Instructions for completing the supplemental forms to the 2002 Annual Report or "Form M" Report

The Excel file labeled "2002 VT_TELCO_ TEMPLATE" contains the following 12 worksheets:

1. Miscellaneous Data
2. Local Rates
3. Rate Base Summary
4. Balance Sheet
5. Revenue Summary
6. Cost Summary
7. Regulated Income Statement
8. Working Capital Summary
9. Capital Structure
10. Rate of Return Analysis
11. Docket No. 6530 information
12. Signature Page

General Instructions:

Manually enter the appropriate information into each cell highlighted in **Yellow** . These fields include, for example, the columns labeled "Total Company", "Adjustments" and "Intrastate Allocation- %", as well as, basic service revenues by customer class (i.e. residential and business). Line items in bold, or rows which represent sub-totaled amounts and cells with "#DIV/0!" are calculated automatically. All dollar entries should be rounded to the nearest whole dollar amount.

Financial data must be input by the account numbers and specific categories provided. Examples include:

Land and Support
2111 Land
2112 Vehicles
2121 Buildings
2124 General Purpose Computers

Central Office Switching
2212 Digital Electronic Switching\Equip.

Cable & Wire Facilities
2411 Poles
2420 Fiber Cable

Local Network Services
5001 Basic Area revenue

Network Access Revenue
5081 End user revenue
5082 Federal Loop Support
5084 State Access revenue

Plant Specific Operations Expense
6110 Network operations
6120 General support
6410 Cable & Wire Facilities

Plant Non-Specific Operations Expense
6530 Network operation
6340 Access expense
6561 Depreciation

Customer Operations Expense
6610 Marketing
6611 Product Marketing
6623 Customer Services

Corporate Operations Expense
6710 Executive
6720 Other, including "External Relations"
6724 Information management

Operating Taxes
7250 Deferred Operating
7240 Property
7230 State Income
7220 Federal Income

Aggregated financial data under generic account labels alone such as "general support assets", "central office equipment", "cable and wire", "plant specific", plant non-specific", "customer operations" and "corporate operations" will not be accepted. Such reports will be rejected and returned for completion. If , however, your company currently itemizes by sub-accounts that are more specific than those contained in the attached spreadsheets, it is permissible to summarize the data into a more general account. For example, if your company itemizes its accounts by 6110.01, 6110.02 and 6110.03 you can summarize these sub-accounts under account 6110 network operation expenses.

At the bottom of each appropriate worksheet, provide a brief explanation of major adjustments and\or significant changes (i.e. greater than $5,000) which occurred during fiscal year 2002. As instructed, please list each explanation separately (but within the "Note" section of the worksheet), making sure to reference the account number of the specific adjustment. Adjustments may include, but are not limited to, increases (or decreases) in revenues due to the introduction of new services or line losses or additional investment in plant and system upgrades. Insert as many rows in this section as necessary to complete all explanations.

Under the column labeled "INTRASTATE ALLOCATIONS - %" provide the most recent intrastate separation factors provided by NECA. At a later time, the Board may request the companies to re-submit their reports with the most recently approved and final NECA separation factors for 2002.

Also, please note that many of the cells are linked to other worksheets within the file. Linkages have been programmed to eliminate redundant entries. PLEASE DO NOT CHANGE ANY CELLS THAT ARE LINKED TO OTHER CELLS OR CONTAIN FORMULAE.

Please submit completed forms, in both hard-copy and electronic format via electronic mail, to the Department of Public Service and the Public Service Board by September 2, 2003. **When sending electronic forms, save files as "name of company"_2002(09-02-03).** If you have any questions, please call Thomas Lyle at 802-828-2358.

Worksheet Instructions:

Miscellaneous Data Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- Provide the number of total loops reported to NECA , if different from the total number of loops calculated in the line item above.
- The number of "qualified DSL loops" means loops capable of providing at least Asymmetric DSL service.
- Under the "Affiliate contracts" section, provide the name of the affiliate and a brief description of the nature of the work completed. Indicate whether or not the contract itself is on file with the Department of Public Service and the Board.
- Under "General Information", provide the total number of full-time employees at the end of 2002. Other line items in this section will be calculated automatically after completion of the rate base and revenue summary worksheets.

Local Rates Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- Provide source data in "Notes" section such as the Tariff page and section.
- Include any other pertinent information such as declining block rates for volume usage. Provide additional information, if applicable, such as flat-rated calling plans for intrastate calls.

Rate Base Summary Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- The following items will be calculated automatically:
    1. Land and Support subtotal - Account 2110
    2. Central Office Switching subtotal - Account 2210
    3. Cable and Wire facilities subtotal - Account 2410
    4. Gross Telephone Plant
    5. Total Accumulated Depreciation - Account 3100
    6. Total Accumulated Depreciation and Amortization
    7. Net Telephone Plant in Service
    8. Cash Working Capital - 45 days (Linked to Cost Summary. Complete Cost Summary worksheet and then recheck this line item for accuracy)
    9. Materials and Supplies (Linked to Balance Sheet. Complete Balance Sheet worksheet and then recheck this line item for accuracy).
    10. Total Rate Base
    11. Column labeled "Adjusted Total"
    12. Column labeled "Interstate"

13. Column labeled “Intrastate”
14. Column labeled “ $ Per line - Total Co.”
15. Column labeled “ $ Per line - Intrastate”

Balance Sheet Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- Provide information on a Total company/Combined basis.
- The following items will be calculated automatically.
  1. Total Current Assets
  2. Gross PP&E
  3. Net PP&E
  4. Total Other Assets
  5. Total Assets
  6. Current Liabilities
  7. Total Long Debt
  8. Total Liabilities
  9. Total Stockholder’s Equity
  10. Total Liabilities and Stockholder’s Equity

- For each long term loan or lease outstanding, provide the interest rate next to the name of the lending institution and again in the appropriate section of the Capital Structure worksheet.

Revenue Summary Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- Provide the average basic area revenue per customer (i.e. per residential line and business line). Divide basic service revenue (flat charges) generated by customer class by the number of active lines in that customer class. Repeat the process for Local Measured Service revenue and Other revenue that can be directly attributable to a specific customer class.
- Other than basic service revenue, there is no requirement to provide revenue amounts per residential or business line.
- Enter revenue amounts claimed to be uncollectible as NEGATIVE AMOUNTS.
- The following items will be calculated automatically:
  1. Basic Area Revenue - Subtotal (accounts 5001)
  2. Total Local Services Revenue -Subtotal (accounts 5000-5069)
  3. Interstate Switched Access - Subtotal (account 5082)
  4. Total Network Access Revenue (accounts 5080-5084)
  5. Total Miscellaneous Revenue
  6. Total Regulated Revenue
  7. Total Uncollected Revenue (accounts 5300-5302)
  8. Total Revenue

9. Column labeled “Adjusted Total”
10. Column labeled “Interstate”
11. Column labeled “Intrastate”

Cost Summary Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- Enter Interest income and non-operating income (non-telco related) as negative numbers.
- Enter nonoperating expenses as positive numbers.
- The following items will be calculated automatically:
    1. Plant Specific Operations Expense - Subtotal
    2. Plant Non-Specific Expense - Subtotal
    3. Customer Operations Expense - Subtotal
    4. Corporate Operations Expense - Subtotal
    5. Operating Tax Expense - Subtotal
    6. Total Operating Expenses
    7. Non-Operating & Non-regulated Expense - Subtotal
    8. Total Expenses
    9. Column labeled “Adjusted Total”
    10. Column labeled “Interstate”
    11. Column labeled “Intrastate”

Regulated Income Statement Worksheet:

- All line items are calculated automatically after completion of the revenue and cost summary worksheets. Once complete, verify the amounts under the columns labeled interstate and intrastate for accuracy.

Working Capital Summary Worksheet:

- All line items are calculated automatically after completion of the Cost Summary worksheet. Please note that depreciation expenses are omitted from this calculation. Once complete, verify the accuracy of the line item labeled “ Cash working capital” in the rate base summary worksheet.

Capital Structure Worksheet:

- Provide answers in the cells highlighted in YELLOW.
- Enter authorized cost of equity, and cite the Board order approving the cost of equity.
- Enter the interest rate applicable per loan outstanding as stated in the annual report.
- Provide the name of the lending institution and term of the loan with remaining number of months outstanding.

Rate of Return Analysis Worksheet:

- The top section of this worksheet is automatically calculated after completion of the capital structure and regulated income statement worksheets.

- In order to calculate the line item labeled "REVENUE INCREASE (DECREASE), you must first complete the gross revenue conversion section. Provide answers in the cells highlighted in YELLOW.

"6530" Docket information Worksheet

- Provide answers in the cells highlighted in YELLOW.
- If available, provide information due for September 2003.

Signature page

- Provide answers in the cells highlighted in YELLOW.

Please check for accuracy when completing worksheets in order to insure manual inputs and calculated amounts are accurate. IF AN ERROR IS DISCOVERED, PLEASE DO NOT CHANGE EMBEDDED CALCULATIONS. HOWEVER, WE WOULD APPRECIATE YOUR EFFORTS TO IDENTIFY DISCREPANCIES, IF ANY, SO WE CAN MAKE THE APPROPRIATE CHANGES.

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