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October 21, 2014

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OCT 21 2014

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Hon. Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort KY 40601-8294

Re: Tariff Filing of Foothills Rural Telephone Cooperative Corporation, Inc., Case No. 2014-00328 before the Public Service Commission of the Commonwealth of Kentucky

Dear Mr. Derouen:

On behalf of Foothills Rural Telephone Cooperative Corporation, Inc., enclosed for filing with the Public Service of the Commonwealth of Kentucky are one (1) original and ten (10) copies of the following documents.

- 1) Application for a General Adjustment in Rates;
- 2) Motion for Waiver of Certain Rate Application Filing Requirements; and
- 3) Petition for Confidential Treatment

Thank you, and if you have any questions with regard to this matter, please call me.

Very truly yours,

DINSMORE & SHOHL LLP



John E. Selent

JES/bmt
Enclosures

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

OCT 21 2014

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF FOOTHILLS RURAL TELEPHONE) CASE NO. 2014-00328
COOPERATIVE CORPORATION, INC.)
FOR A GENERAL ADJUSTMENT IN RATES)

APPLICATION

Applicant Foothills Rural Telephone Cooperative Corporation, Inc. (“Foothills”), by counsel, pursuant to KRS 278.180, 807 KAR 5:001, Sections 14 and 16, and 807 KAR 5:011, Section 6, and consistent with the Public Service Commission of the Commonwealth of Kentucky’s (the “Commission”) May 29, 2013 order in Case No. 2013-00193 (the “2013 Rate Floor Order”), files this application (the “Application”) for authority to adjust its rates and charges for basic local exchange service and gives notice of its intention to increase the same rates and charges effective November 30, 2014.

INTRODUCTION

This Application for a rate increase is filed in response to an order from the Federal Communications Commission (“FCC”) that fundamentally alters the cost structure of providing telecommunications services in high-cost rural areas, like those Foothills serves. *See In the Matter of Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (Nov 18, 2011) (“ICC/USF Order”). For decades prior to the ICC/USF Order, high-cost carriers had received subsidies from the federal government’s “Universal Service Fund” (“USF”). Those USF subsidies were intended to fulfill the Federal Communications Act’s requirement that “[c]onsumers in all regions of the Nation, including . . . those in rural, insular, and high cost areas, should have access to telecommunications and

information services . . . that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.” 47 U.S.C. § 254(b)(3). The FCC found, however, that many rural consumers were paying rates that were less than those paid by consumers in urban areas. ICC/USF Order at ¶ 235. In consequence, the FCC's ICC/USF Order sets a rate floor equal to the national average of local rates plus state regulated fees. *Id.* at ¶ 238. The ICC/USF Order also “limit[s] high-cost support where local end-user rates plus state regulated fees” do not meet that national rate floor; those carriers’ federal subsidies will be reduced “on a dollar-for-dollar basis . . . , to the extent that [the] carrier’s local rates (plus state regulated fees) do not meet the urban rate floor.” *Id.* at ¶ 239.

On June 10, 2014, the FCC altered the schedule for the imposition of rate floor penalties, effectively requiring carriers to ensure that their 2014 rate floor obligations are met no later than December 1, 2014. *See In the Matter of Connect America Fund et al.*, Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54, ¶¶ 79-80.

Foothills’ proposed rate adjustment is thus necessary to preserve its ability to receive these USF subsidies that are important to its ability to provide telephone and information services in its high-cost rural service territory. Without a minimum rate sufficient to meet the FCC’s new rate floor, high-cost carriers like Foothills will lose significant federal funding that has historically allowed these carriers to provide service to the most costly, rural customers. That loss of federal funding will threaten the financial existence of these rural carriers like Foothills, who have important obligations under federal and state law as carriers of last resort. Moreover, the loss of those subsidies would increase the pressure for Foothills to raise its rates

even higher than the federal rate floor sought here because any loss of federal funds would lead to a need for Foothills to make up that revenue directly from its customer-members.

* * * * *

In support of its Application, Foothills states as follows:

1. Pursuant to 807 KAR 5:001, Section 14(1): (i) the full name of the applicant is Foothills Rural Telephone Cooperative Corporation, Inc.; (ii) the mailing address of the applicant is 1621 Kentucky Route 40 West / P.O. Box 240, Staffordsville, KY 41256-0240; and (iii) the electronic mailing address of the applicant is brandon@foothills.coop.

2. Pursuant to 807 KAR 5:001, Section 14(2), Foothills states that it is currently in good standing in the Commonwealth of Kentucky, where it is incorporated. A certified copy of Foothills' Articles of Incorporation and all amendments thereto is on file with the Commission in Case No. 2013-00193.

3. Pursuant to 807 KAR 5:001, Section 16(1)(b)(1), Foothills provides the following statement of the reason the adjustment is requested. Further details are provided in Exhibit 1 of this Application.

a. Foothills is a rural incumbent local exchange carrier serving parts of Lawrence and Johnson counties and all of Magoffin County in eastern Kentucky. Foothills was established in 1950 as a not-for-profit, member-owned cooperative to provide local telephone service to business and individual members within the exchanges of Blaine, Chapman, Fallsburg, Flat Gap, Royalton, Salyersville, and Staffordsville (the "Service Area"). Per its 2013 PSC Report, Foothills provided 11,473 residential lines and 1,479 business lines to its members. Foothills is an eligible telecommunications carrier ("ETC"), and it is also the carrier of last resort

“COLR”) in the Service Territory. In 2013, Foothills received \$4,574,547.00 from the High Cost Loop Support (“HCLS”) Fund to support its COLR responsibilities in the Service Territory.

b. This proceeding was motivated by an order of the FCC that implemented “a rule to limit high-cost support where end-user rates do not meet a specified local rate floor.” See ICC/USF Order at ¶ 235.

c. Under the rule, local exchange carriers such as Foothills must meet a specified rate floor in each year in order to be eligible to receive the maximum possible amount of HCLS funding from the FCC. Failure to meet the rate floor by the deadline will result in a reduction in HCLS funding that the carrier could have otherwise received for that year. ICC/USF Order at ¶¶ 133, 238-40. Therefore, Foothills requires an adjustment of its rates to comply with the FCC’s 2014 rate floor, thereby maintaining eligibility for the 2014 maximum amount of HCLS funding.

4. The requirements of 807 KAR 5:001, Section 16(1)(b)(2), are inapplicable because Foothills does not operate under an assumed name pursuant to KRS 365.015.

5. Pursuant to 807 KAR 5:001, Section 16(1)(b)(3), Foothills has attached its proposed tariff, in such form as is required by 807 KAR 5:011, as part of Exhibit 2. The proposed effective date of the proposed tariff is November 30, 2014, at least 30 days from the date the Application is filed.

6. Pursuant to 807 KAR 5:001, Section 16(1)(b)(4), Foothills has attached as part of Exhibit 2 its present tariff using italicizing, underscoring, and strikethroughs to show proposed revisions.

7. Pursuant to 807 KAR 5:001, Section 16(1)(b)(5), Foothills states that notice has been given in compliance with 807 KAR 5:001, Section 17, as described below:

a. Pursuant 807 KAR 5:001, Section 17(1), Foothills has posted at its place of business a copy of the Public Notice and will, within five days of the filing of the Application, post on its website a copy of the Public Notice and a hyperlink to the location on the Commission's website where the case documents are available. A copy of the Public Notice is attached hereto as part of Exhibit 3.

b. Pursuant to 807 KAR 5:001, Section 17(2), Foothills, which has more than twenty (20) customers and is not a sewage utility, has provided notice to its customers by including the notice with customer bills mailed no later than the date the Application is submitted to the Commission. A copy of the notice sent to customers is attached hereto as part of Exhibit 3.

c. Pursuant to 807 KAR 5:001, Section 17(3), an affidavit verifying Foothills' provision of the required notice to its customers is attached hereto as part of Exhibit 3.

d. Pursuant to 807 KAR 5:001, Section 17(4), Foothills states that the Public Notice attached to this Application as Exhibit 3 complies with all "Notice Content" requirements prescribed by regulation because it contains all of the following elements:

- i. The proposed effective date and the date the proposed rates are expected to be filed with the Commission;
- ii. The present rates and proposed rates for each customer classification to which the proposed rates will apply;
- iii. The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;

- iv. The effect upon the average bill for each customer classification for the proposed rate change in basic local service;
- v. A statement that a person may examine this Application at Foothills' offices;
- vi. A statement that a person may examine this Application at the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Commission's Web site at <http://psc.ky.gov>;
- vii. A statement that comments regarding the Application may be submitted to the Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;
- viii. A statement that the rates contained in this notice are the rates proposed by Foothills but that the Commission may order rates to be charged that differ from the proposed rates contained in the notice;
- ix. A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and
- x. A statement that if the Commission does not receive a written request for intervention within thirty (30) days of initial

publication or mailing of the notice, the Commission may take final action on the Application.

8. The requirements of 807 KAR 5:001, Section 16(1)(b)(6), are inapplicable because Foothills is not a water district.

9. Pursuant to 807 KAR 5:001, Section 16(2), Foothills states that it notified the Commission in writing of its intent to file the Application on September 11, 2014 at least thirty (30) days but not more than sixty (60) days prior to filing the Application. A copy of the notice of intent is included as part of Exhibit 4 of this Application. Pursuant to 807 KAR 5:001, Section 16(2)(a), the notice of intent stated whether the Application will be supported by a historical test period or a fully forecasted test period. Pursuant to 807 KAR 5:001, Section 16(2)(c), Foothills sent by electronic mail a .pdf copy of the notice of intent to the Attorney General's Office of Rate Intervention (rateintervention@ag.ky.gov) upon filing it with the Commission. A copy of this email, including the attached notice of intent, is included as part of Exhibit 4 of this Application.

10. The provisions of 807 KAR 5:001, Section 16(3), are inapplicable because Foothills is not an electric utility.

11. Pursuant to 807 KAR 5:001, Section 16(4)(a), a narrative summary of the particular circumstances that justify and support Foothills' Application, including a statement of the reason the adjustment is required, is attached hereto as Exhibit 1 and is incorporated herein by reference. Exhibit 1 is filed subject to a Petition for Confidential Treatment pursuant to 807 KAR 5:001, Section 13, filed contemporaneously with this Application.

12. As more fully explained in Foothills' Motion for Waiver of Certain Rate Application Requirements ("Motion for Waiver") filed contemporaneously with this Application,

Foothills seeks waiver of 807 KAR 5:001, Section 16(4)(b), requiring the applicant's witnesses' prepared testimony.

13. The requirements of 807 KAR 5:001, Section 16(4)(c) are inapplicable because Foothills has gross annual revenues in excess of \$5,000,000.00.

14. Pursuant to 807 KAR 5:001, Section 16(4)(d), Foothills estimates that the total amount of revenue increase resulting from the proposed rate adjustment will be \$28,900.00.

15. The requirements of 807 KAR 5:001, Section 16(4)(e), are inapplicable because Foothills is not an electric, gas, sewage, or water utility.

16. Pursuant to 807 KAR 5:001, Section 16(4)(f), Foothills states that the proposed rate adjustment will likely increase the average affected customer bill by approximately \$0.21. Additional details regarding the anticipated impact on affected customers are set forth in Exhibit 1.

17. Pursuant to 807 KAR 5:001, Section 16(4)(g), Foothills states that because the FCC's rate floor applies only to residential rates, only Foothills' Residential customer class will be affected by the proposed rate adjustment. Foothills' analysis of customers' bills and the corresponding revenue impact are provided in Foothills' responses to the requirements of Section 16(4)(d) and 16(4)(f) in paragraphs 14 and 16 above.

18. Pursuant to 807 KAR 5:001, Section 16(4)(h), Foothills attaches hereto as Exhibit 5 Foothills' actual revenue position compared to its required operating revenues as shown through its calculation of its regulated TIER. To the extent the Commission believes this section imposes additional requirements relevant to this Application, Foothills respectfully seeks waiver of those requirements for the reasons set forth in its accompanying Motion for Waiver.

19. As more fully explained in Foothills' Motion for Waiver, Foothills seeks waiver of 807 KAR 5:001, Section 16(4)(i), requiring a reconciliation of the rate base and capital used to determine revenue requirements.

20. Pursuant to 807 KAR 5:001, Section 16(4)(j), Foothills has attached a current chart of accounts hereto as Exhibit 6.

21. Pursuant to 807 KAR 5:001, Section 16(4)(k), Foothills has attached its independent auditor's annual opinion report hereto as Exhibit 7. The other requirements of this section are inapplicable because Foothills' independent auditor has not indicated "the existence of a material weakness in [Foothills'] internal controls."

22. The requirements in 807 KAR 5:001, Section 16(4)(l), are inapplicable because Foothills has not been audited by the FCC.

23. Pursuant to 807 KAR 5:001, Section 16(4)(m), Foothills states that its most recent PSC Form T is on file with the Commission.

24. Pursuant to 807 KAR 5:001, Section 16(4)(n), Foothills provides as Exhibit 8 hereto a schedule identifying current depreciation rates used by major plant accounts. Foothills' test period depreciation rates are identical to the current depreciation rates attached. To the extent the Commission believes this section requires more information than Foothills has provided, Foothills seeks waiver of 807 KAR 5:001, Section 16(4)(n) for the reasons set for in its Motion for Waiver.

25. Pursuant to 807 KAR 5:001, Section 16(4)(o), requiring a schedule of detailed information regarding all software, programs, and models used to prepare the Application, Foothills states that it utilized no specialized software, program, or models, and relied on Microsoft Word and Microsoft Excel to prepare the Application and supporting exhibits.

26. The requirements of 807 KAR 5:001, Section 16(4)(p), are inapplicable because Foothills has never made a stock or bond offering.

27. As more fully explained in Ballard's Motion for Waiver, Ballard seeks waiver of 807 KAR 5:001, Section 16(4)(q), requiring the annual report to shareholders or members with statistical supplements. Ballard does not prepare such documents and instead presents its financial results to its members at an annual meeting to review and discuss its operations

28. As more fully explained in Foothills' Motion for Waiver, Foothills seeks waiver of 807 KAR 5:001, Section 16(4)(r), requiring monthly managerial reports.

29. The requirements of 807 KAR 5:001, Section 16(4)(s), are inapplicable because Foothills is not required to file the U.S. Securities and Exchange Commission's Form 10-K, Form 8-K, or Form 10-Q.

30. The requirements of 807 KAR 5:001, Section 16(4)(t), are inapplicable because Foothills has not had any amounts charged or allocated to it by an affiliate or general or home office, and has not paid any monies to an affiliate or a general or home office during the test period or during the previous three (3) calendar years.

31. The requirements of 807 KAR 5:001, Section 16(4)(u), are inapplicable because Foothills is not an electric, gas, sewage, or water utility.

32. The requirements of 807 KAR 5:001, Section 16(4)(v), are inapplicable because Foothills has fewer than 50,000 access lines.

33. The requirements of 807 KAR 5:001, Section 16(5), are inapplicable because Foothills' Application does not include any pro forma adjustments. To the extent the Commission believes the requirements of this section apply to this Application, Foothills

respectfully seeks waiver of those requirements for the reasons set forth in its accompanying Motion for Waiver.

34. The requirements of 807 KAR 5:001, Section 16(6), are inapplicable because Foothills is not requesting a general adjustment in rates supported by a fully forecasted test period.

35. The requirements of 807 KAR 5:001, Section 16(7), are inapplicable because Foothills is not requesting a general adjustment in rates supported by a fully forecasted test period.

36. The requirements of 807 KAR 5:001, Section 16(8), are inapplicable because Foothills is not requesting a general adjustment in rates supported by a fully forecasted test period.

37. Pursuant to ¶ 3.a of the 2013 Rate Floor Order, Foothills has provided an estimate of the annual revenue to be received in 2014 from HCLS in Exhibit 1, Attachment A.

38. Pursuant to ¶ 3.b of the 2013 Rate Floor Order, Foothills has provided an estimate of the annual revenue to be lost due to adjustment of terminating access rates in the "Financial Support for Filing" section of Exhibit 1.

39. Pursuant to ¶ 3.c of the 2013 Rate Floor Order, Foothills has provided an estimate of the annual revenue to be generated by the tariff changes in Exhibit 1, Attachment C and in response to the requirements of 807 KAR 5:001, Section 16(4)(d), in paragraph 14 above.

40. Pursuant to ¶ 3.d of the 2013 Rate Floor Order, Foothills has provided an estimate of historical line counts in Exhibit 1, Attachment B. As more fully explained in Foothills' Motion for Waiver, Foothills seeks partial waiver of ¶ 3.d of the 2013 Rate Floor Order, insofar as it requests projected line losses.

41. Pursuant to ¶ 3.e of the 2013 Rate Floor Order, Foothills has provided historical and projected universal service support information in the narrative response of Exhibit 1 and in Exhibit 1, Attachment A. As is certified annually to the Commission, these funds are used by Foothills to provide voice and advanced data services to its customers, thereby providing its communities with access to critical communications and broadband services.

42. Pursuant to ¶ 3.f of the 2013 Rate Floor Order, Foothills states that narrative support for the proposed rate adjustment is contained in this Application and in Exhibit 1.

WHEREFORE, Foothills Rural Telephone Cooperative Corporation, Inc. respectfully requests that the Public Service Commission of the Commonwealth of Kentucky enter a final order approving Foothills' proposed revisions to the applicable tariffs and grant all other relief to which it is entitled.

Respectfully submitted,



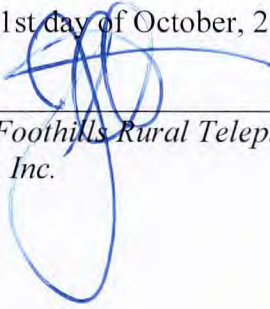
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*Counsel to Foothills Rural Telephone
Cooperative Corporation, Inc.*

CERTIFICATE OF SERVICE

I certify that, on the date this Application was filed with the Kentucky Public Service Commission, a true and accurate copy of the foregoing was served by Federal Express or by hand delivery upon the persons listed below.

Kentucky Attorney General
Office of Rate Intervention
700 Capitol Avenue, Suite 118
Frankfort, Kentucky 40601-3449

On this the 21st day of October, 2014.



Counsel for Foothills Rural Telephone Cooperative Corporation, Inc.

7308784v3

Description and Reason for Filing

With this filing, Foothills Rural Telephone Cooperative Corporation, Inc. (“Foothills”) proposes to increase its basic residential local service rates by \$2.00, to \$16.00 per month. Foothills also proposes to offset that increase by expanding basic residential exchange service to include call waiting and three-way calling service features. This filing is in response to the November 18, 2011 order by the Federal Communications Commission that mandates minimum local residential service rate levels as a condition of continued receipt of certain federal universal service supports. In that Order¹ (the so-called “Transformation Order”) the FCC required that local exchange rates be set at or above a rate floor of \$10, as of June 1, 2012; \$14 as of June 1, 2013, and an “urban rate” – at that time undefined – on or before June 1, 2014 (“2014 rate floor”). The Transformation Order mandated that companies with rate levels below the applicable rate floor be penalized with a dollar for dollar reduction in federal high cost loop support (“HCLS”).

On March 20, 2014 the FCC released the results of its controversial urban rate floor survey² that established the 2014 rate floor of \$20.46; if implemented, this floor would become the basis on which HCLS recipients below the floor would be subject to the loss of funding as required by the FCC’s Transformation Order. On June 20, 2014 the FCC issued an Order on Reconsideration³ that modified the proposed 2014 urban rate floor to allow for a phase-in of the residential rate floor. Under its revised implementation schedule, companies were given the option to implement the rates over a 4-year period:

¹ *In the Matter of Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (Nov 18, 2011)

² *Wireline Competition Bureau Announces Results of Urban Rate Survey for Voice Services; Seeks Comment on Petition for Extension of Time to Comply with New Rate Floor*, Public Notice, DA 14-384, Released March 20, 2014

³ Report and Order, Declaratory Ruling, Order, Memorandum Opinion And Order, Seventh Order On Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (June 10, 2014)

Therefore, we waive the application of section 54.318(b) for lines reported July 1, 2014, with a rate of \$14 or above. Commencing January 2, 2015 (reflecting rates as of December 1, 2014), and thereafter, through June 30, 2016, we waive section 54.318(b) to the extent reported lines are greater than or equal to \$16. For the period between July 1, 2016, and June 30, 2017, we waive section 54.318(b) to the extent reported rates are greater than or equal to \$18, or the 2016 rate floor, whichever is lower. For the period between July 1, 2017, and June 30, 2018, we waive section 54.318(b) to the extent reported rates are greater than or equal to \$20, or the 2017 rate floor, whichever is lower.⁴

Proposed Revisions and Customer Impact

With this filing, Foothills' basic residential rates are proposed to rise to \$16.00. Foothills does not propose any changes to its basic business services, which are not subject to the Transformation Order and which are, in any event, priced above the \$16.00 residential rate floor. To offset this residential rate increase, Foothills proposes to include two of its most popular calling features – call waiting and three-way calling – as standard features of its residential exchange service.

Foothills currently charges \$1.75 for residential call waiting and \$3.00 for residential three-way calling. These two features are the company's most popular standalone features and two-thirds of its residential customers subscribe to one or both services.⁵ To implement the rate floor, effective with this tariff revision, all residential subscribers will automatically receive both of these features as part of the basic residential exchange service. Those subscribers who currently pay for the feature(s) will no longer be billed for them. As shown below, as a result of this change, Foothills customers who subscribe to these features will see either a very modest rate increase or a rate reduction. This allows Foothills to meet the residential rate floor while minimizing the number of subscribers who experience a rate increase.

⁴ *Ibid.*, para. 80

⁵ Pursuant to revisions in Case 2013-00193, Residential Exchange service includes Caller Number Identification.

	Current	Revised	Change
Call Waiting Subscribers	\$ 15.75	\$ 16.00	\$ 0.25
Three-Way Calling Subscribers	\$ 17.00	\$ 16.00	\$ (1.00)
Bundle Features	\$ 18.75	\$ 16.00	\$ (2.75)
No-feature Subscribers	\$ 14.00	\$ 16.00	\$ 2.00

Company Information

The full name and address of the company is Foothills Rural Telephone Cooperative Corporation, Inc., 1621 Kentucky Route 40 West / P.O. Box 240, Staffordsville, KY 41256-0240. Foothills was established in 1950 as a not-for-profit, member-owned cooperative to provide local telephone service to business and individual members within the exchanges of Blaine, Chapman, Fallsburg, Flat Gap, Royalton, Salyersville, and Staffordsville (“Service Territory”). Foothills is a rural incumbent local exchange carrier serving parts of Lawrence and Johnson counties and all of Magoffin county in eastern Kentucky. Per its 2013 PSC Report, Foothills provided 11,473 residential lines and 1,479 business lines to its members.

Foothills is an eligible telecommunications carrier (“ETC”) in the communities it serves and is also the carrier of last resort (“COLR”) in its Service Territory. In 2013, Foothills received \$4,574,547 from the HCLS Fund to support its COLR responsibilities in its Service Territory, and anticipates receiving \$3.9M in calendar year 2014. As a high cost company, all HCLS revenues are crucial for Foothills to continue to meet its COLR responsibilities and to bring advanced services to the communities it serves.

A schedule of Foothills’ quarterly high cost support is provided in Attachment A of this Exhibit. Historic access line counts, as reported to the National Exchange Carrier Association, are provided in Attachment B.

Financial Support for Filing

Foothills is making these changes because the FCC's Transformation Order requires that companies that fail to meet the rate floor be penalized with a reduction in loop support. Companies that fail to meet the 2014 rate floor will experience a dollar for dollar reduction in HCLS beginning in January, 2015. As shown below, Foothills is seeking to increase its local exchange rates by \$2.00 but by doing so will retain approximately 7.1% of its total HCLS support, or \$275K per year.

	Subscribers	Current Rate	FCC Floor	At Risk
Residential Based on year-end 2013	11,473	\$ 14.00	\$ 16.00	\$ 275,351
Annual HCLS (See Attachment A of this Exhibit)				\$3,892,653
Support at risk absent a rate increase				7.1%

Included in the FCC's Transformation Order is a requirement that carriers cap and reduce not only their reciprocal, state, and interstate inter-carrier compensation rates but also the revenues Foothills is allowed to collect. Under the formula specified in the Transformation Order, the FCC capped allowed terminating access revenues from inter-carrier compensation at fiscal year 2011⁶ collected levels and established a phase down of those allowed amounts over the subsequent 5 years. With this change, Foothills cannot collect more than its current capped revenue amount net 5% *each year*. As shown in the step down of Eligible State Access Recovery, the cumulative FCC-mandated reduction in its state access revenue recovery is [REDACTED] through the fiscal period ending June, 2015.

⁶ October 1, 2010 through September 30, 2011.

	Eligible State Access Recovery	
	Access Cap	Reduction
FY2011		
2012-2013 Fiscal Period		
2013-2014 Fiscal Period		
2014-2015 Fiscal Period		
Cumulative Reduction		

As shown in Attachment C of this Exhibit, based on a one-month sample of feature subscription rates, Foothills estimates the monthly rate increase from its proposed rate revisions will be 21-cents per average residential subscriber. Using its current residential line count and without including any adjustments for line losses, this is a modest \$28,900 annualized revenue increase. Accordingly, Foothills estimates that the revenue gain of its proposed local service rate increase is significantly less than the cumulative reduction imposed by the FCC's cap of Eligible State Access Recovery.

This is the second residential rate increase filed by Foothills to meet the residential rate floor. As it is proposing here, in its prior rate floor filing effective June 1, 2013, Foothills met the basic exchange rate floor by offsetting rate increases with the inclusion of an optional calling feature. In that filing, Foothills offset the \$2 rate increase with the elimination of separate charges for Caller ID, a \$3.50 service. Then, as now, doing so resulted in an almost revenue neutral change.

Summary

The FCC's Transformation Order continues to dramatically change the revenue sources historically available to rural telephone companies like Foothills to use in meeting their COLR obligation and to expand the availability of advanced broadband services to their customers.

Unfortunately, for many of these affected companies, doing so requires upward pressure on local service rates. Foothills has attempted to offset this pressure by including call waiting and three-way calling with all basic residential service. As shown in this documentation, Foothills has no other realistic options available to it and requests that its tariff revisions be approved.

Attachments to this Exhibit:

- Attachment A: Foothills' quarterly high cost support 2014
- Attachment B: National Exchange Carrier Association Report of Access Lines
- Attachment C: Revenue Forecast Due to Rate Change

**Foothills Rural Telephone Cooperative
2014 High Cost Support**

**Case 2014-00328
Exhibit 1
Attachment A**

Report Cycle	State	SAC	Study Area Name	Connect America Fund ICC Monthly Support	HCL Monthly Support	ICLS Monthly Support	Total High Cost Monthly	Total High Cost Quarterly
1Q14	KY	260406	FOOTHILLS RURAL COOP	\$ 182,610	\$ 329,243	\$ 305,209	\$ 817,062	\$ 2,451,186
2Q14	KY	260406	FOOTHILLS RURAL COOP	\$ 182,610	\$ 326,053	\$ 305,209	\$ 813,872	\$ 2,441,616
3Q14	KY	260406	FOOTHILLS RURAL COOP	\$ 182,610	\$ 321,127	\$ 292,989	\$ 796,726	\$ 2,390,178
4Q14	KY	260406	FOOTHILLS RURAL COOP	\$ 215,308	\$ 321,128	\$ 292,989	\$ 829,425	\$ 2,488,275

2014 Calendar Year

\$3,892,653

The Exhibit 1(B) attachment has been omitted from the public filing. It has been provided under a petition for confidential treatment

REDACTED COPY

Foothills Telephone Cooperative
2014 Rate Impact Analysis
Confidential

Case 2014-00328
Exhibit 1
Attachment C

	<u>Demand</u>	<u>Current</u>		<u>Proposed</u>	
		<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
Residential Lines	11,212	\$ 14.00	\$156,968	\$ 16.00	\$179,392
Call Waiting Subscribers	[REDACTED]	\$ 1.75	[REDACTED]	\$ -	\$0
Three Way Calling Subscribers	[REDACTED]	\$ 3.00	[REDACTED]	\$ -	\$0
Bundle Features	[REDACTED]	\$ 4.75	[REDACTED]	\$ -	<u>\$0</u>
			\$176,983		\$179,392

Average Change in Line / Feature	Per subscriber, per Month	1.4%	\$ 0.21
	<i>Including FCC regulated charges</i>	0.9%	

	<u>Current</u>	<u>Revised</u>	<u>Change</u>	<u>% Change</u>
Call Waiting Subscribers	\$ 15.75	\$ 16.00	\$ 0.25	1.6%
Three Way Calling Subscribers	\$ 17.00	\$ 16.00	\$ (1.00)	-5.9%
Bundle Features	\$ 18.75	\$ 16.00	\$ (2.75)	-14.7%
No-feature Subscribers *	\$ 14.00	\$ 16.00	\$ 2.00	14.3%

* all residential subscribers will received caller Call Waiting and Three Way Calling

Foothills Rural Telephone Coop. Corp., Inc.
Case 2014-00328

Exhibit 2

- **Proposed Tariff Pages (Proposed)**
- **Proposed Tariff Pages (Proposed with Black Line)**

Foothills Rural Telephone Coop. Corp., Inc.
Case 2014-00328

Exhibit 2

Proposed Tariff Pages (Clean)

5. BASIC LOCAL EXCHANGE SERVICE (Cont'd)

5.3 Basic Exchange Line Service

5.3.1 Description

Basic Line Service provides a Customer with a single, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Basic Lines are provided for connection of Customer-provided single station sets or facsimile machines to the public switched telecommunications network. Each Basic Line may be configured into a rotary line hunt group with other Company-provided Basic Lines.

All Basic Exchange lines are equipped with caller number feature capability. Residential Exchange lines are equipped with Three-way Calling and Call Waiting as standard features. (N)
(N)

5.3.2 Rates

Rates do not include a charge for instrument or other customer premises' wiring or equipment. Rates for additional services, including installation charges, are shown elsewhere in this Tariff.

	<u>Monthly</u>
Business Exchange Access Rate	\$19.40
Residential Exchange Access Rate	\$16.00 (I)

Issue Date: October 21, 2014
Effective Date: November 30, 2014

Issued by: /s/ Ruth Conley
Ruth Conley, General Manager

7 MISCELLANEOUS SERVICES (Cont'd)

7.2 Custom Calling Features (cont'd)

7.2.3 Rates

1. Monthly Rates

	<u>Residential</u>	<u>Business</u>
Call Waiting with Cancel Call Waiting	\$0.00 (R)	\$2.75
Call Forwarding All Calls (CFAC)	\$1.50	\$2.50
Three-Party Conferencing (3PC)	\$0.00 (R)	\$3.50
Directory Number Transfer *	\$1.25	\$2.25
Speed Calling 8-code (SC8)	\$1.00	\$2.00
Speed Calling 30-code (SC30)	\$1.50	\$2.50
Call Forwarding Busy (CFB)	\$1.50	\$2.50
Call Forwarding Don't Answer (CFDA)	\$1.50	\$2.50
Call Forwarding Fixed (CFF)	\$1.50	\$2.50

Installation Charge of \$10.00 for one or combination of services applies unless in conjunction with a new service.

* Not compatible with call forwarding

Issue Date: October 21, 2014
Effective Date: November 30, 2014

Issued by: /s/ Ruth Conley
Ruth Conley, General Manager

Foothills Rural Telephone Coop. Corp., Inc.
Case 2014-00328

Exhibit 2

Proposed Tariff Pages (Proposed with Black Line)

5. BASIC LOCAL EXCHANGE SERVICE (Cont'd)

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Basic Line Service provides a Customer with a single, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Basic Lines are provided for connection of Customer-provided single station sets or facsimile machines to the public switched telecommunications network. Each Basic Line may be configured into a rotary line hunt group with other Company-provided Basic Lines.

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(N)
(N)

5.3.2 Rates

Rates do not include a charge for instrument or other customer premises' wiring or equipment. Rates for additional services, including installation charges, are shown elsewhere in this Tariff.

	<u>Monthly</u>
Business Exchange Access Rate	\$19.40
Residential Exchange Access Rate	\$14 <u>16.00</u> (I)

Issue Date: October 21, 2014
Effective Date: November 30, 2014

Issued by: /s/ Ruth Conley
Ruth Conley, General Manager

7 MISCELLANEOUS SERVICES (Cont'd)

7.2 Custom Calling Features (cont'd)

7.2.3 Rates

1. Monthly Rates

	<u>Residential</u>	<u>Business</u>
Call Waiting with Cancel Call Waiting	\$1.75 0.00 (R)	\$2.75
Call Forwarding All Calls (CFAC)	\$1.50	\$2.50
Three-Party Conferencing (3PC)	0.00 (R) \$3.00	\$3.50
Directory Number Transfer *	\$1.25	\$2.25
Speed Calling 8-code (SC8)	\$1.00	\$2.00
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* Not compatible with call forwarding

Issue Date: October 21, 2014
Effective Date: November 30, 2014

Issued by: /s/ Ruth Conley
Ruth Conley, General Manager



P. O. BOX 240 • 1621 KY HWY 40 W • STAFFORDSVILLE, KY 41256

CUSTOMER NOTICE AFFIDAVIT

AFFIDAVIT

I, Ruth Conley, am a representative of Foothills Rural Telephone Cooperative Corp., Inc., and am authorized to make this statement on its behalf.

I attest that the customer notice accompanying this affidavit was sent to all customers as a bill message on the following dates in accordance with Section 17(2) of 807 KAR 5:001: September 26, 2014; October 6, 2014; and October 16, 2014. I declare under penalty of perjury that the foregoing is true and correct.

Signature: _____

Ruth Conley

Subscribed and sworn to me before this 16th day of October, 2014.

Juon Fairchild

Notary Republic

My commission expires: 3-31-2018

On or around October 20th, Foothills Rural Telephone Cooperative Corp, Inc. will file with the KY Public Service Commission a change in basic local service rates charged to residential subscribers due to a Federal Communication Commission mandate. With this change, all residential subscribers will receive Call Waiting and Three Way Calling as part of your standard service. Residential local service rates for our members will be \$16.

Customers who do not currently subscribe to these features will receive them at no additional cost. We anticipate that the average monthly residential increase will be 21-cents with some customers experiencing a rate reduction. The average residential subscriber will have a less than 1% increase in regulated local service. If approved by the PSC, the effective date of this rate change will be December 1, 2014.

The need to modify basic service rates is mandated by recent changes enacted by the Federal Communications Commission which set minimal local service rate levels as a condition of continued receipt of federal high cost support that allows us to deploy fiber optic facilities and support advanced voice and broadband services. Because this support is vital to the economic health of our community, we have no choice but to request this rate modification.

You may examine this application at the offices of Foothills Rural Telephone Cooperative Corp., Inc., located at 1621 KY Route 40 W, Staffordsville, KY 41256, during regular business hours or at the offices of the Kentucky Public Service Commission located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>.

Comments regarding the application may be submitted to the Public Service Commission through its Website or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. Rates contained in this notice are the rates proposed by the Company but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

You may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of this notice, the Commission may take final action on the application.



P. O. BOX 240 • 1621 KY HWY 40 W • STAFFORDSVILLE, KY 41256

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

SEP 11 2014

PUBLIC SERVICE
COMMISSION

September 9, 2014

Dear Mr. Derouen:

Case No. 2014-00328

Foothills Rural Telephone Coop. Corp., Inc. ("Foothills") gives this notice pursuant to 807 KAR 5:001 Section 16(2) of its intent to file no sooner than thirty (30) days from today, but not more than sixty (60) days from today, an application for a general adjustment in its rates. The general adjustment in rates will be supported by a twelve (12) month historical test period that may include adjustments for known and measurable changes.

The anticipated rate application is intended to meet the rate floor mandated in 47 CFR § 54.318, compliance with which is required to ensure that Foothills continues to receive high cost support that is essential to its operations. (See In the matter of Connect America Fund, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (Nov. 18, 2011).)

The FCC's June 10, 2014 Order (See Report and Order, Declaratory Ruling, Order, Memorandum Opinion And Order, Seventh Order On Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54) requires Foothills to have reported line rates greater than or equal to \$16, commencing January 2, 2015 (reflecting rates as of December 1, 2014)¹.

A copy of this notice is being emailed to the Attorney General's Office of Rate Intervention by electronic mail at rateintervention@ag.ky.gov.

Please refer any questions to me at 606-297-3501 or via email at RuthC@foothills.coop.

Sincerely,

Ruth Conley, CEO/General Manager

Cc via email: Jim Stevens, KY PSC
Eileen Bodamer, Bodamer Consulting

¹ Paragraph 80.

From: Brandon Wheeler [<mailto:brandon@foothills.coop>]
Sent: Tuesday, September 09, 2014 4:31 PM
To: Eileen Bodamer; wjstevens@ky.gov; rateintervention@ag.ky.gov
Subject: Foothills Notice of Intent

Good Afternoon,

Please find the attached Notice of Intent letter for Foothills Telephone Cooperative. I will mail the original to the PSC in the morning. If anything else is needed, please let me know.

Thanks,

Brandon M. Wheeler, CPA
Senior Accountant
Foothills Rural Telephone Cooperative
P.O. Box 240
Staffordsville, KY 41256
Office: 606-297-9116
Fax: 606-297-9616



P. O. BOX 240 • 1621 KY HWY 40 W • STAFFORDSVILLE, KY 41256

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, KY 40602-0615

September 9, 2014

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Sincerely,

Ruth Conley, CEO/General Manager

Cc via email: Jim Stevens, KY PSC
Eileen Bodamer, Bodamer Consulting

¹ Paragraph 80.

**Foothills Telephone Cooperative
Regulated TIER Calculation**

**Case 2014-00328
Exhibit 5**

	Regulated TIER	
	<u>2012</u>	<u>2013</u>
Income Statement		
Operating Revenues		
Local network services revenue	\$ 3,555,749	\$ 5,397,178
Network access service revenue	19,168,534	16,606,962
Long distance network services revenue	558,243	510,982
Miscellaneous revenue	421,859	685,888
Uncollectible revenue	(24,000)	(121,275)
Additional Revenue	-	-
Total Operating Revenues	<u>\$ 23,680,385</u>	<u>\$ 23,079,735</u>
Operating Expenses		
Plant specific operations expense	\$ 5,734,531	\$ 5,190,319
Plant non-specific operations expense	1,791,826	1,974,496
Provision for depreciation	6,644,726	6,618,079
Customer operations expense	1,702,498	1,645,742
Corporate operations expense	1,494,378	1,568,513
Operating taxes	1,248,046	1,319,781
Total Operating Expenses	<u>\$ 18,616,005</u>	<u>\$ 18,316,930</u>
Operating Income	\$ 5,064,380	\$ 4,762,805
Fixed Charges		
Interest expense	\$ 1,089,772	\$ 698,699
Other	11,164	10,593
Total Fixed Charges	<u>\$ 1,100,936</u>	<u>\$ 709,292</u>
Income Before Taxes on Income	\$ 3,963,444	\$ 4,053,513
Taxes on Income		
Net Income	<u><u>\$ 3,963,444</u></u>	<u><u>\$ 4,053,513</u></u>
TIER	4.60	6.71
Net Income (after taxes)	\$ 3,963,444	\$ 4,053,513
Interest expense	\$ 1,100,936	\$ 709,292
Net Income (after taxes) + Interest Expense	<u>\$ 5,064,380</u>	<u>\$ 4,762,805</u>

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General Ledger Chart Of Accounts

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	1130.1	CASH - GENERAL FUND	Asset			Active
0	1130.11	CASH - DAILY DEPOSITS	Asset			Active
0	1130.12	CASH - PAYROLL ACCOUNT	Asset			Active
0	1130.2	CASH - CONSTRUCTION FUND	Asset			Active
0	1130.3	CASH - CLEARING	Asset			Active
0	1130.4	CASH - CAPITAL CREDITS PAYMENTS	Asset			Active
0	1130.5	CASH - BB&T CHECKING ACCOUNT	Asset			Active
0	1130.6	CASH - BIP CONSTRUCTION	Asset			Active
0	1150.1	WORKING CASH ADVANCES	Asset			Active
0	1160.1	CITIZEN'S PREMIER-TEMP INV	Asset			Active
0	1160.11	CASH INTEREST CD'S	Asset			Active
0	1160.12	COMPOUNDING INTEREST CD'S	Asset			Active
0	1160.13	TREASURY BILLS	Asset			Active
0	1160.14	RIAZZI-RHYAN INVESTMENTS	Asset			Active
0	1160.15	BB&T INVESTMENT	Asset			Active
0	1160.22	RURAL COOP CREDIT UNION-TEMP INV	Asset			Active
0	1160.29	LOUISA COMMUNITY BANK SAVINGS ACCOUNT	Asset			Active
0	1160.3	SALYERSVILLE NATIONAL BANK-MONEY MARKET	Asset			Active
0	1180.0	A/R END USER	Asset			Active
0	1181.0	A/R ALLOWANCE FOR END-USER W/OFF	Asset			Active
0	1190.01	A/R ACCESS CARRIERS & SPECIAL	Asset			Active
0	1190.02	A/R ALLOWANCE FOR CABS W/OFF	Asset			Active
0	1190.03	A/R KIH SPECIAL CIRCUITS	Asset			Active
0	1190.1	A/R OTHER	Asset			Active
0	1190.11	A/R CELLULAR SERVICES	Asset			Active
0	1190.12	A/R POLE ATTACHMENTS	Asset			Active
0	1190.13	OTHER A/R-EMPLOYEE MISC	Asset			Active
0	1190.14	A/R NTCA LOAN PAYMENT	Asset			Active
0	1190.21	A/R REPAIRS TO LINES BILLED	Asset			Active
0	1190.31	A/R NECA MONTHLY SETTLEMNT	Asset			Active
0	1190.33	A/R USAC	Asset			Active
0	1190.34	A/R USAC - CABS	Asset			Active
0	1190.4	A/R RETIREMENT	Asset			Active
0	1190.6	A/R EMPLOYEE UPS	Asset			Active
0	1190.61	A/R EMPLOYEE EXPENSE MONEY	Asset			Active
0	1190.7	A/R EMPLOYEE'S INSURANCE	Asset			Active

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General Ledger Chart Of Accounts

Div	Account	Description	Type	Category	Group	Status
0	1190.8	A/R EMPLOYEE DSL MODEM PUR PLAN	Asset			Active
0	1190.9	A/R-EMPLOYEE ADVANCE	Asset			Active
0	1210.1	INTEREST & DIVIDENDS RECEIVABLE	Asset			Active
0	1220.1	MATERIAL & SUPPLIES	Asset			Active
0	1220.2	EXEMPT MATERIAL	Asset			Active
0	1220.21	EXEMPT MATERIAL - A	Asset			Active
0	1220.22	EXEMPT MATERIAL - C	Asset			Active
0	1220.23	EXEMPT MATERIAL - D	Asset			Active
0	1220.24	EXEMPT MATERIAL - H	Asset			Active
0	1220.25	EXEMPT MATERIAL - I	Asset			Active
0	1220.26	EXEMPT MATERIAL - J	Asset			Active
0	1220.27	EXEMPT MATERIAL - L	Asset			Active
0	1220.28	EXEMPT MATERIAL - U	Asset			Active
0	1220.29	EXEMPT MATERIAL - M	Asset			Active
0	1220.3	EXEMPT MATERIAL - O	Asset			Active
0	1220.31	EXEMPT MATERIAL - P	Asset			Active
0	1220.32	EXEMPT MATERIAL - S	Asset			Active
0	1220.33	EXEMPT MATERIAL - T	Asset			Active
0	1220.34	EXEMPT MATERIAL - F	Asset			Active
0	1220.35	EXEMPT MATERIAL - Z	Asset			Active
0	1310.1	PREPAID INS-PROPERTY INSURANCE	Asset			Active
0	1310.11	PREPAID INS WORKERS' COMP INSURA	Asset			Active
0	1310.2	PREPAID INS-NTCA RETIREMENT	Asset			Active
0	1310.3	PREPAID INS-EMPLOYEE ACCIDENT	Asset			Active
0	1310.31	PREPAID FLEET ONE- FUEL	Asset			Active
0	1310.41	PREPAID INS-GROUP HELATH & DISB	Asset			Active
0	1310.42	PREPAID INSURANCE-MANAGER'S LIAB	Asset			Active
0	1310.43	PREPAID INSURANCE-DIR & OFF LIAB	Asset			Active
0	1310.7	PREPAID 401K COMPENSATION PLAN	Asset			Active
0	1310.8	PREPAID FEDERAL TAXES	Asset			Active
0	1310.9	PREPAID MAINTENANCE AGREEMENTS	Asset			Active
0	1401.1	INVESTMENTS IN AFFILIATED COMP	Asset			Active
0	1402.1	OTHER INVESTMENTS-COBANK PATRON	Asset			Active
0	1402.11	OTHER INVESTMENTS-RTB STOCK CNTR	Asset			Active
0	1402.12	OTHER INVESTMENTS-NISC PATRONAGE	Asset			Active
0	1406.1	NONREG STATION APPARATUS	Asset			Active

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General Ledger Chart Of Accounts

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	1406.11	NONREG ACC DEPR-STATION APPARATUS	Asset			Active
0	1406.12	NONREG MATERIAL	Asset			Active
0	1406.2	NONREG KEY SYSTEMS	Asset			Active
0	1406.21	NONREG DEPRECIATION M/L	Asset			Active
0	1406.22	NONREG MATERIAL HELD M/L	Asset			Active
0	1406.23	NONREG STARTREX SYSTEMS	Asset			Active
0	1406.24	NONREG ACC DEPR STARTREX SYSTEMS	Asset			Active
0	1406.3	NONREG PBX SYSTEMS	Asset			Active
0	1406.31	NONREG ACC DEPR-PBX SYSTEMS	Asset			Active
0	1406.32	NONREG LEASED EQUIPMENT	Asset			Active
0	1406.33	NONREG ACC DEPR - LEASED EQUIPMENT	Asset			Active
0	1406.4	NONREG INTERNET ASSETS	Asset			Active
0	1406.41	NONREG ACC DEPR-INTERNET	Asset			Active
0	1406.42	INTERNET SERVICE GOODWILL	Asset			Active
0	1406.5	NONREG DSL MODEMS & INSIDE EQUIP	Asset			Active
0	1406.51	NONREG ACC DEPR-DSL INSIDE EQUIPMENT	Asset			Active
0	1406.6	NONREG LAND	Asset			Active
0	1406.7	NONREG OSP ASSETS	Asset			Active
0	1406.71	NONREG ACCUM DEPR-OSP ASSETS	Asset			Active
0	1406.9	NONREG SET TOP BOXES	Asset			Active
0	1406.91	NONREG ACC DEPR-SET TOP BOXES	Asset			Active
0	1406.92	NONREG-MISC VIDEO EQUIPMENT	Asset			Active
0	1406.93	NONREG ACC DEPR-MISC VIDEO EQUIPMENT	Asset			Active
0	1438.0	DEFERRED MAINT & RETIREMENTS	Asset			Active
0	1439.0	DEFERRED CHARGES	Asset			Active
0	2003.0	TELEPHONE PLANT UNDER CONSTR.	Asset			Active
0	2004.0	WORK ORDER CLEARING ACCOUNT	Asset			Active
0	2004.1	WORK ORDER CLEARING - STIMULUS	Asset			Active
0	2111.0	LAND	Asset			Active
0	2111.1	LAND - EASEMENTS	Asset			Active
0	2112.0	MOTOR VEHICLES-GENERAL	Asset			Active
0	2112.1	MOTER VEHICLES-FULLY DEPRECIATED	Asset			Active
0	2112.2	MOTOR VEHICLES-HEAVY	Asset			Active
0	2112.3	MOTOR VEHICLES-HEAVY FULLY DEPRECIATED	Asset			Active
0	2116.0	OTHER WORK EQUIPMENT	Asset			Active
0	2116.1	OTH WORK EQUIP-FULLY DEPRECIATED	Asset			Active

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General Ledger Chart Of Accounts

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	2116.12	FTTH OTHER WORK EQUIPMENT	Asset			Active
0	2121.0	BUILDINGS-HEADQUARTERS & CO'S	Asset			Active
0	2121.1	BUILDINGS-REMOTES	Asset			Active
0	2122.0	FURNITURE	Asset			Active
0	2122.1	FURNITURE-FULLY DEPRECIATED	Asset			Active
0	2123.0	OFFICE SUPPORT EQUIPMENT	Asset			Active
0	2123.1	OFFICE SUPPORT EQUIP-FULLY DEPR	Asset			Active
0	2123.2	CO-OP COMMUNICATIONS EQUIPMENT	Asset			Active
0	2123.3	COMM EQUIP FULLY DEPRECIATED	Asset			Active
0	2124.0	GENERAL PURPOSE COMPUTER	Asset			Active
0	2124.1	COMPUTER -FULLY DEPRECIATED	Asset			Active
0	2124.2	INTRACOMPANY LAN SYSTEM	Asset			Active
0	2124.3	SUBSCRIBER BILLING COMPUTER SYS	Asset			Active
0	2124.4	AS/400 SYSTEM FOR CABS BILLING	Asset			Active
0	2212.0	DIGITAL ELECTRONIC SWITCHING	Asset			Active
0	2212.11	DIG SWITCHING STANDBY GENERATORS	Asset			Active
0	2212.12	FTTH SWITCHING EQUIPMENT	Asset			Active
0	2232.0	CIRCUIT EQUIPMENT	Asset			Active
0	2232.01	CIRCUIT EQUIPMENT - SPARES	Asset			Active
0	2232.1	ADSL EQUIPMENT	Asset			Active
0	2232.11	ADSL EQUIPMENT - SPARES	Asset			Active
0	2232.12	FTTH CIRCUIT EQUIPMENT	Asset			Active
0	2232.13	FTTH CARRIER EQT - NIDS	Asset			Active
0	2232.14	FTTH NIDS - SPARES	Asset			Active
0	2232.2	FIBER OPTIC EQUIPMENT	Asset			Active
0	2232.21	FIBER OPTIC EQUIP-FULLY DEPR	Asset			Active
0	2411.0	POLES	Asset			Active
0	2411.12	FTTH POLES	Asset			Active
0	2421.0	AERIAL CABLE	Asset			Active
0	2421.01	AERIAL CABLE-FULLY DEPRECIATED	Asset			Active
0	2421.1	AERIAL FIBER	Asset			Active
0	2421.12	FTTH CO FOR VOICE VIDEO, DATA	Asset			Active
0	2421.2	AERIAL CUSTOMER DROPS	Asset			Active
0	2421.21	FTTH DROPS	Asset			Active
0	2421.22	FTTH CUSTOMER DROPS - INACTIVE	Asset			Active
0	2423.0	BURIED CABLE	Asset			Active

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General Ledger Chart Of Accounts

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	2423.1	BURIED FIBER	Asset			Active
0	2423.12	FTTH BURIED FIBER	Asset			Active
0	2431.0	AERIAL WIRE	Asset			Active
0	2431.1	AERIAL WIRE-FULLY DEPRECIATED	Asset			Active
0	2690.0	INTANGIBLES	Asset			Active
0	3100.08	ACC DEPR HEAVY VEHICLES FULLY DEPR	Asset			Active
0	3100.09	ACC DEPR HEAVY VEHICLES	Asset			Active
0	3100.1	ACC DEPR GENERAL VEHICLES	Asset			Active
0	3100.11	ACC DEPR FULLY DEPR VEHICLES	Asset			Active
0	3100.12	ACC DEPR OTHER WORK EQUIPMENT	Asset			Active
0	3100.13	ACC DEPR FULLY DEPR OTH WRK EQT	Asset			Active
0	3100.2	ACC DEPR HEADQRTRS BLDG	Asset			Active
0	3100.22	ACC DEPR REMOTES	Asset			Active
0	3100.3	ACC DEPR FURNITURE	Asset			Active
0	3100.31	ACC DEPR FULLY DEPR FURNITURE	Asset			Active
0	3100.4	ACC DEPR OFFICE EQUIPMENT	Asset			Active
0	3100.41	ACC DEPR FULLY DEPR OFFICE EQT	Asset			Active
0	3100.42	ACC DEPR COMMUNICATIONS EQT	Asset			Active
0	3100.43	A/D-F/D COMM EQUIP	Asset			Active
0	3100.5	ACC DEPR COMPUTER EQUIP	Asset			Active
0	3100.51	ACC DEPR FULLY DEPR COMP EQUIP	Asset			Active
0	3100.52	ACC DEPR LAN SYSTEM	Asset			Active
0	3100.53	ACC DEPR SUB BILLING SYSTEM	Asset			Active
0	3100.54	ACC DEPR-AS400 CABS BILLILNG SYS	Asset			Active
0	3100.6	ACC DEPR DIGITAL ELCTRNC SWITCH	Asset			Active
0	3100.61	ACC DEPR DIGITAL SWITCHING STANDBY GENER	Asset			Active
0	3100.62	ACC DEPR CIRCUIT EQUIPMENT	Asset			Active
0	3100.63	ACC DEPR DSL EQUIPMENT	Asset			Active
0	3100.64	ACC DEPR FIBER OPTIC EQUIPMENT	Asset			Active
0	3100.65	A/D-F/D FIBER OPTIC EQUIP	Asset			Active
0	3100.7	ACC DEPR POLES	Asset			Active
0	3100.72	ACC DEPR AERIAL CABLE	Asset			Active
0	3100.73	A/D-F/D AERIAL CABLE	Asset			Active
0	3100.74	ACC DEPR AERIAL FIBER	Asset			Active
0	3100.75	ACC DEPR CUSTOMER DROPS	Asset			Active
0	3100.76	ACC DEPR BURIED CABLE	Asset			Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	3100.78	ACC DEPR BURIED FIBER	Asset			Active
0	3100.8	ACC DEPR AERIAL WIRE	Asset			Active
0	3100.81	A/D-F/D AERIAL WIRE	Asset			Active
0	3100.9	ACC DEPR CIRCUIT EQUIP	Asset			Active
0	3101.1	ACC DEPR FTTH SWITCHING EQUIPMEN	Asset			Active
0	3101.2	ACC DEPR FTTH CIRCUIT EQUIPMENT	Asset			Active
0	3101.21	ACC DEPR FTTH C/E - NIDS	Asset			Active
0	3101.3	ACC DEPR FTTH POLES	Asset			Active
0	3101.4	ACC DEPR FTTH FIBER	Asset			Active
0	3101.5	ACC DEPR FTTH CUSTOMER DROPS	Asset			Active
0	3101.6	ACC DEPR FTTH BURIED FIBER	Asset			Active
0	3101.7	ACC DEPR FTTH OTHER WORK EQUIPMENT	Asset			Active
0	4010.1	A/P FEDERAL EXCISE TAX	Liability			Active
0	4010.11	A/P FEDERAL INCOME TAX	Liability			Active
0	4010.12	A/P FEDERAL TAX WITHHELD 1099'S	Liability			Active
0	4010.2	A/P SALES TAX	Liability			Active
0	4010.21	A/P STATE INCOME TAX	Liability			Active
0	4010.22	A/P KENTUCKY VIDEO EXCISE TAX	Liability			Active
0	4010.32	A/P SCHOOL TAX-MAGOFFIN CO	Liability			Active
0	4010.33	A/P SCHOOL TAX-BREATHITT CO	Liability			Active
0	4010.34	A/P SCHOOL TAX-JOHNSON CO	Liability			Active
0	4010.35	A/P SCHOOL TAX-LAWRENCE CO	Liability			Active
0	4010.36	A/P SCHOOL TAX-MORGAN CO	Liability			Active
0	4010.37	A/P SALYERSVILLE FRACHISE FEE	Liability			Active
0	4010.38	A/P MAGOFFIN COUNTY FRANCHISE FE	Liability			Active
0	4010.39	A/P LAWRENCE CO FRANCHISE FEE	Liability			Active
0	4010.4	A/P E911-JOHNSON CO	Liability			Active
0	4010.41	A/P E911-LAWRENCE CO	Liability			Active
0	4010.42	A/P E911-MAGOFFIN CO	Liability			Active
0	4010.43	A/P KY TELECOM RELAY	Liability			Active
0	4010.44	A/P JOHNSON CO OCCUPATIONAL TAX	Liability			Active
0	4010.45	A/P MAGOFFIN CO OCCUPATIONAL TAX	Liability			Active
0	4010.46	A/P KENTUCKY LIFELINE SUPPORT	Liability			Active
0	4010.5	A/P ACCOUNTS PAYABLE CHECKS	Liability			Active
0	4010.51	A/P ACH PAYABLE	Liability			Active
0	4010.6	A/P CAPITAL CREDITS	Liability			Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	4010.61	A/P NTSR ADJUSTING/TRUE-UP	Liability			Active
0	4010.7	A/P AT&T PARS	Liability			Active
0	4010.71	A/P NECA SERVICES PARS	Liability			Active
0	4010.72	A/P BELLSOUTH PARS	Liability			Active
0	4010.75	A/P CHARITY COMMITTEE FUND	Liability			Active
0	4010.76	A/P SCRAP SALVAGED REVENUE	Liability			Active
0	4010.8	A/P OTHER	Liability			Active
0	4010.81	A/P 401(K)	Liability			Active
0	4010.82	A/P EMPLOYEE INSURANCE DEDUCTION	Liability			Active
0	4010.83	A/P GARNISHMENTS	Liability			Active
0	4010.84	A/P CREDIT UNION	Liability			Active
0	4010.85	A/P CHARITABLE CONTRIBUTIONS	Liability			Active
0	4010.86	A/P CUSTOMER GIFT CERTIFICATES	Liability			Active
0	4010.87	A/P EMPLOYEE ACCIDENT INSURANCE	Liability			Active
0	4010.88	A/P VENDING COMMISSIONS	Liability			Active
0	4010.89	A/P - APPALACHIAN INSURANCE	Liability			Active
0	4010.9	A/P ADVANCE CREDIT CARD PMTS	Liability			Active
0	4010.99	UNINVOCED MATERIALS	Liability			Active
0	4040.1	CUSTOMER DEPOSITS	Liability			Active
0	4040.11	CUSTOMER DEPOSITS-STB	Liability			Active
0	4070.1	ACCRUED INCOME TAXES	Liability			Active
0	4080.1	OTHER TAXES ACCRUED-PROPERTY	Liability			Active
0	4080.2	OTHER TAXES ACCRUED-US UNEMPLOYM	Liability			Active
0	4080.21	OTHER TAXES ACCRUED-STATE UNEMP	Liability			Active
0	4080.4	OTHER TAXES ACCRUED-FICA	Liability			Active
0	4120.1	OTHER ACCRUED LIB-RUS DEBIT	Liability			Active
0	4120.11	OTHER ACCRUED LIB-RTB DEBIT	Liability			Active
0	4120.12	COBANK INTEREST ACCRUAL	Liability			Active
0	4120.21	OTHER ACCRUED LIB-JOINT USE RENT	Liability			Active
0	4120.22	A/P - FEDERAL INCOME TAX WH 1099	Liability			Active
0	4120.3	ACCUMULATED SICK LEAVE	Liability			Active
0	4120.4	ACCRUED VACATION	Liability			Active
0	4120.5	SPECIAL CONTRACT RETAINAGE	Liability			Active
0	4120.51	STIMULUS GRANT/AID	Liability			Active
0	4210.11	RUS NOTES EXECUTED	Liability			Active
0	4210.12	RUS NOTES-DEFFERED RUS CONST	Liability			Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	4210.13	RUS NOTES UNADVANCED FUNDS	Liability			Active
0	4210.14	RTB NOTES EXECUTED	Liability			Active
0	4210.15	RTB NOTES UNADVANCED FUNDS	Liability			Active
0	4210.16	RUS CUSHION OF CREDIT PAYMENT	Liability			Active
0	4210.17	COBANK NOTES PAYABLE	Liability			Active
0	4210.18	BIP NOTES EXECUTED	Liability			Active
0	4210.19	BIP NOTES UNADVANCED FUNDS	Liability			Active
0	4310.1	OTHER L/T LIAB-POST RETIREMENT	Liability			Active
0	4310.11	POST RETIREMENTS-BENEFITS FUNDED	Liability			Active
0	4540.11	PENDING MEMBERSHIPS	Liability			Active
0	4540.12	MEMBERSHIPS ISSUED	Liability			Active
0	4540.2	DONATED CAPITAL	Liability			Active
0	4540.3	DONATED CAPITAL VOID CHECKS	Liability			Active
0	4550.1	MARGINS UNASSIGNED-BEG OF YEAR	Liability			Active
0	4550.11	MARGINS UNALLOCATED-DEREG BOY	Liability			Active
0	4550.3	PATRONAGE CAPITAL CREDITS	Liability			Active
0	4550.34	PATRONAGE CAPITAL CRED REFUNDED	Liability			Active
0	4550.41	PATRONAGE TO ESTATES	Liability			Active
0	4550.42	MARGINS UNASSIGNED-INVEST AFF	Liability			Active
0	4550.43	CAPITAL CREDITS PAYABLE-UNLOCATE	Liability			Active
0	4550.5	ACCUMULATED COMPREHENSIVE INCOME	Liability			Active
0	5001.1	BASIC LOCAL SERVICE REVENUE	Income	Operating		Active
0	5001.11	LOCAL SERVICE LIFELINE CREDIT	Income	Operating		Active
0	5001.12	KY LIFELINE CREDIT	Income	Operating		Active
0	5001.2	LOCAL SERVICE PRI	Income	Operating		Active
0	5001.21	LOCAL SERVICE PRI - EXTENSION	Income	Operating		Active
0	5002.1	FRTC LATA-WIDE CALLING TOLL REV	Income	Operating		Active
0	5002.2	FRTC INTRACOMPANY CALLING PLAN	Income	Operating		Active
0	5002.3	STRAIGHT TALK TOLL REVENUE	Income	Operating		Active
0	5011.12	LOCAL SERVICE KY LIFELINE CREDIT	Income	Operating		Active
0	5040.0	LOCAL PRIVATE LINE REVENUE	Income	Operating		Active
0	5050.0	CUSTOMER PREMISES REVENUE	Income	Operating		Active
0	5060.0	OTHER LOCAL REVENUE	Income	Operating		Active
0	5060.1	OTHER LOCAL EXCHANGE REVENUE	Income	Operating		Active
0	5060.2	REGULATED SERVICE CHARGES	Income	Operating		Active
0	5081.1	END USER REVENUE	Income	Operating		Active

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Div	Account	Description	Type	Category	Group	Status
0	5081.11	END USER REVENUE-LIFELINE CREDIT	Income	Operating		Active
0	5081.12	FUSC CHARGE REVENUE	Income	Operating		Active
0	5081.13	WHOLESALE DSL SERVICE REVENUE	Income	Operating		Active
0	5081.14	ACCESS RECOVERY CHARGE (RES)	Income	Operating		Active
0	5081.2	MULTI-LINE BUSINESS SLC CHARGE	Income	Operating		Active
0	5081.21	ACCESS RECOVERY CHARGE-MULTI BUS	Income	Operating		Active
0	5082.1	SWITCHED ACCESS REV-E/E	Income	Operating		Active
0	5082.11	SWITCHED ACCESS NECA SETTLEMENTS	Income	Operating		Active
0	5082.2	SWITCHED ACCESS REV-E/A	Income	Operating		Active
0	5082.21	SWITCHED ACCESS CCL REV-E/A	Income	Operating		Active
0	5082.3	UNIVERSAL SERVICE FUND REVENUE	Income	Operating		Active
0	5083.0	SPECIAL ACCESS REVENUE-INTER	Income	Operating		Active
0	5084.1	SWITCHED ACCESS REV-A/E	Income	Operating		Active
0	5084.11	SWITCHED ACCESS CCL REV-A/E	Income	Operating		Active
0	5084.2	SWITCHED ACCESS REV-INTRA/INTRA	Income	Operating		Active
0	5084.21	SWITCHED ACCESS CCL REV-A/A	Income	Operating		Active
0	5084.3	SPECIAL ACCESS REV-INTRASTATE	Income	Operating		Active
0	5084.4	CELLULAR INTERCONNECTION REV	Income	Operating		Active
0	5100.1	TOLL REVENUE E/E	Income	Operating		Active
0	5100.11	TOLL REV-INTERNATIONAL	Income	Operating		Active
0	5100.2	TOLL REVENUE E/A	Income	Operating		Active
0	5100.3	TOLL REVENUE A/E	Income	Operating		Active
0	5100.4	TOLL REVENUE A/A	Income	Operating		Active
0	5100.5	TOLL REVENUE OCP AND MISC	Income	Operating		Active
0	5112.1	WATTS REVENUE	Income	Operating		Active
0	5230.1	DIRECTORY REVENUE	Income	Operating		Active
0	5240.0	FLOOR SPACE REVENUE	Income	Operating		Active
0	5240.1	FIBER LEASE REVENUE	Income	Operating		Active
0	5240.2	POLE ATTACHMENT REVENUE	Income	Operating		Active
0	5250.0	ADMINISTRATIVE FEE REVENUE	Income	Non Operating		Active
0	5260.1	MISCELLANEOUS REVENUE	Income	Operating		Active
0	5260.11	MISC REV LINK-UP CREDIT	Income	Operating		Active
0	5262.1	PIC CHANGE REVENUE-INTERSTATE	Income	Operating		Active
0	5262.2	PIC CHANGE REV-INTRASTATE	Income	Operating		Active
0	5264.1	MISC REVENUE	Income	Operating		Active
0	5264.2	LATE PAYMENT FEE REVENUE	Income	Operating		Active

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Div	Account	Description	Type	Category	Group	Status
0	5270.1	B&C REVEUNE-INTERSTATE	Income	Operating		Active
0	5270.2	B&C REVEUNE-INTRASTATE	Income	Operating		Active
0	5301.0	UNCOLLECTIBLE REVENUE-TEL	Income	Operating		Active
0	5302.0	UNCOLLECTIBLE REVENUE-MISC	Income	Operating		Active
0	6100.0	PAYROLL CLEARING ACCOUNT	Clearing			Active
0	6112.0	MOTOR VEHICLE EXPENSE	Expense	Operating		Active
0	6112.1	VEHICLE EXP-LINE & CABLE	Expense	Operating		Active
0	6112.11	VEH EXP-LINE & CABLE-LABOR	Expense	Operating		Active
0	6112.12	VEHICLE EXP-LINE/CBLMEN-BENEFITS	Expense	Operating		Active
0	6112.13	VEHICLE EXP-LINE/CBLMEN-OTHER	Expense	Operating		Active
0	6112.2	VEHICLE EXP-INSTALLER/REPAIRMEN	Expense	Operating		Active
0	6112.21	VEHICLE EXP-INST/REPAIRMEN-LABOR	Expense	Operating		Active
0	6112.22	VEHICLE EXP-INST/REPMN-BENEFITS	Expense	Operating		Active
0	6112.23	VEHICLE EXP-INST/REPMN-OTHER	Expense	Operating		Active
0	6112.3	VEHICLE EXP-POOL (NOT ASSIGNED)	Expense	Operating		Active
0	6112.31	VEHICLE EXP-UNASSIGNED-LABOR	Expense	Operating		Active
0	6112.32	VEHICLE EXP-UNASSIGNED-BENEFITS	Expense	Operating		Active
0	6112.33	VEHICLE EXP-UNASSIGNED-OTHER	Expense	Operating		Active
0	6112.4	VEHICLE EXP CENTRAL OFFICE	Expense	Operating		Active
0	6112.41	VEHICLE EXP-COE LABOR	Expense	Operating		Active
0	6112.42	VEHICLE EXP-COE BENEFITS	Expense	Operating		Active
0	6112.43	VEHICLE EXP-COE OTHER	Expense	Operating		Active
0	6116.0	OTHER WORK EQUIPMENT	Expense	Operating		Active
0	6116.1	OTHER WORK EQUIPMENT-LABOR	Expense	Operating		Active
0	6116.2	OTHER WORK EQUIPMENT-BENEFITS	Expense	Operating		Active
0	6116.3	OTHER WORK EQUIPMENT-OTHER	Expense	Operating		Active
0	6116.4	OTHER WORK EQUIPMENT	Expense	Operating		Active
0	6121.0	LAND & BUILDING EXPENSE	Expense	Operating		Active
0	6121.1	LAND & BUILDING EXPENSE-LABOR	Expense	Operating		Active
0	6121.2	LAND & BUILDING EXPENSE-BENEFITS	Expense	Operating		Active
0	6121.3	LAND & BUILDING EXPENSE-OTHER	Expense	Operating		Active
0	6122.0	FURNITURE & ARTWORK EXPENSE	Expense	Operating		Active
0	6123.0	OFFICE SUPPORT EQUIPMENT EXPENSE	Expense	Operating		Active
0	6123.1	CO COMMUNICATION EQUIP EXP-LABOR	Expense	Operating		Active
0	6123.2	COMPANY COMM EQUIP EXP-BEN	Expense	Operating		Active
0	6123.3	COMPANY COMM EQUIP EXP-OTHER	Expense	Operating		Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	6124.0	GENERAL PURPOSE COMPUTER EXP	Expense	Operating		Active
0	6124.1	GEN PURPOSE COMPUTER EXP-LABOR	Expense	Operating		Active
0	6124.2	GENERAL PURPOSE COMP EXP-BENEFIT	Expense	Operating		Active
0	6124.3	GENERAL PURPOSE COMP EXP-OTHER	Expense	Operating		Active
0	6212.0	COE SWITCHING EXPENSE	Expense	Operating		Active
0	6212.1	COE SWITCHING EXPENSE-LABOR	Expense	Operating		Active
0	6212.2	COE SWITCHING EXPENSE-BENEFITS	Expense	Operating		Active
0	6212.3	COE SWITCHING EXPENSE-OTHER	Expense	Operating		Active
0	6212.4	COE SWITCHING EXPENSE-RENTS	Expense	Operating		Active
0	6212.5	800 QUERY EXPENSE	Expense	Operating		Active
0	6212.6	CNAM QUERIES	Expense	Operating		Active
0	6212.7	SS7 EXPENSE	Expense	Operating		Active
0	6212.71	LNP QUERIES	Expense	Operating		Active
0	6212.8	FTTH SWITCHING EXPENSE	Expense	Operating		Active
0	6212.81	FTTH SWITCHING EXPENSE-LABOR	Expense	Operating		Active
0	6212.82	FTTH SWITCHING EXPENSE-BENEFITS	Expense	Operating		Active
0	6212.83	FTTH SWITCHING EXPENSE-OTHER	Expense	Operating		Active
0	6232.0	CIRCUIT EQUIPMENT DIGITAL EXP	Expense	Operating		Active
0	6232.1	CIRCUIT EQUIPMENT EXP-LABOR	Expense	Operating		Active
0	6232.2	CIRCUIT EQUIPMENT EXP-BENEFITS	Expense	Operating		Active
0	6232.3	CIRCUIT EQUIPMENT EXP-OTHER	Expense	Operating		Active
0	6232.4	CIRCUIT EQUIPMENT EXP-RENT	Expense	Operating		Active
0	6232.5	ADSL EXPENSE	Expense	Operating		Active
0	6232.51	ADSL EXPENSE - LABOR	Expense	Operating		Active
0	6232.52	ADSL EXPENSE - BENEFITS	Expense	Operating		Active
0	6232.53	ADSL EXPENSE - OTHER	Expense	Operating		Active
0	6232.54	ADSL EXPENSE - RENTS	Expense	Operating		Active
0	6232.8	FTH CIRCUIT EQUIPMENT EXPENSE	Expense	Operating		Active
0	6232.81	FTTH CIRCUIT EQP EXPENSE-LABOR	Expense	Operating		Active
0	6232.82	FTTH CIRCUIT EQUIP EXP-BENEFITS	Expense	Operating		Active
0	6232.83	FTTH CIRCUIT EQUIP EXP-OTHER	Expense	Operating		Active
0	6411.0	POLE LINE EXPENSE	Expense	Operating		Active
0	6411.1	POLE LINE EXPENSE-LABOR	Expense	Operating		Active
0	6411.2	POLE LINE EXPENSE-BENEFITS	Expense	Operating		Active
0	6411.3	POLE LINE EXPENSE-OTHER	Expense	Operating		Active
0	6411.4	POLE LINE EXPENSE-RENTS	Expense	Operating		Active

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Div	Account	Description	Type	Category	Group	Status
0	6411.5	FTTH POLE LINE EXPENSE	Expense	Operating		Active
0	6411.51	FTTH POLE LINE EXPENSE - LABOR	Expense	Operating		Active
0	6411.52	FTTH POLE LINE EXPENSE - BENEFIT	Expense	Operating		Active
0	6411.53	FTTH POLE LINE EXPENSE - OTHER	Expense	Operating		Active
0	6412.1	PSC POLE LINE INSPECTION	Expense	Operating		Active
0	6412.2	POLE ATTACHMENTS INSPECTION	Expense	Operating		Active
0	6421.0	CABLE & WIRE EXPENSE	Expense	Operating		Active
0	6421.1	AERIAL CABLE EXPENSE	Expense	Operating		Active
0	6421.11	AERIAL CABLE EXPENSE-LABOR	Expense	Operating		Active
0	6421.12	AERIAL CABLE EXPENSE-BENEFITS	Expense	Operating		Active
0	6421.13	AERIAL CABLE EXPENSE-OTHER	Expense	Operating		Active
0	6421.2	FIBER OPTIC CABLE EXPENSE	Expense	Operating		Active
0	6421.21	FIBER OPTIC EXPENSE-LABOR	Expense	Operating		Active
0	6421.22	FIBER OPTIC CABLE EXP-BENEFITS	Expense	Operating		Active
0	6421.23	FIBER OPTIC CABLE EXPENSE-OTHER	Expense	Operating		Active
0	6421.24	FIBER OPTIC EXPENSE - RENTS	Expense	Operating		Active
0	6421.3	AERIAL CABLE DROPS EXPENSE	Expense	Operating		Active
0	6421.31	AERIAL CABLE DROPS EXPENSE-LABOR	Expense	Operating		Active
0	6421.32	AERIAL CABLE DROPS EXP-BENEFITS	Expense	Operating		Active
0	6421.33	AERIAL CABLE DROPS EXP-OTHER	Expense	Operating		Active
0	6421.5	FTTH CO EXPENSE	Expense	Operating		Active
0	6421.51	FTTH CO EXPENSE - LABOR	Expense	Operating		Active
0	6421.52	FTTH CO EXPENSE - BENEFIT	Expense	Operating		Active
0	6421.53	FTTH CO EXPENSE - OTHER	Expense	Operating		Active
0	6421.6	FTTH CUST DROPS EXPENSE	Expense	Operating		Active
0	6421.61	FTTH CUSTOMER DROPS EXP - LABOR	Expense	Operating		Active
0	6421.62	FTTH CUSTOMER DROPS EXP-BENEFIT	Expense	Operating		Active
0	6421.63	FTTH CUSTOMER DROPS EXP - OTHER	Expense	Operating		Active
0	6422.0	UNDERGROUND CABLE EXPENSE	Expense	Operating		Active
0	6422.1	UNDERGROUND CABLE EXPENSE-LABOR	Expense	Operating		Active
0	6422.2	UNDERGROUND CABLE EX-BENEFITS	Expense	Operating		Active
0	6422.3	UNDERGROUND CABLE EXP-OTHER	Expense	Operating		Active
0	6423.0	BURIED CABLE EXPENSE	Expense	Operating		Active
0	6423.1	BURIED CABLE EXPENSE-LABOR	Expense	Operating		Active
0	6423.2	BURIED CABLE EXPENSE-BENEFITS	Expense	Operating		Active
0	6423.3	BURIED CABLE EXPENSE-OTHER	Expense	Operating		Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	6423.5	FTTH BURIED CO EXPENSE	Expense	Operating		Active
0	6423.51	FTTH BURIED CO EXP - LABOR	Expense	Operating		Active
0	6423.52	FTTH BURIED CO EXPENSE - BENEFIT	Expense	Operating		Active
0	6423.53	FTTH BURIED CO EXPENSE - OTHER	Expense	Operating		Active
0	6431.0	AERIAL WIRE EXPENSE	Expense	Operating		Active
0	6431.1	AERIAL WIRE EXPENSE-LABOR	Expense	Operating		Active
0	6431.2	AERIAL WIRE EXPENSE-BENEFITS	Expense	Operating		Active
0	6431.3	AERIAL WIRE EXPENSE-OTHER	Expense	Operating		Active
0	6440.0	DSL INSTALL & REPAIR-OUTSIDE	Expense	Operating		Active
0	6440.1	DSL OUTSIDE EXPENSE-LABOR	Expense	Operating		Active
0	6440.2	DSL OUTSIDE EXPENSE-BENEFITS	Expense	Operating		Active
0	6440.3	DSL OUTSIDE EXPENSE-OTHER	Expense	Operating		Active
0	6512.0	PROVISIONING EXPENSE	Expense	Operating		Active
0	6512.1	PROVISIONING EXPENSE-LABOR	Expense	Operating		Active
0	6512.2	PROVISIONING EXPENSE-BENEFITS	Expense	Operating		Active
0	6512.3	PROVISIONING EXPENSE-OTHER	Expense	Operating		Active
0	6531.0	POWER EXPENSE	Expense	Operating		Active
0	6531.1	POWER EXPENSE - COMMOM	Expense	Operating		Active
0	6532.0	NETWORK ADMINISTRATION EXPENSE	Expense	Operating		Active
0	6532.01	FTTH NETWORK ADMINISTRATION	Expense	Operating		Active
0	6532.011	FTTH NETWORK ADMIN - LAB	Expense	Operating		Active
0	6532.012	FTTH NETWORK ADMIN - BEN	Expense	Operating		Active
0	6532.013	FTTH NETOWRK ADMIN - OTH	Expense	Operating		Active
0	6532.1	NETWORK ADMINISTRATION EXP-LABOR	Expense	Operating		Active
0	6532.2	NETWORK ADM EXPENSE - BENEFITS	Expense	Operating		Active
0	6532.3	NETWORK ADMIN EXPENSE - OTHER	Expense	Operating		Active
0	6532.4	NANPA EXPENSE	Expense	Operating		Active
0	6533.0	TESTING EXPENSE	Expense	Operating		Active
0	6533.1	TESTING EXPENSE-LABOR	Expense	Operating		Active
0	6533.2	TESTING EXPENSE-BENEFITS	Expense	Operating		Active
0	6533.3	TESTING EXPENSE-OTHER	Expense	Operating		Active
0	6533.5	FTTH TESTING EXPENSE	Expense	Operating		Active
0	6533.51	FTTH TSETING EXPENSE - LABOR	Expense	Operating		Active
0	6533.52	FTTH TESTING EXPENSE - BENEFITS	Expense	Operating		Active
0	6533.53	FTTH TESTING EXPENSE - OTHER	Expense	Operating		Active
0	6534.0	PLANT OPERATIONS EXPENSE	Expense	Operating		Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	6534.1	PLANT OPERATIONS EXPENSE-LABOR	Expense	Operating		Active
0	6534.2	PLANT OPERATIONS EXP-BENEFITS	Expense	Operating		Active
0	6534.3	PLANT OPERATIONS EXPENSE-OTHER	Expense	Operating		Active
0	6535.0	ENGINEERING EXPENSE	Expense	Operating		Active
0	6535.1	ENGINEERING EXPENSE-LABOR	Expense	Operating		Active
0	6535.2	ENGINEERING EXPENSE-BENEFITS	Expense	Operating		Active
0	6535.3	ENGINEERING EXPENSE-OTHER	Expense	Operating		Active
0	6535.5	FTTH ENGINEERING EXPENSE	Expense	Operating		Active
0	6535.51	FTTH ENGINEERING EXP - LABOR	Expense	Operating		Active
0	6535.52	FTTH ENGEERING EXPENSE - BENIFIT	Expense	Operating		Active
0	6535.53	FTTH ENGINEERING EXPENSE - OTHER	Expense	Operating		Active
0	6540.0	USAC CONTRIBUTIONS	Expense	Operating		Active
0	6561.1	DEPRECIATION EXP-PLANT	Expense	Operating		Active
0	6561.11	DEPRECIATION EXP-COMMON ASSETS	Expense	Operating		Active
0	6561.12	DEPRECIATION EXP-FTTH PLANT	Expense	Operating		Active
0	6561.13	DEPRECIATION EXPENSE - FTTH COMMON ASSET	Expense	Operating		Active
0	6565.2	AMORTIZATION EXPENSE	Expense	Operating		Active
0	6570.0	BENEFITS CLEARING	Expense	Operating		Active
0	6610.0	MARKETING	Expense	Operating		Active
0	6612.0	SALES	Expense	Operating		Active
0	6612.1	SALES-LABOR	Expense	Operating		Active
0	6612.2	SALES-BENEFITS	Expense	Operating		Active
0	6612.3	SALES-OTHER	Expense	Operating		Active
0	6613.0	ADVERTISING	Expense	Operating		Active
0	6613.1	ADVERTISING-LABOR	Expense	Operating		Active
0	6613.2	ADVERTISING-BENEFIT	Expense	Operating		Active
0	6613.3	ADVERTISING-OTHER	Expense	Operating		Active
0	6621.0	CALL COMPLETION SERVICES	Expense	Operating		Active
0	6622.0	DIRECTORY EXPENSE-NUMEBR SERV	Expense	Operating		Active
0	6622.1	DIRECTORY EXPENSE-LABOR	Expense	Operating		Active
0	6622.2	DIRECTORY EXPENSE-BENEFITS	Expense	Operating		Active
0	6622.3	DIRECTORY EXPENSE-OTHER	Expense	Operating		Active
0	6623.0	CUSTOMER SERVICE EXPENSE	Expense	Operating		Active
0	6623.1	CUSTOMER SERVICES	Expense	Operating		Active
0	6623.11	CUSTOMER SERVICE-LABOR	Expense	Operating		Active
0	6623.12	CUSTOMER SERVICE-BENEFITS	Expense	Operating		Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	6623.13	CUSTOMER SERVICE-OTHER	Expense	Operating		Active
0	6623.2	CUSTOMER SERVICES-SERVICE ORDERS	Expense	Operating		Active
0	6623.21	C/S SERVICE ORDERS-LABOR	Expense	Operating		Active
0	6623.22	C/S SERVICE ORDERS-BENEFITS	Expense	Operating		Active
0	6623.23	C/S SERVICE ORDER-OTHER	Expense	Operating		Active
0	6623.3	C/S CABS BILLING	Expense	Operating		Active
0	6623.31	C/S CABS BILLING-LABOR	Expense	Operating		Active
0	6623.32	C/S CABS BILLING-BENEFITS	Expense	Operating		Active
0	6623.33	C/S CABS BILLING-OTHER	Expense	Operating		Active
0	6623.4	PIC CHANGE EXPENSE	Expense	Operating		Active
0	6623.41	PIC CHANGE EXPENSE-LABOR	Expense	Operating		Active
0	6623.42	PIC CHANGE EXPENSE-BENEFITS	Expense	Operating		Active
0	6623.43	PIC CHANGE EXPENSE-OTHER	Expense	Operating		Active
0	6623.5	CUSTOMER SERVICE BILLING EXPENSE	Expense	Operating		Active
0	6623.51	CUSTOMER SERVICE BILLING-LABOR	Expense	Operating		Active
0	6623.52	CUSTOMER SERVICE BILLING-BENEFIT	Expense	Operating		Active
0	6623.53	CUSTOMER SERVICE BILLING-OTHER	Expense	Operating		Active
0	6623.54	CUSTOMER SERVICE BILLING-RENT	Expense	Operating		Active
0	6623.6	NECA TELECOM RELAY FEES	Expense	Operating		Active
0	6627.0	CUST SERVICE-REVENUE ACCOUTNING	Expense	Operating		Active
0	6627.1	TOLL PROCESSING EXPENSE	Expense	Operating		Active
0	6627.11	TOLL PROCESSING EXP-LABOR	Expense	Operating		Active
0	6627.12	TOLL PROCESSING EXP-BENEFITS	Expense	Operating		Active
0	6627.13	TOLL PROCESSING EXP-OTHER	Expense	Operating		Active
0	6627.2	SUBSCRIBER BILLING EXPENSE	Expense	Operating		Active
0	6627.21	SUBSCRIBER BILLING EXP-LABOR	Expense	Operating		Active
0	6627.22	SUBSCRIBER BILLING EXP-BENEFITS	Expense	Operating		Active
0	6627.23	SUBSCRIBER BILLING EXP-OTHER	Expense	Operating		Active
0	6627.24	SUBSCRIBER BILLING EXP-RENTS	Expense	Operating		Active
0	6627.3	CARRIER ACCESS BILLING EXPENSE	Expense	Operating		Active
0	6627.31	CARRIER ACCESSING BILLING-LABOR	Expense	Operating		Active
0	6627.32	CARRIER ACCESS BILLING-BENEFITS	Expense	Operating		Active
0	6627.33	CARRIER ACCESS BILLING-OTHER	Expense	Operating		Active
0	6628.0	CONTRACT OPERATOR SERVICES	Expense	Operating		Active
0	6628.1	CONTRACTED DATABASE QUERIES	Expense	Non Operating		Active
0	6711.0	EXECUTIVE EXPENSE	Expense	Operating		Active

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<u>Div</u>	<u>Account</u>	<u>Description</u>	<u>Type</u>	<u>Category</u>	<u>Group</u>	<u>Status</u>
0	6711.1	EXECUTIVE EXPENSES	Expense	Operating		Active
0	6711.11	EXECUTIVE EXPENSE-LABOR	Expense	Operating		Active
0	6711.12	EXECUTIVE EXPENSE-BENEFITS	Expense	Operating		Active
0	6711.13	EXECUTIVE EXPENSE-OTHER	Expense	Operating		Active
0	6711.15	EXECUTIVE EXPENSE - TRAVEL REIMB	Expense	Operating		Active
0	6711.2	EXECUTIVE EXPENSE BOARD MEMBERS	Expense	Operating		Active
0	6712.0	PLANNING EXPENSE	Expense	Operating		Active
0	6712.1	PLANNING EXPENSE-LABOR	Expense	Operating		Active
0	6712.2	PLANNING EXPENSE-BENEFITS	Expense	Operating		Active
0	6712.3	PLANNING EXPENSE-OTHER	Expense	Operating		Active
0	6721.0	ACCOUNTING & FINANCES EXPENSE	Expense	Operating		Active
0	6721.1	ACCOUNTING & FINANCE EXP-LABOR	Expense	Operating		Active
0	6721.11	SETTLEMENTS UPDATE EXPENSE	Expense	Operating		Active
0	6721.2	ACCOUNTING & FINANCE EXP-BENEFIT	Expense	Operating		Active
0	6721.3	ACCOUNTING & FINANCE EXP-OTHER	Expense	Operating		Active
0	6721.5	TOLL COST STUDY	Expense	Operating		Active
0	6721.6	USAC AUDIT	Expense	Operating		Active
0	6722.0	EXTERNAL RELATIONS EXPENSE	Expense	Operating		Active
0	6722.1	EXTERNAL RELATIONS EXP-LABOR	Expense	Operating		Active
0	6722.2	EXTERNAL RELATIONS EXP-BENEFITS	Expense	Operating		Active
0	6722.3	EXTERNAL RELATIONS EXP-OTHER	Expense	Operating		Active
0	6722.5	USF CCONTRIBUTIONS	Expense	Operating		Active
0	6723.0	HUMAN RESOURCES EXPENSE	Expense	Operating		Active
0	6723.1	HUMAN RESOURCES EXPENSE-LABOR	Expense	Operating		Active
0	6723.2	HUMAN RESOURCES EXPENSE-BENEFITS	Expense	Operating		Active
0	6723.3	HUMAN RESOURCES EXPENSE-OTHER	Expense	Operating		Active
0	6724.0	INFORMATION MANAGEMENT EXPENSE	Expense	Operating		Active
0	6724.1	INFORMATION MANAGEMENT EXP-LABOR	Expense	Operating		Active
0	6724.2	INFORMATION MANAGEMENT-BENEFITS	Expense	Operating		Active
0	6724.3	INFORMATION MANAGEMENT EXP-OHTER	Expense	Operating		Active
0	6725.0	LEGAL EXPENSE	Expense	Operating		Active
0	6725.12	LEGAL EXPENSE RETAINAGE	Expense	Operating		Active
0	6726.0	PROCUREMENT EXPENSE	Expense	Operating		Active
0	6726.1	PROCUREMENT EXPENSE-LABOR	Expense	Operating		Active
0	6726.2	PROCUREMENT EXPENSE-BENEFITS	Expense	Operating		Active
0	6726.3	PROCUREMENT EXPENSE-OTHER	Expense	Operating		Active

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Div	Account	Description	Type	Category	Group	Status
0	6728.0	OTHER GEN & ADMIN (OFFICE) EXP	Expense	Operating		Active
0	6728.1	OFFICE EXPENSE-LABOR	Expense	Operating		Active
0	6728.2	OFFICE EXPENSE - BENEFITS	Expense	Operating		Active
0	6728.3	OFFICE EXPENSE - OTHER	Expense	Operating		Active
0	6728.5	CASH DRAWERS OVER & SHORT	Expense	Operating		Active
0	7220.1	OPERATING FEDERAL INCOME TAX	Expense	Operating		Active
0	7240.1	PROPERTY TAXES	Expense	Operating		Active
0	7240.11	OTHER OPERATING TAXES	Expense	Operating		Active
0	7300.5	GAIN OR LOSS ON DISPOSAL OF CERTAIN ITEM	Income	Operating		Active
0	7320.0	INTEREST INCOME	Income	Operating		Active
0	7330.0	INTEREST INCOME - AFUDC	Income	Operating		Active
0	7360.1	NON-REGULATED INVESTMENTS	Income	Non Operating		Active
0	7360.2	PATRONAGE CAPITAL - COBANK	Asset			Active
0	7360.3	COBANK PATRONAGE CAPITAL	Income	Operating		Active
0	7360.4	NISC PATRONAGE CAPITAL	Income	Operating		Active
0	7370.0	SPECIAL CHARGES	Expense	Operating		Active
0	7510.1	INTEREST ON FUNDED DEBT-RUS	Expense	Operating		Active
0	7510.11	INTEREST ON FUNDED DEBT-RTB	Expense	Operating		Active
0	7510.12	INTEREST ON FUNDED DEBT - BIP	Expense	Operating		Active
0	7510.17	COBANK INTEREST	Expense	Operating		Active
0	7540.0	OTHER INTEREST DEDUCTIONS	Expense	Operating		Active
0	7540.1	CUSTOMER DEPOSIT INTEREST EXP	Expense	Operating		Active
0	8100.1	STATION APPARATUS REVENUE	Income	Operating		Active
0	8100.2	INSIDE WIRE REVENUE	Income	Operating		Active
0	8100.3	MISC NON-REG REVEUNE	Income	Operating		Active
0	8100.5	DSL MODEM REVENUE	Income	Operating		Active
0	8100.6	DEREG - INSTALLATION REVENUE	Income	Operating		Active
0	8200.1	STATION APPARATUS EXPENSE	Expense	Operating		Active
0	8200.2	INSIDE WIRE EXPENSE	Expense	Operating		Active
0	8200.3	NON REGULATED ALLOCATION EXP	Expense	Operating		Active
0	8200.4	NON-REGULATED DEPRECIATION EXP	Expense	Operating		Active
0	8200.5	DSL MODEM INSTALL & REPAIR	Expense	Operating		Active
0	8500.0	FOOTHILLS INTERNET REVENUE	Income	Operating		Active
0	8500.1	NEW BEAT DISCOUNT	Income	Operating		Active
0	8500.2	INTERNET INSTALLATION REVENUE	Income	Operating		Active
0	8500.3	INTERNET CHANGES REVENUE	Income	Operating		Active

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Div	Account	Description	Type	Category	Group	Status
0	8500.4	INTERNET DPEC CUSTOMER REVENUE	Income	Operating		Active
0	8500.5	DSL/FIBERNET SERVICE REVENUE	Income	Operating		Active
0	8500.51	DSL DEACTIVATION	Income	Operating		Active
0	8500.52	DSL/FIBERNET INSTALLS	Income	Operating		Active
0	8500.53	FIBERNET PLATNIUM DISCOUNT	Income	Operating		Active
0	8500.6	DSL & FIBERNET RE-CONNECTS	Income	Operating		Active
0	8600.1	INTERNET EXPENSE-LABOR & MISC	Expense	Operating		Active
0	8600.11	INTERNET EXPENSE-LABOR	Expense	Operating		Active
0	8600.12	INTERNET EXPENSE-BENEFITS	Expense	Operating		Active
0	8600.13	INTERNET EXPENSE-OTHER	Expense	Operating		Active
0	8600.2	TECHNICAL SUPPORT ADMINISTRATION	Expense	Operating		Active
0	8600.3	INTERNET-FEDERAL ACCESS EXPENSE	Expense	Operating		Active
0	8600.4	FOOTHILLS I-NET ACCESS FACILITY	Expense	Operating		Active
0	8600.41	INTERNET B&C	Expense	Operating		Active
0	8600.42	ACCESS SERVICE/FOOTHILLS	Expense	Operating		Active
0	8600.43	FUSC CHARGE ON ACCESS	Expense	Operating		Active
0	8600.6	DEREGULATED DEPRECIATION EXP	Expense	Operating		Active
0	8600.7	INTERNET MARKETING EXPENSE	Expense	Operating		Active
0	8600.71	INTERNET MARKETING EXPENSE-LABOR	Expense	Operating		Active
0	8600.72	INTERNET MARKETING EXP-BENEFITS	Expense	Operating		Active
0	8600.73	INTERNET MARKETING EXP-OTHER	Expense	Operating		Active
0	8600.8	DSL MODEM INSTALL & REPAIR	Expense	Operating		Active
0	8800.1	SECURITY CAMERA INSTALLATION EXPENSE	Expense	Operating		Active
0	9400.0	DO NOT USE THIS ACCOUNT	Expense	Operating		Active
0	9400.1	DO NOT USE THIS ACCOUNT	Expense	Operating		Active
0	9400.2	DO NOT USE THIS ACCOUNT	Expense	Operating		Active
0	9400.3	DO NOT USE THIS ACCOUNT	Expense	Operating		Active
0	9400.4	DO NOT USE THIS ACCOUNT	Expense	Operating		Active
0	9500.0	FHLD REVENUE	Income	Operating		Active
0	9500.1	FHLD INTERSTATE/INTERLATA REV	Income	Operating		Active
0	9500.11	FHLD INTERNATIONAL	Income	Operating		Active
0	9500.2	FHLD INTERSTATE/INTRALATA REV	Income	Operating		Active
0	9500.3	FHLD INTRASTATE/INTRALATA REV	Income	Operating		Active
0	9500.4	FHLD INTRASTATE/INTRALATA REV	Income	Operating		Active
0	9500.5	FHLD MISC REVENUE	Income	Operating		Active
0	9500.6	FHLD PRE-PAID CALLING CARDS	Income	Operating		Active