/Disc Account 4220/ Account 4230 (f)	Unamortized Debt Iss Expenses Account 1407 (g)	Stated Rate (h)	Yield Rate Net (i)
1	Account 4210								
2	Account 4210	*****	*****	*****	*****	*****	*****	*****	*****
3	Account 4210								
4	Account 4210								
5	Account 4050	CoBank Credit Agree	03/29/1994	03/20/2009	9 010 000	-	-	7.63	7.65
6	Account 4050	*****	*****	*****	*****	*****	*****	*****	*****
7	Account 4050								
8	Account 4050								
9	Account 4260								
10	Account 4260	*****	*****	*****	*****	*****	*****	*****	*****
11	Account 4260								
12	Account 4260								
13	Account 4270								
14	Account 4270	*****	*****	*****	*****	*****	*****	*****	*****
15	Account 4270								
16	Account 4270								
17	Total All Accounts	N/A	N/A	N/A	9 010 000	-	-	N/A	N/A

27 LONG TERM DEBT (ACCOUNTS 4210, 4240, 4260, 4270)

1. Report by balance sheet accounts the particulars concerning Long-Term debt included in Accounts 4210: Funded Debt, 4240: Reacquired Debt, 4260: Advances for Affiliated Companies, and 4270: Other Long Term Debt.
2. With respect to advances included in Accounts 4260 and 4270, responses should be made only in columns (e), and (h) showing the book liability in column (e).
3. In case obligations mature serially, insert an appropriate symbol in column (d) and give particulars in note.

Line No	Classification (a)	Name of Obligation (b)	Nominal Date of Issue (c)	Date of Maturity (d)	Face Amount Outstanding (e)	Unamortized Premium/Disc Account 4220/ Account 4230 (f)	Unamortized Debt Iss. Expenses Account 1407 (g)	Stated Rate (h)	Yield Rate Net (i)
1	Account 4210	CoBank Credit Agreement	03/29/1994	03/20/2009	65,319,000	-	294,000	7.63	7.55
2	Account 4210	*****	*****	*****	*****	*****	*****	*****	*****
3	Account 4210	*****	*****	*****	*****	*****	*****	*****	*****
4	Account 4210	*****	*****	*****	*****	*****	*****	*****	*****
5	Account 4240	*****	*****	*****	*****	*****	*****	*****	*****
6	Account 4240	*****	*****	*****	*****	*****	*****	*****	*****
7	Account 4240	*****	*****	*****	*****	*****	*****	*****	*****
8	Account 4240	*****	*****	*****	*****	*****	*****	*****	*****
9	Account 4260	*****	*****	*****	*****	*****	*****	*****	*****
10	Account 4260	*****	*****	*****	*****	*****	*****	*****	*****
11	Account 4260	*****	*****	*****	*****	*****	*****	*****	*****
12	Account 4260	*****	*****	*****	*****	*****	*****	*****	*****
13	Account 4270	*****	*****	*****	*****	*****	*****	*****	*****
14	Account 4270	*****	*****	*****	*****	*****	*****	*****	*****
15	Account 4270	*****	*****	*****	*****	*****	*****	*****	*****
16	Account 4270	*****	*****	*****	*****	*****	*****	*****	*****
17	Total All Accounts	N/A	N/A	N/A	65,319,000	-	294,000	N/A	N/A

28 UNAMORTIZED INVESTMENT TAX CREDITS (Accounts 4320 and 4330)

Report as specified below information applicable to the balance in Accounts 4320 and 4330, and the transactions therein. Where appropriate, segregate the balances and transactions and transactions by utility and nonutility operations. Explain by footnote any correcting adjustments to the account balance, shown in column (g). Include in column (i) the weighted-average period over which the tax credits are amortized.

State below the options selected for the investment tax credit, (1) reduction of rate base, or (2) reduction of cost of service for rate purposes in accordance with section 46(e) of the Internal Revenue Code.

Line No	Classification (a)	Balance Beginning of Year (b)	Deferred for Year		Current Year Amortization		Adjustments (g)	Balance End of Year (h)	Amortization Period (i)
			Account Number (c)	Amount (d)	Account (e)	Amount (f)			
1	Operating Investment Tax Credits None				7210				
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14		Total Account 4320		****		****			
15	Non-Operating Investment Tax Credits None				7410				
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28	Total Account 4330		****		****				****

29 DIVIDENDS DECLARED

Show the requested information concerning dividends separately for each class or series of capital stock.

2. Entries in column (c) shall be stated in terms of par value or on the basis of the amount at which the stock is carried on the balance sheet
3. Entries in column (d) shall show for each periodic dividend the rate percent upon stock with par value and the number of dollars per share for non-par stock.
4. The total of column (e) should agree, or be reconciled, with the amount reported as dividends declared in Schedule 10.
5. If any dividend was payable other than in cash, give complete details in a note.

Line No	Name and Class of Stock (a)	No. of Shares On Which Declared (b)	Par Value (c)	Dividend Rate (d)	Amount of Dividends Declared (e)	Date Declared (f)	Date Payable (g)
1	Preferred						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18					Total		
19	Common						
19	Common Stock	1,267,629	6.67		5,000,000		01/31/00
20	Common Stock	1,267,629	6.67		2,000,000		02/28/00
21	Common Stock	1,267,629	6.67		3,000,000		03/31/00
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36				Total	10,000,000		

## 30. CAPITAL STOCK AND FUNDED DEBT ISSUED OR ASSUMED DURING THE YEAR

Line No.	Classification (a)	Class of Stock (b)	Voting Rights (c)	Par or Stated Value Amount (d)	Number of Shares Authorized (e)	Amount of Stock Issued and Outstanding (f)	Additional Paid In Capital (g)	Total (h)	Number of Shares of Treasury Stock (i)	Amount in Treasury Stock (j)
1	Stock	Common Stock	No	6.67	2,000,000	8,451,000	12,658,000	21,109,000	-	-
2	Stock									
3	Stock									
4	Stock									
5	Stock									
6	Stock									
7	Stock									
8	Stock									
9	Stock									
10	Stock									
***										
11	Total	N/A	N/A	N/A	2,000,000	8,451,000	12,658,000	21,109,000		

## 31. INTRASTATE OPERATING REVENUES

Intrastate Revenues to be reported below are applicable to only those revenues accrued within the Commonwealth of Pennsylvania.

Line No.	Item (a)	Incumbent ILEC Operations (b)	Resale CLEC Operations (c)	Facilities Based CLEC Operations (d)	Total For the Year (e)
	<b>Local Network Services Revenues</b>				
1	Basic Area Revenue	36,111,000			36,111,000
2	Options: Extended Area Revenue				-
3	Public Telephone Revenue	30,000			30,000
4	Customer Premises Revenue	1,820,000			1,820,000
5	Other Local Exchange Revenue	10,952,000			10,952,000
6	Other Local Exchange Revenue Settlements	(178,000)			(178,000)
7	<b>Total Local Network Services Revenues</b>	<b>48,735,000</b>			<b>48,735,000</b>
	<b>Network Access Services Revenues</b>				
8	End User Revenue	13,676,000			13,676,000
9	Switched Access Revenue (interstate)	38,360,000			38,360,000
10	Special Access Revenue	7,166,000			7,166,000
11	State Access Revenue	46,852,000			46,852,000
12	ITORP	8,704,000			8,704,000
13	Carrier	38,148,000			38,148,000
14	<b>Total Network Access Services Revenues</b>	<b>106,054,000</b>			<b>106,054,000</b>
15	<b>Private Line Revenue (CAP)</b>				
	<b>Long Distance Toll Revenues</b>				
16	LD Message Revenue	14,872,000			14,872,000
17	LD Inward-Only Revenue	11,000			11,000
18	LD Outward-Only Revenue	31,000			31,000
19	Subvoice Grade LD Private Network Revenue	-			-
20	Voice Grade LD Private Network Revenue	565,000			565,000
21	Audio Program Grade LD Private Network Revenue	13,000			13,000
22	Video Program Grade LD Private Network Revenue	-			-
23	Digital Transmission LD Private Network Revenue	302,000			302,000
24	LD Private Network Switching Revenue	-			-
25	Other LD Private Network Revenue	-			-
26	Other LD Private Network Revenue Settlements	-			-
27	Other Long Distance Revenue	213,000			213,000
28	Other Long Distance Revenue Settlements	-			-
29	<b>Total Long Distance Network Services Rev.</b>	<b>16,007,000</b>			<b>16,007,000</b>
	<b>Interexchange Reseller Revenues</b>				
30	MTS	-			-
31	800 Service	-			-
32	Other	-			-
33	<b>Total Interexchange Reseller Revenues</b>	<b>-</b>			<b>-</b>
	<b>Miscellaneous Revenues</b>				
34	Directory Revenue	1,001,000			1,001,000
35	Rent Revenue	873,000			873,000
36	Corporate Operations Revenue	-			-
37	Special Billing Arrangements Revenue	335,000			335,000
38	Customer Operations Revenue	-			-
39	Plant Operations Revenue	48,000			48,000
40	Other Incidental Regulated Revenue	8,128,000			8,128,000
41	Other Revenue Settlements	-			-
42	Interstate Billing and Collection Revenue	-			-
43	Intrastate Billing and Collection Revenue	1,226,000			1,226,000
44	Nonregulated Revenue	-			-
45	<b>Total Miscellaneous Revenues</b>	<b>11,611,000</b>			<b>11,611,000</b>
	<b>Uncollectible Revenues</b>				
46	Uncollectible Revenue-Telecommunications	640,000			640,000
47	Uncollectible Revenue-Other	15,000			15,000
48	<b>Total Uncollectible Revenues</b>	<b>655,000</b>			<b>655,000</b>
49	<b>Total Operating Revenues</b>	<b>181,752,000</b>			<b>181,752,000</b>

## 32. OPERATING EXPENSES BY CATEGORY

Intrastate Expenses to be reported below are applicable to only those expenses accrued within the Commonwealth of Pennsylvania.

Line No.	Item (a)	Total (b)
	Plant Specific Operations	
	Network Support Expenses	
1	6112 Motor Vehicle	904,000
2	Clearance	-
3	Net Balance	904,000
4	6113 Aircraft	-
5	Clearance	-
6	Net Balance	-
7	6114 Special Purpose Vehicles	2,000
8	Clearance	-
9	Net Balance	2,000
10	6115 Garage Work Equipment	5,000
11	6116 Other Work Equipment	389,000
12	Clearance	-
13	Net Balance	389,000
14	6110 Total Network Support Exp.	1,300,000
	General Support Expenses	
15	6121 Land and Building	2,332,000
16	6122 Furniture and Artworks	10,000
17	6123 Office Equipment	136,000
18	6124 General Purpose Computers	54,000
19	6120 Total General Support Exp.	2,532,000
	Central Office Switching Expenses	
20	6211 Analog Electronic	3,000
21	6212 Digital Electronic	1,918,000
22	6215 Electro-Mechanical	2,000
23	6210 Ttl. Central Off. Switching Exp.	1,923,000
24	6220 Operator Systems Expense	-
	Central Office Transmission Expenses	
25	6231 Radio Systems	2,000
26	6232 Circuit Equipment	528,000
27	6230 Total Central Off. Trans. Exp.	530,000
	Information Origination/Termination Exp.	
28	6311 Station Apparatus	3,567,000
29	6321 Customer Premises Wiring	-
30	6341 Large Private Branch Exchange	47,000
31	6351 Public Telephone Terminal Eq.	26,000
32	6362 Other Terminal Equipment	1,106,000
33	6310 Total Inf.-Orgr./Termin. Exp.	4,746,000

## 32. OPERATING EXPENSES BY CATEGORY (Continued)

Line No	Item (a)	Total (b)
Plant Specific Operations (cont'd.)		
Cable and Wire Facilities Expenses		
34	6411 Poles	2,923,000
35	6421 Aerial Cable	5,158,000
36	6422 Underground Cable	3,000
37	6423 Buried Cable	1,806,000
38	6424 Submarine Cable	-
39	6425 Deep Sea Cable	-
40	6426 Intra-building Network Cable	-
41	6431 Aerial Wire	-
42	6441 Conduit Systems	59,000
43	6410 Total Cable and Wire Fac. Exp.	9,949,000
44	Total Plant Specific Operations	20,980,000
Plant Nonspecific Operations		
Other Property, Plant & Equipment Exp		
45	6511 Prop. Held for Fut. Tele. Use	-
46	6512 Provisioning	-
47	Clearance	-
48	Net Balance	-
49	6510 Ttl. Oth. Prop., Plant & Eq. Exp	-
Network Operations Expenses		
50	6531 Power	898,000
51	6532 Network Administration	1,558,000
52	6533 Testing	3,432,000
53	6534 Plant Operations Administration	3,432,000
54	Clearance	-
55	Net Balance	3,432,000
56	6535 Engineering	1,844,000
57	Clearance	-
58	Net Balance	1,844,000
59	6530 Total Network Operations Exp.	11,164,000
60	6540 Access	5,858,000
Depreciation & Amortization Expense		
61	6561 Depreciation-TPIS	36,957,000
62	6562 Depreciation-Prop. Held for Fut. Tele. Use	48,000
63	6563 Amortization-Tangible	6,000
64	6564 Amortization-Intangible	-
65	6565 Amortization-Other	-
66	6560 Total Deprec. & Amort. Exp.	37,011,000
67	Ttl. Plant Nonspec. Oper. Exp.	54,033,000

## 32. OPERATING EXPENSES BY CATEGORY (Continued)

Line No.	Item (a)	Total (b)
Customer Operations		
Marketing Expenses		
68	6611 Product Management	341,000
69	6612 Sales	523,000
70	6613 Product Advertising	1,828,000
71	6610 Total Marketing Expenses	2,692,000
Services Expenses		
72	6621 Call Completion Services	276,000
73	6622.1 Number Svcs-Directory Assist.	224,000
74	6622.2 Number Svcs-Directory Publish.	-
75	6623.1 Customer Svcs-Order Proc&Instr	4,931,000
76	6623.2 Customer Svcs-Billing & Coll.	20,000
77	6623.3 Customer Svcs-Public Tele	272,000
78	6620 Total Services Expenses	5,723,000
79	Total Customer Oper. Exp.	8,415,000
Corporate Operations		
Executive and Planning Expenses		
80	6711 Executive	74,000
81	6712 Planning	-
82	6710 Total Exec. and Planning Exp	74,000
General & Administrative Expenses		
83	6721 Accounting & Finance	1,386,000
84	6722 External Relations	351,000
85	6723 Human Resources	349,000
86	6724 Information Management	5,969,000
87	6725 Legal	380,000
88	6726 Procurement	215,000
89	6727 Research and Development	-
90	6728 Other General & Administrative	16,879,000
91	6720 Total General & Admin. Exp	25,529,000
92	6790 Prov. for Uncollectible Notes Rec	-
93	Total Corporate Oper. Exp.	25,603,000
94	Total Operating Expenses	109,031,000

## 33 CALCULATION OF FEDERAL INCOME TAXES - CURRENT PERIOD

f. The totals as reported on this schedule should conform with amounts reported on corresponding Schedules.

Line No.	Item (a)	Total (b)	Current (c)	Deferred Property Related (d)	Deferred Other (e)
1	Operating Revenues	181,752,000	181,752,000		
2	Operating Expenses	109,031,000	109,031,000		
3	Operating Taxes (Non-Income)	6,831,000	6,831,000		
4	Interest & Other Expense	8,255,000	8,255,000		
5	Pre-Tax Operating Income	57,635,000	57,635,000	-	-
	Total Line 1 Minus Lines 2-3-4				
6	Other Income (Expense)	15,309,000	15,309,000		
7	Pre Tax Book Income	72,944,000	72,944,000	-	-
	Total Lines 5+6				
8	Permanent and Flow-Through Differences	147,000	147,000		
9	Temporary Differences	-	(387,000)	2,117,000	(1,730,000)
10	State Only Differences	-	(101,000)	101,000	
11	Subtotal	73,091,000	72,603,000	2,218,000	(1,730,000)
12	State Tax at Current Rate	7,302,000	7,253,000	222,000	(173,000)
13	Adjustments to State Tax	30,000	105,000	2,000	(77,000)
14	Adjustments for State Tax Rate Changes	-	-		
15	State Tax Accrual	7,332,000	7,358,000	224,000	(250,000)
	Total Lines 12+13+14				
16	Federal Taxable Income	65,759,000	65,346,000	1,895,000	(1,557,000)
	Total Line 11 Minus Lines 10-12-13				
17	Federal Tax at Current Rate	22,989,000	22,871,000	663,000	(545,000)
18	TC Authorization	-	-	-	-
19	Adjustment for Federal Tax Rate Changes	-	-	-	-
20	R & D Credits	-	-	-	-
21	IRS Audit Settlement	-	-	-	-
22	Tax Rate Change on Extraordinary Activity	-	-	-	-
23	Other	27,000	271,000	(1,000)	(243,000)
24	Federal Tax Accrual	23,016,000	23,142,000	662,000	(788,000)
	Total Lines 17 through 23				

## 34. NUMBER OF EMPLOYEES

Report the requested information concerning the number of employees on respondent's payrolls.

Line No.	Classification According to Occupation (a)	Number (b)
1	Total Officials and Senior Manager Employees	7
2	Total Professional and Semiprofessional Employees	81
3	Total Business Office, Sales And Professional Employees	175
4	Total Clerical Employees	47
5	Total Operators	11
6	Total Construction, Installation and Maintenance Employees	299
7	Total Building, Supplies and Motor Vehicle Employees	36
8	All Other Employees Not Elsewhere Classified	7
9	Total All Employees	663

### 35. ANNUAL ACCESS LINE SUMMARY REPORT\*

Line No.	Access Line Type	FACILITIES BASED (ON NET) <sup>2</sup>	RESOLD LINES <sup>3</sup>	WHOLESALE LOOPS <sup>4</sup>	TRS Surcharge Applied <sup>5</sup>
<p>PUC 378</p> <p>TELEPHONE COMPANY: Commonwealth Telephone Company      CONTACT: Cheryl Mirro</p> <p>E-MAIL ADDRESS: cmirro@epix.net      PHONE #: 570-531-6908</p>					
1	END-USER <sup>1</sup> ACCESS LINES AS OF 12/31/00**				
2	Business Customer Lines <sup>5</sup> :				
3	Access Line Type				
4	POTS.....	42,784	N/A	N/A	42,784
5	ISDN - BRI.....	424	N/A	N/A	424
6	ISDN - PRI.....	25	N/A	N/A	25
7	xDSL (all subtypes).....	313	N/A	N/A	313
8	PAY TELEPHONE LINES <sup>7</sup> .....	2,765	N/A	N/A	2,765
9	CENTREX ACCESS LINES.....	25,330	N/A	N/A	25,330
10	CENTREX EQUIVALENT TRUNKS <sup>8</sup> .....	5,883	N/A	N/A	5,883
11	PBX TRUNKS.....	2,229	N/A	N/A	2,229
12	OTHER ANALOG***.....	0	N/A	N/A	0
13	OTHER DIGITAL***.....	0	N/A	N/A	0
14	TOTAL.....				
15	Residence Customer Lines <sup>5</sup> :				
16	Access Line Type				
17	POTS.....	236,885	N/A	N/A	236,885
18	ISDN - BRI.....	20	N/A	N/A	20
19	xDSL (all subtypes).....	3,142	N/A	N/A	3,142
20	OTHER ANALOG***.....	-	N/A	N/A	-
21	OTHER DIGITAL***.....	0	N/A	N/A	0
22	Official Access Lines <sup>9</sup> :				
23	Access Line Type				
24	POTS.....	2,075	N/A	N/A	2,075
25	ISDN - BRI.....	31	N/A	N/A	31
26	ISDN - PRI.....	-	N/A	N/A	-
27	xDSL (all subtypes).....	-	N/A	N/A	-
28	PAY TELEPHONE LINES <sup>7</sup> .....	-	N/A	N/A	-
29	CENTREX ACCESS LINES.....	1,799	N/A	N/A	1,799
30	CENTREX EQUIVALENT TRUNKS <sup>8</sup> .....	110	N/A	N/A	110
31	PBX TRUNKS.....	-	N/A	N/A	-
32	OTHER ANALOG***.....	-	N/A	N/A	-
33	OTHER DIGITAL***.....	-	N/A	N/A	-

**35. ANNUAL ACCESS LINE SUMMARY REPORT (continued)**

TELEPHONE COMPANY: Commonwealth Telephone Company

Line No	END-USER FACILITIES BASED LINES (ON NET)	END-USER RESOLD DIAL TONE LINES	END-USER WHOLESale LOOPS
1			
2			
3			
4			
5	26,463	N/A	N/A
6	185,438	N/A	N/A
7			
8	211,901	N/A	N/A
9			

**CUSTOMER COUNT**

NUMBER OF BUSINESS CUSTOMERS.....

NUMBER OF RESIDENCE CUSTOMERS.....

TOTAL CUSTOMERS.....

**LOOPS AND LINES SOLD TO OTHER CARRIERS AS OF 12/31/  
WHOLESALE LOCAL LOOPS LEASED TO UNE PURCHASERS**

10	POTS.....	N/A
11	ISDN-BRI.....	N/A
12	ISDN-PRI.....	N/A
13	xDSL (all subtypes).....	N/A
14	CENTREX ACCESS LINES.....	N/A
15	CENTREX EQUIVALENT TRUNKS.....	N/A
16	PBX TRUNKS.....	N/A
17	PAY TELEPHONE LINES.....	N/A
18	OTHER ANALOG***.....	N/A
19	OTHER DIGITAL***.....	N/A
20		

**WHOLESALE RESOLD DIAL TONE LINES**

21	POTS.....	N/A
22	ISDN-BRI.....	N/A
23	ISDN-PRI.....	N/A
24	xDSL (all subtypes).....	N/A
25	CENTREX ACCESS LINES.....	N/A
26	CENTREX EQUIVALENT TRUNKS.....	N/A
27	PBX TRUNKS.....	N/A
28	PAY TELEPHONE LINES.....	N/A
29	OTHER ANALOG***.....	N/A
30	OTHER DIGITAL***.....	N/A
31		

**35. ANNUAL ACCESS LINE SUMMARY REPORT (continued)**

Line No.

**NOTES:**

- \* Access line count as required by M-00900239 for Telecommunications Relay Service Surcharge calculation
- \*\* Enter N/A where service is not provided. Include seasonal/suspended service access lines for all Grades of Service on this Report
- \*\*\* Any other type of service offered but not listed. (List data is separately on back of Report )

**DEFINITIONS:**

- 1. END-USER - Retail Customer.
- 2. END-USER FACILITIES BASED LINES (ON NET) - Access Lines being served using facilities owned and operated by reporting telephone company.
- 3. END-USER RESOLD DIAL TONE LINES - Access Lines being served by reporting telephone company using resold lines of another telephone company.
- 4. END-USER WHOLESale LOOPS - Access Lines being served by reporting telephone company using wholesale loops of another telephone company. (ie. line loops, UNE-Ps, DS1, DS3, extended loops, EELs, etc.)
- 5. TRS SURCHARGE APPLIED - Number of Access Lines in each category/type that the company applied the TRS Surcharge
- 6. BUSINESS AND RESIDENCE - Outwats, Dedicated Toll-Free, and FX are to be included in appropriate business & residence service categories
- 7. PAY TELEPHONE LINES - Includes all types of pay telephones: public, semi-public, and COCOTS
- 8. CENTREX EQUIVALENT TRUNKS - Adjustment of Centrex line counts for TRS Surcharge collection purposes. Use the attached conversion table (Conversion table contained in Order at Docket No. M-00900239 (2000) to convert Centrex Trunks.)
- 9. OFFICIAL - Telephone company lines used exclusively for telephone company business. Include Official Lines for all Grades of Service here

**INSTRUCTIONS:**

- a. Provide access line data for the most recent year ending December 31
- b. This Report is to be filed with the Secretary of the PA PUC BY APRIL 30 of each year.

The Following Schedules are Proprietary and Confidential in nature  
and will be not be made available for public disclosure.

36. TELEPHONE CALLS (Amounts in Thousands)									
Line No.	Description (a)	Local Calls (b)	Intra ATA	InterLATA Toll Calls Comp			InterLATA Bill Acc Min		
			Toll Calls Com- Org (c)	Inter-State (d)	Intra-State (e)	Total (f)	Inter-State (g)	Intra-State (h)	Total (i)
1	Pennsylvania	684,535	47,091	143,060	100,532	243,592	602,699	514,264	1,116,963
2									
3									
4									
5									
6									
7									
8									
9									
10									
11	Total	684,535	47,091	143,060	100,532	243,592	602,699	514,264	1,116,963

37. REPORT OF RESIDENTIAL SERVICE		
Show average amounts where noted for the reporting company		
Line No.	Description (a)	Amount (b)
1	Average Number of Residential Accounts Per Month	237,406
2	Gross Revenue from All Residential Accounts - LEC Revenues Only	95,153,859
3	Basic Service	37,473,254
4	Non-Basic Service	16,687,316
5	Toll Service	40,993,289
6	Average Residential Bill Per Month	44
7	Average Number of Overdue Accounts Per Month	43,557
8	Average Overdue Bill Per Month	71
9	Net Write-Offs of Uncollectible Accounts - Residential Accounts Only	
	Local Exchange Carrier	281,826
	Local Exchange Carrier and Billing Client	812,501
	Total Company	1,094,327

## 38. DEVELOPMENT OF RATE BASE

Line No	Item (a)	Actual Per Books (b)	Intrastate Percent (c)	Intrastate Per Books (d)	Pro Forma Intrastate Adjustments (e)	Intrastate Pro Forma Results (f)
1	Original Cost of Plant In Service	N/A	N/A	445,966	N/A	N/A
2	Less: Depreciation Reserve	N/A	N/A	228,554	N/A	N/A
3	Net Plant	N/A	N/A	217,412	N/A	N/A
<u>Additions:</u>						
4	Land/Plant Held for Future Use	N/A	N/A	381	N/A	N/A
5	Materials and Supplies	N/A	N/A	3,538	N/A	N/A
6	Cash Working Capital	N/A	N/A	8,876	N/A	N/A
7	Other	N/A	N/A	5,264	N/A	N/A
<u>Deductions:</u>						
8	Accumulated Deferred Income Taxes	N/A	N/A	29,973	N/A	N/A
9	Liberalized Depreciation	N/A	N/A	-	N/A	N/A
10	Investment Tax Credit	N/A	N/A	-	N/A	N/A
11	Other	N/A	N/A	-	N/A	N/A
12	Customer Deposits	N/A	N/A	244	N/A	N/A
13	Customer Advances	N/A	N/A	-	N/A	N/A
14	Contribution in Aid of Construction	N/A	N/A	-	N/A	N/A
15	Other	N/A	N/A	-	N/A	N/A
16	RATE BASE	N/A	N/A	205,254	N/A	N/A
17	<u>Operating Revenues</u>	N/A	N/A	122,828	N/A	N/A
<u>Operating Expenses:</u>						
18	Operating & Maintenance Expense	N/A	N/A	53,453	N/A	N/A
19	Annual Depreciation	N/A	N/A	29,856	N/A	N/A
20	Taxes Other than Income					
21	State Income- Current	N/A	N/A	6,085	N/A	N/A
22	Federal Income- Current	N/A	N/A	2,764	N/A	N/A
23	Deferred Income Taxes	N/A	N/A	8,713	N/A	N/A
24	Investment Tax Credit (Net)	N/A	N/A	(69)	N/A	N/A
25	Total Operating Expenses	N/A	N/A	100,799	N/A	N/A
26	Income Available for Return	N/A	N/A	22,029	N/A	N/A
	RATE OF RETURN - OVERALL	N/A	N/A	10.73%	N/A	N/A

39. COMPENSATION OF OFFICERS

1. Furnish the indicated data with respect to each officer, whether or not they have received any compensation from the respondent. Executive officers shall include a company's president, secretary, treasurer and vice president in charge of a principal business unit, or division function, (such as sales, administration or finance), and any other person who performs similar policy-making functions.

Line No.	Title (a)	Salary	
		Rate at Year End (b)	Paid During Year (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

FOOTNOTES

Information not provided due to confidential nature of the information.

39. COMPENSATION OF OFFICERS (Continued)

- 2 If any officer reported in this schedule received remuneration directly or indirectly other than the salary shown in column (c), list the amounts in columns (d) through (i) with the footnotes necessary to explain the essentials of the plan not previously reported, the basis of determining the ultimate benefits receivable and the payments or provisions made during the year to each person reported herein. If the word "none" correctly states the facts in regard to entries for columns (e) through (j), so state.
- 3 If any person reported hereunder received compensation from more than one affiliated company or was carried on the payroll of an affiliated company, details shall be given in a note.

Deferred Compensation (d)	Incentive Pay (Bonuses, etc) (e)	Savings Plans (f)	Other			Total (c thru i) (j)	Line No.
			Stock Options (g)	Life Ins. Premiums (h)	Other (Expl. Below) (i)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23
							24
							25

FOOTNOTES

Information not provided due to confidential nature of the information.

VERIFICATION

State of Pennsylvania  
County of: Luzerne

says: I am the Donald P. Cawley makes oath and  
Sr VP, Chief Accounting Officer of Commonwealth Telephone Company  
(Insert the official title of the deponent) (Insert the name of reporting company)

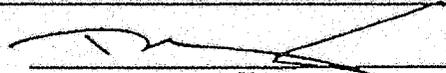
I am familiar with the preparation of the foregoing report and know generally the content thereof.  
The said report which consists of:

Cover Page, Index and Pages 1 through 54  
(Insert exact identification of the pages comprising this report)

is true and correct to the best of my knowledge and belief. As to matters not actually stated  
upon my knowledge, the sources of my information and the bases for my belief are as follows:

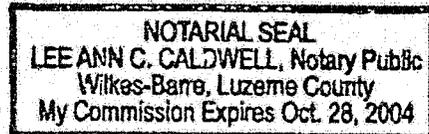
Subscribed and sworn to before me a

NOTARY PUBLIC

  
Signature

this 1st day of JULY 2001

(Use an L.S. Impression Seal) Lee Ann C. Caldwell  
(Signature of Officer Auth. to Administer Oaths)



THIS SPACE RESERVED FOR USE BY THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Computed: \_\_\_\_\_  
Examined: \_\_\_\_\_  
Reviewed: \_\_\_\_\_