

ORIGINAL

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August 3, 1998

Blanca Bayo
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

In re: Special Project 980000A-SP - Fair and Reasonable Rates

Dear Ms. Bayo:

Enclosed is a copy of the completed Division of Auditing and Financial Analysis Data (AFAD) Request of June 19, 1998, which we herewith hand deliver and submit on behalf of ITS Telecommunications Systems, Inc. A copy is also being hand delivered to the Commission's Division of Auditing and Financial Analysis, the Commission's Division of Communications and the Public Counsel, Jack Shreve. A copy is being mailed this date to Michael Gross at the Office of the Attorney General. This response to the AFAD data request does not contain proprietary and confidential business information.

On or before August 15, 1998, a copy of the data request will be filed in the public library in Indiantown, Florida.

Sincerely,



David B. Erwin

- ACK _____
- AFA _____
- APP _____ DBE:jm
- CAF _____ Enclosure
- CMU _____
- CTR _____
- EAC _____
- LEC _____
- LIT _____ Cost of Service
- OP _____
- RCR _____
- SEC _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

08133 AUG-3 98

FPSC RECORDS/REPORTING

ITS Telecommunications Systems, Inc.
Response to Docket 980000A-SP
Undocketed Special Project: Fair and Reasonable Rates

August 3, 1998

ITS Telecommunications Systems, Inc.
Response to Docket No. 980000A-SP
Undocketed Special Project: Fair and Reasonable Rates

Part I. Embedded Cost Data

Request 1. Financial and Access Line Data

A. Please provide, on an FCC/FPSC basis, copies of the following (Lotus spreadsheets are included on the enclosed disc) for 1997:

1. Schedule B-1 (Balance Sheet)
2. Schedule I-1 (Income statement)
3. Schedule I-2 (Other Operating Taxes)
4. Schedule Z-B (Average Access Lines in Service)

See Tab 1.

Request 2. Rate Base, Capital Structure, and Income Tax Data

A. Please provide copies of the worksheets used to develop the 12 month average balances of plant, depreciation reserve, plant under construction, plant held for future use, working capital items, and any other rate base amounts used in preparing the 1997 Part 36 Separations Cost Study.

See Tab 2.

B. Please provide the 12 month average balances (include the monthly balances and the average) of equity, long term debt, short term debt, customer deposits, deferred ITC, deferred income taxes, and any other component included in the capital structure needed to prepare a December 31, 1997 capital structure on an earnings surveillance report (ESR) basis.

See Tab 3.

C. Please provide copies of the calculations needed to compute the cost rates of each component in the capital structure needed to prepare a December 1997 ESR.

See Tab 4.

If you propose a cost rate for equity which is different from your company's last authorized rate of return on equity, then provide copies of all materials, including analyses, studies, and work papers relied upon by you in the determination of the cost of common equity.

No new cost rate for equity is proposed.

ITS Telecommunications Systems, Inc.
Response to Docket No. 980000A-SP
Undocketed Special Project: Fair and Reasonable Rates

- D. Please provide you current Florida specific tax rates for Taxes Other Than Income Taxes and for Income Taxes.
- E. Has the tax basis of your depreciable assets been restated since electing price cap regulation? If so, why? Did the basis increase or decrease? What effect did the change have on your deferred tax and investment tax credit balances?

No change has been made.

Request 3. Separations data

- A. Please prepare and file a 1997 Part 36 Separations Cost study, on an FCC/FPSC basis, except for making the following assumptions:
- (1.) Interstate- prepare as usual, i.e., SLU, appropriate weighted DEM, 25% gross allocator, etc.

See Tab 5.

- (2.) Intrastate-
- a. Use an unweighted DEM for interLATA and intraLATA operations
 - b. Use SLU in place of SPF for interLATA and intraLATA operations
 - c. Do not include RTB stock, materials and supplies or customer deposits in rate base
 - d. Use the amount of working capital shown on the most recent ESR filed with the FPSC in place of the cash working capital in the cost study
 - e. Use 11.25% for the rate of return
 - f. Intrastate operations should be divided into interLATA message toll, interLATA special, intraLATA message toll, intraLATA special, and any further breakdown of local which your system is capable of, such as EAS or local private line.

See Tab 6.

- B. Please provide the 1997 minutes of use data used to develop the 1997 SLU for interstate, interLATA, intraLATA and local operations.

See Tab 7.

- Request 4. Please provide a copy of your response to the 1998 (1997 information) NECA data request used for calculating loop costs and high cost fund support.

See Tab 8.

ITS Telecommunications Systems, Inc.
Response to Docket No. 980000A-SP
Undocketed Special Project: Fair and Reasonable Rates

Request 5. Please provide the amount of 1997 revenues (separately for residence and business, if available) for:

- A. Non-recurring charges (installation charges, etc.)
- B. Local private line
- C. Extended calling service (ECS, \$.25 plan, etc.)
- D. Local Operator services (directory assistance, operator-handled calls, etc.)
- E. IntraLATA Operator services (directory assistance, operator-handled calls, etc.)
- F. InterLATA switched access charges
- G. Other InterLATA revenue
- H. IntraLATA MTS revenue
- I. IntraLATA MABC revenue
- J. Other IntraLATA revenue

See Tab 9.

Request 6. Depreciation

For Companies that do not file annual reports, please provide the following information for the calendar year ending December 31, 1997:

- A. For each depreciable account, please provide the account number, name, and depreciation rate and associated parameters (life, salvage, reserve) utilized in your embedded cost study. Please designate whether the life relates to a projection life, average service life, remaining life, or ELG/remaining life, and when the depreciation rate was implemented.

See Tab 10.

- B. For each depreciable account or sub-account where the depreciation rate and parameters listed in (A) above do not reflect those last prescribed by this Commission, do they reflect the most recent FCC depreciation prescription?

No Change.

- C. If the answer to (6B) is yes, please provide a copy of the relevant FCC Order.
- D. If the answer to (6B) is no, please provide, for each account or sub-account, a detailed explanation, support, and justification for the life and salvage. This should include, at a minimum, the following:

ITS Telecommunications Systems, Inc.
Response to Docket No. 980000A-SP
Undocketed Special Project: Fair and Reasonable Rates

- (1) Any substantiating factors utilized in determining the specific depreciation parameters, e.g., company planning, growth, technology, physical conditions, trends;
- (2) Any statistical, mathematical, or other analysis as well as all calculations and numerical data used in determining each account's life and salvage parameters.
- (3) Any and all workpapers and documents used in the development and determination of the depreciation parameters.

See Tab 10.

- E. For calendar years 1996 and 1997, please provide the plant and reserve information requested in Schedules B-3 and B-4 attached.

See Tab 11.

- Request 7. For companies which have restated or adjusted plant or reserve balances for regulatory purposes, since electing price cap regulation, please provide the month and year of the restatement, the amount of the plant restatement, the amount of the reserve restatement, and a detailed explanation for the restatement.

No Change.



BALANCE SHEET

Schedule B-1

Company: ITS Telecommunications Systems, Inc.

December 31, 1997

Page 1 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		Current Assets		
	1130	Cash	460,439	549,065
	1140	Special Cash Deposits	0	0
	1150	Working Cash Advance	100	100
	1160	Temporary Investments	746,188	208,373
	1180	Telecomm. Accounts Receivable	309,864	275,674
	1181	Telecomm. Accounts Receivable Allowance	(2,600)	(2,600)
	1190	Other Accounts Receivable	505,010	528,017
	1191	Accounts Receivable Allowance—Other	0	0
	1200	Notes Receivable	100,000	883,315
	1201	Notes Receivable Allowance	0	0
	1210	Interest and Dividends Receivable	2,000	37,713
	1220	Material and Supplies	21,205	373,453
	1290	Prepaid Rents	0	0
I-3	1300	Prepaid Taxes	0	0
	1310	Prepaid Insurance	27,702	36,856
	1320	Prepaid Directory Expenses	0	0
	1330	Other Prepayments	0	0
	1350	Other Current Assets	0	0
		Total Current Assets	2,169,908	2,889,966
		Noncurrent Assets		
	1401	Investments in Affiliated Co.	0	0
	1402	Investments in Nonaffiliated Co.	777,510	949,742
	1406	Nonregulated Investments	0	0
B-7	1407	Unamortized Debt Issuance Expense	1,552	1,207
	1408	Sinking Funds	0	0
	1410	Other Noncurrent Assets	0	0
	1438	Deferred Maintenance & Retirements	0	0
B-5	1439	Deferred Charges	0	0
	1500	Other Jurisdictional Assets - Net	0	0
		Total Noncurrent Assets	779,062	950,949
		Telephone Plant in Service		
B-3	2001	Telecomm. Plant in Service	11,902,810	11,745,244
	2002	Property Held for Future Use	0	0
	2003	Plant under Construction	40,930	0
	2005	Plant Adjustment	0	0
	2006	Nonoperating Plant	0	0
		Subtotal	11,943,740	11,745,244
		Less:		
B-4	3100	Acc. Depreciation	5,442,732	5,996,768
-	3200	Acc. Depreciation - Held for Future Use	0	0
-	3300	Acc. Depreciation - Nonoperating	0	0
-	3410	Acc. Amort. - Capitalized Leases	0	0
-	3420	Acc. Amort. - Leasehold Improvements	0	0
-	3500	Acc. Amort. - Intangible	0	0
-	3600	Acc. Amort. - Other	0	0
		Subtotal	5,442,732	5,996,768
		Net Telephone Plant in Service	6,501,008	5,748,476
		TOTAL ASSETS	9,449,978	9,589,391

BALANCE SHEET

Schedule B-1

Company: ITS Telecommunications Systems, Inc.

December 31, 1997

Page 2 of 2

Ref. Sch.	Account No.	Accounts	Amounts (\$)	
			Beginning of Year	End of Year
		<i>Current Liabilities</i>		
B-6	4010	Accounts Payable	186,835	136,466
	4020	Notes Payable	0	0
	4030	Advanced Billing and Payments	79,248	78,825
	4040	Customers' Deposits	75,119	89,111
B-7	4050	Current Maturities - Long Term	284,394	84,287
	4060	Current Maturities - Capital Leases	0	0
I-3	4070	Income Taxes - Accrued	0	0
"	4080	Other Taxes - Accrued	7,972	10,462
B-8	4100	Net Current Deferred Op. Income Taxes	0	0
	4110	Net Current Deferred Nonop. Income Taxes	0	0
	4120	Other Accrued Liabilities	40,150	38,200
	4130	Other Current Liabilities	0	0
		<i>Total Current Liabilities</i>	673,718	437,351
		<i>Long-Term Debt</i>		
B-7	4210	Funded Debt	3,681,479	3,537,026
"	4220	Premium on Long-Term Debt	0	0
"	4230	Discount on Long-Term Debt	0	0
	4240	Reacquired Debt	0	0
	4250	Obligations under Capital Leases	0	0
B-7	4260	Advanced from Affiliated Companies	0	0
"	4270	Other Long-Term Debt	0	0
		<i>Total Long-Term Debt</i>	3,681,479	3,537,026
		<i>Other Liabilities and Deferred Credits</i>		
	4310	Other Long-Term Liabilities	0	0
	4320	Unamortized Operating ITC - Net	50,228	34,308
	4330	Unamortized Nonoperating ITC - Net	0	0
B-8	4340	Net Noncur. Def. Oper. Income Taxes	352,623	520,470
	4350	Net Noncur. Def. Nonoper. Inc. Taxes	0	0
B-9	4360	Other Deferred Credits	0	0
	4370	Other Juris. Liab. & Def. Credits	0	0
		<i>Total Other Liab. & Def. Credits</i>	402,851	554,778
		<i>Stockholder's Equity</i>		
	4510	Capital Stock	375,000	375,000
	4520	Additional Paid-in Capital	0	0
	4530	Treasury Stock	0	0
	4540	Other Capital	0	0
	4550	Retained Earnings	4,316,930	4,685,236
	9999	Headquarters Control	0	0
		<i>Total Stockholder's Equity</i>	4,691,930	5,060,236
		TOTAL LIABILITIES AND EQUITY	9,449,978	9,589,391

INCOME STATEMENT

SCHEDULE 1-1

Company: *ITS Telecommunications Systems, Inc.*

For the years ended December 31, 1996 and 1997

Page 1 of 4

Account No.	Accounts	Amounts (\$)		
		1997		Total Company 1996
		Total Company	Intrastate	
OPERATING REVENUES				
5001	Basic Area	504,308	504,308	507,732
5002	Extended Area	0	0	0
5003	Cellular Mobile	0	0	0
5004	Other Mobile Service	0	0	0
5010	Public Telephone	2,962	2,962	5,649
5040	Local Private Line	2,880	2,880	2,738
5050	Customer Premises	50,160	0	40,326
5060	Other Local Exchange	132,239	132,239	97,357
5069	Other Local Ex. Settlements	0	0	0
	Total Local Net. Service	692,549	642,389	653,802
5081	End User	158,767	0	150,694
5082	Switched Access	2,178,242	0	1,963,444
5083	Special Access	36,421	0	32,596
5084	State Access	416,301	416,766	471,766
	Total Network Access	2,789,731	416,766	2,618,500
5100	Long Distance Message	537,033	537,033	704,656
5111	Long Distance Inward	7,430	7,430	8,243
5112	Long Distance Outward	1,726	1,726	2,047
5121	Subvoice Grade LD Private Net.	17,020	17,020	15,331
5122	Voice Program Grade LD	0	0	0
5123	Audio Program Grade LD	0	0	0
5124	Video Program Grade LD	0	0	0
5125	Digital Transmission LD	0	0	0
5126	LD Private Network Switching	0	0	0
5128	Other LD Private Network	0	0	0
5129	Other LD Private Net. Settle.	0	0	0
5160	Other LD Revenue	3,656	0	2,025
5169	Other LD Revenue Settle.	0	0	0
	Total LD Network	566,865	563,209	732,302
5230	Directory	88,663	88,663	88,010
5240	Rent	0	0	9,072
5250	Corporate Operations	0	0	0
5261	Special Billing Arrangement	0	0	0
5262	Customer Operations	0	0	0
5263	Plant Operations	0	0	0
5264	Other Incidental Regulated Rev.	1,480	1,480	1,340
5269	Other Revenue Settle.	0	0	0
5270	Interstate Billing & Collection	53,386	0	45,316
	Intrastate Billing & Collection	31,972	31,972	33,726
5301	Uncollectible Revenue - Tele.	(16,961)	(11,440)	(19,062)
5302	Uncollectible Revenue - Other	0	0	0
	Total Miscellaneous	158,540	110,675	158,402
TOTAL OPERATING REVENUES		4,207,685	1,733,039	4,163,006

INCOME STATEMENT
SCHEDULE 1-1

Company: *ITS Telecommunications Systems, Inc.*

For the years ended December 31, 1996 and 1997

Page 2 of 4

Acct. No.	Account	1997 Total	1996 Total
	<i>Plant Specific Exp.</i>		
6112	Motor Vehicle	0	0
6113	Aircraft	0	0
6114	Vehicle	0	0
6115	Garage Work Equip.	0	0
6116	Other Work Equip.	0	0
	<i>Total Network Support</i>	0	0
6121	Land & Building	32,073	97,385
6122	Furniture & Artwork	2,511	1,430
6123	Office Equip.	10,728	9,018
6124	Gen. Purpose Computer	15,470	14,283
	<i>Total General Support</i>	60,782	122,116
6211	Analog Electronic	0	0
6212	Digital Electronic	79,426	95,472
6215	Electro-mechanical	0	0
	<i>Total CO Switching</i>	79,426	95,472
6220	Operator Systems	0	0
6231	Radio Systems	0	0
6232	Circuit Equip.	57,356	57,897
	<i>Total Circuit Equip.</i>	57,356	57,897
6311	Station Apparatus	0	0
6341	Large PBX	0	0
6351	Public Tele. Terminal	6,669	9,180
6362	Other Terminal Equip.	52,438	78,471
	<i>Total Info. Orig/Term</i>	59,107	87,651
6411	Poles	(2,722)	6,332
6421	Aerial Cable	1,205	480
6422	Underground Cable	684	745
6423	Buried Cable	193,879	194,565
6424	Submarine Cable	0	0
6425	Deep Sea Cable	0	0
6426	Intrabuilding Network	0	0
6431	Aerial Wire	0	0
6441	Conduit Systems	0	0
	<i>Total Cable & Wire</i>	193,046	202,122
	<i>Total Plant Specific</i>	449,717	565,258
	<i>Plant Nonspecific Exp</i>		
6510	Other Property Plt	0	0
6531	Power	16,120	11,457
6532	Network Admin.	0	0
6533	Testing	68,214	72,979
6534	Plant Op. Admin.	75,147	64,641
6535	Engineering	141,659	102,087
	<i>Total Network Op.</i>	301,140	251,164

INCOME STATEMENT

SCHEDULE I-1

Company: ITS Telecommunications Systems, Inc.

For the years ended December 31, 1996 and 1997

Page 3 of 4

Acct. No.	Account	1997 Total	1996 Total
6540	Access	171,194	233,728
6561	Depreciation - TPIS	754,293	718,408
6562	Depreciation - PHFU	0	0
6563	Amortization - Tangible	0	0
6564	Amortization - Intang.	0	0
6565	Amortization - Other	(33,208)	(33,208)
	Total Depr. & Amort.	721,085	685,200
	Total Plt Nonspecific	1,193,419	1,170,092
	Customer Operations		
6611	Product Management	0	0
6612	Sales	0	0
6613	Product Advertising	2,176	9,662
	Total Marketing	2,176	9,662
6621	Call Completion	33,104	42,462
6622	Number Service	44,685	40,737
6623	Customer Service	356,392	436,567
	Total Services	434,181	519,766
	Total Customer Op	436,357	529,428
	Corporate Operations		
6711	Executive	536,625	662,643
6712	Planning	120,350	58,624
6721	Accounting/Finance	255,910	321,198
6722	External Relations	613	0
6723	Human Resources	0	0
6724	Info. Management	0	0
6725	Legal	59,799	44,630
6726	Procurement	0	0
6727	Research/Development	0	0
6728	Other Gen. & Admin.	228,189	153,242
	Total Corporate Op	1,201,486	1,240,337
	TOTAL OPERATING EXP	3,280,979	3,505,115

INCOME STATEMENT

SCHEDULE I-1

Company: *ITS Telecommunications Systems, Inc.*
 For the years ended December 31, 1996 and 1997

Page 4 of 4

Account No.	Accounts	Amounts (\$)	
		1997 Year	1996 Year
7110	Income from Custom Work	0	0
7130	Return from Nonreg. Use of Reg. Fac.	0	0
7140	Gain/Loss from Foreign Exchange	0	0
7150	Gain/Loss from Disp. of Land/Artwork	0	0
7160	Other Operating Gains and Losses	0	0
	Other Op. Inc. & Expenses	0	0
7210	Operating ITC	(15,920)	(22,258)
7220	Operating Federal Income Taxes	108,100	51,400
7230	Operating State & Local Income Taxes	18,200	8,500
7240	Other Operating Taxes	123,779	78,461
7250	Provision for Deferred Op. Taxes-Net	91,847	60,847
	Total Operating Taxes	326,006	176,950
	Net Operating Income	600,700	480,941
7310	Dividend Income	10,517	0
7320	Interest Income	87,639	56,070
7330	Income from Sinking & Other Funds	0	0
7340	Allow. for Funds Used During Const.	3,528	26,762
7350	Gain/Loss from the Disp. of Property	0	0
7360	Other Nonoperating Income	0	(4,753)
7370	Special Charges	(1,525)	(5,213)
	Total Nonop. Income & Exp.	100,159	72,866
7410	Nonop. ITC - Net	0	0
7420	Nonop. Federal Income Taxes	0	0
7430	Nonop. State & Local Income Taxes	0	0
7440	Nonop. Other Taxes	0	0
7450	Prov. for Def. Nonop. Inc. Tax-Net	0	0
	Total Nonop. Taxes	0	0
7510	Interest on Funded Debt	327,592	350,357
7520	Interest Expense - Capital Leases	0	0
7530	Amortization of Debt Issuance Exp	345	451
7540	Other Interest Deductions	4,437	3,534
	Total Interest & Related Items	332,374	354,342
7610	Extraordinary Income Credits	0	0
7620	Extraordinary Income Charges	0	0
7630	Curr. Inc Tax Effect of Ex. Items-Net	0	0
	Total Extraordinary Items	0	0
7910	Inc. Effect of Juris. Ratemaking Diff.	0	0
7990	Nonregulated Net Income	0	0
	NET INCOME	368,485	199,465

Other Operating Taxes
Schedule I-2

Company: ITS Telecommunications Systems, Inc.

For the Year Ended December 31, 1997

Name of Government	Type of Tax						Total
	Property	Gross Receipts	PSC Assess	Intangible	Franchise	Others*	
U.S. Government							
State of Florida			2,785	2,785			5,570
Martin County							
Real property	11,930						11,930
Personal property	106,279						106,279
Note: * List separately each item in excess of \$500.							
Total	118,209	0	2,785	2,785	0	0	123,779
Charged to Construction							
Net Charged to Accou	118,209	0	2,785	2,785	0	0	123,779

Average Access Lines in Service

Schedule Z-8

Company: *ITS Telecommunications Systems, Inc.*

For the Year Ended December 31, 1997

(a) Classification	(b) Average Number
1. Residence Lines (R-1, 2, 4, etc.)	2,330
2. Business Lines (B-1, 2, 4, etc.)	733
3. Centrex Lines	0
4. PBX Trunks	34
5. Key System Lines	168
6. Subtotal (Line 1 thru Line 5)	<u>3,265</u>
7. Teletypewriter Lines	0
8. Foreign Exchange Lines	27
9. Service Telephone Lines	78
10. Other Lines	96
11. Total (Line 6 thru Line 10)	<u>3,466</u>

Footnotes:

(a) Include lines terminating in customer owned equipment.

(b) Average is the average of the twelve monthly averages.

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE EARNINGS SURVEILLANCE REPORT WORKSHEETS

	DEC-86	JAN-87	FEB-87	MAR-87	APR-87	MAY-87	JUN-87	JUL-87	AUG-87	SEP-87	OCT-87	NOV-87	DEC-87	AVG
PLANT IN SERVICE														
2111.001 Land Main Building	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377	2,377
2111.002 Land Stunt West	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039	23,039
2111.003 Land Warehouse	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050	82,050
2112.000 Vehicles - Cars	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2112.001 Vehicles - Trucks	111,486	111,486	111,486	111,486	111,486	111,486	135,580	135,580	135,580	135,580	135,580	135,580	135,580	116,204
2116.000 Other Work Equip	139,805	139,805	141,519	141,519	145,585	146,277	148,277	150,155	149,555	149,555	149,555	149,555	149,322	148,135
2118.001 Other Work Equip - Const	34,543	34,543	34,543	34,543	25,896	25,896	25,896	25,896	25,896	25,896	25,896	25,896	25,896	26,278
2121.001 Bldgs - Main	381,250	386,428	386,428	386,428	386,428	382,021	382,021	382,021	382,021	382,021	382,021	381,375	381,375	388,709
2121.002 Bldgs - Stunt Main	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,302	39,306
2121.003 Bldgs - Warehouse	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212	480,212
2122.000 Furniture	48,521	48,521	48,521	48,521	48,521	52,451	52,451	52,451	52,451	52,451	52,451	52,451	52,451	50,852
2123.001 Office Machines	67,802	67,802	67,802	69,938	69,938	69,938	69,938	69,938	69,938	69,938	69,938	69,938	69,938	69,493
2123.002 Office Telephone	34,105	34,105	32,189	32,189	32,189	32,189	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,308
2124.000 Computers	278,958	278,958	278,958	278,958	278,958	290,522	290,522	290,522	290,522	291,054	291,054	291,054	291,054	288,088
Total General Support	1,728,220	1,728,428	1,728,428	1,742,648	1,734,257	1,738,325	1,773,843	1,773,843	1,773,843	1,775,786	1,774,786	1,774,150	1,773,917	1,747,237
2212.001 COE - Switch	1,841,131	1,841,131	1,841,131	1,841,131	1,841,131	1,841,131	1,841,131	1,841,131	1,841,131	1,849,301	1,849,301	1,849,301	1,849,301	1,840,109
2212.002 COE - Processor	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2232.001 COE - Analog Carrier	166,008	166,008	166,008	166,008	166,008	166,008	166,008	166,008	166,008	166,008	166,008	166,008	166,008	165,218
2232.002 COE - Digital T-Carrier	1,317,209	1,317,209	1,359,896	1,359,896	1,359,896	1,359,896	1,359,896	1,359,896	1,359,896	1,360,760	1,360,760	1,360,760	1,363,591	1,252,813
2232.004 COE - Fiber Optic	781,502	781,502	781,502	781,502	781,502	781,502	781,502	781,502	781,502	781,502	781,502	781,502	782,119	782,361
2232.005 COE - Switch	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152	112,152
Total Central Office Equip.	4,188,002	4,188,002	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,240,489	4,132,864
2321.000 Customer Wiring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2351.000 Paystation - Coin	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496	50,496
2351.001 Paystation - Coinless	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2362.001 Devices for Deaf	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2362.002 Terminating Equip	48,180	48,180	48,180	50,296	50,296	50,296	50,296	50,296	50,296	50,296	50,296	50,296	50,296	50,492
Total ROT Equipment	89,658	89,658	89,658	100,792	100,792	100,792	100,792	100,792	100,792	100,792	100,792	100,792	100,792	88,988
2411.000 Poles	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687	17,687
2421.000 Aerial Metallic	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2421.001 Aerial Drop	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2422.000 Underground Cable	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328	144,328
2422.004 Bundled Fiber Optic Cable	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809	139,809
2423.000 Bundled Cable Metallic	4,341,444	4,251,311	4,358,834	4,358,970	4,172,841	4,377,290	4,401,327	4,403,051	4,408,433	4,412,828	4,417,317	4,423,805	4,428,820	4,384,404
2423.002 Bundled Cable Filled	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,096,328	1,097,033	1,103,918
2423.004 Fiber Optic Cable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2423.005 Bur. Undergr. Fiber Optic Cable	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529	142,529
2441.000 Underground Conduit	5,881,922	5,791,790	5,897,113	5,899,449	5,801,838	5,908,288	5,920,222	5,932,048	5,947,428	5,941,321	5,948,312	5,982,565	5,988,320	5,984,227
Total Cable & Wire	11,902,811	11,917,874	11,867,896	10,759,378	11,977,374	11,983,891	12,043,266	12,049,471	12,063,294	12,057,848	12,061,327	12,068,874	11,745,243	11,850,218
TOTAL ACCOUNT 2001	40,920	64,383	25,227	29,554	48,428	32,189	55,287	57,229	119,825	72,052	78,529	82,616	0	55,507
2003.000 Short Term Construction														

	DEC-86	JAN-87	FEB-87	MAR-87	APR-87	MAY-87	JUN-87	JUL-87	AUG-87	SEP-87	OCT-87	NOV-87	DEC-87	AVG
RESERVES														
2112.000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicles - Cars	70,758	71,753	72,747	73,741	74,735	75,729	76,728	78,147	79,358	80,755	81,964	83,172	84,081	77,208
2112.001	92,574	93,650	94,741	95,831	96,717	97,845	98,972	100,130	100,687	102,010	103,163	104,315	105,287	96,915
Other Work Equip	11,243	11,450	11,658	11,865	4,372	4,372	4,372	5,035	5,189	5,497	5,497	5,808	5,808	7,033
2116.001	159,269	157,170	159,072	158,874	159,877	160,777	161,892	162,606	163,521	164,436	165,351	159,783	160,896	160,895
Other Work Eq - Corral	18,178	18,287	18,359	18,451	18,543	18,634	18,726	18,818	18,909	19,000	18,481	18,554	18,548	18,542
2121.002	143,089	145,000	146,210	147,331	148,451	149,572	150,692	151,813	152,933	154,054	155,174	156,295	157,415	150,892
Bldgs - Warehouses	30,343	30,678	30,913	31,198	31,482	31,765	32,049	32,331	32,615	32,899	33,182	33,466	33,750	37,808
2122.000	53,874	54,338	54,803	47,004	48,363	49,722	51,081	52,440	53,800	55,159	56,518	57,877	59,236	52,808
Furniture	27,733	28,095	28,457	28,819	29,181	29,543	29,905	30,267	30,629	30,991	31,353	31,715	32,077	32,439
2123.001	231,598	233,325	235,078	236,892	238,698	240,483	242,264	244,105	245,918	248,430	250,344	252,058	253,662	254,343
Office Machines	840,231	847,405	852,878	857,260	861,404	865,721	869,214	873,739	880,400	883,409	890,943	892,013	899,222	898,793
2124.002	778,651	788,323	800,137	813,951	828,765	837,579	849,392	861,206	861,206	884,834	896,957	909,080	897,963	847,228
Official Telephone	168,008	168,008	168,008	168,008	168,008	168,008	168,008	168,008	168,008	168,008	168,008	168,008	168,008	0
2125.000	743,458	752,349	761,341	770,419	779,597	788,774	797,952	807,130	816,308	825,483	834,679	844,064	848,506	164,949
Computers	167,219	173,565	179,910	186,256	192,602	198,948	205,294	211,640	217,986	224,331	230,677	237,023	243,369	796,545
2126.005	86,750	86,459	86,967	87,375	87,584	87,792	88,001	88,209	88,418	88,628	88,834	89,043	89,251	205,264
COE - Switch	1,842,006	1,966,704	1,993,963	2,024,009	2,051,558	2,079,101	2,106,647	2,134,189	2,161,732	2,189,492	2,217,255	2,245,218	2,188,138	87,823
Total Central Office Equip	0	0	0	0	0	0	0	0	0	0	0	0	0	2,101,940
2221.000	22,818	23,062	23,508	23,954	24,400	24,846	25,292	25,738	26,184	26,630	27,076	27,522	27,968	25,292
Customer Wiring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2221.001	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Paystation - Coin	35,890	35,890	36,205	36,710	37,125	37,540	37,955	38,370	38,785	39,200	39,615	40,030	40,445	0
2221.002	58,100	58,952	59,803	60,664	61,525	62,386	63,247	64,113	64,979	65,837	66,693	67,549	68,405	23,448
Paystation - Coinless	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2262.001	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Devices for Dial	18,407	18,469	18,531	18,593	18,655	18,717	18,779	18,841	18,903	18,965	19,027	19,089	19,151	18,738
2262.002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Terminating Equip	54,783	55,480	56,178	56,875	57,573	58,271	58,968	59,666	60,363	61,061	61,758	62,456	63,154	58,908
Total IOT Equipment	21,156	21,772	22,389	23,005	23,622	24,239	24,855	25,472	26,089	26,705	27,322	27,938	28,555	24,855
2411.000	2,197,465	2,218,091	2,238,775	2,259,471	2,280,186	2,300,962	2,321,763	2,342,136	2,363,090	2,384,511	2,405,494	2,426,490	2,447,214	2,321,341
Poles	141,001	145,569	150,137	154,705	159,273	163,841	168,409	172,977	177,545	182,114	186,682	191,250	195,821	188,409
2421.000	(12,225)	(11,878)	(11,478)	(11,078)	(10,678)	(10,278)	(9,878)	(9,478)	(9,078)	(8,678)	(8,278)	(7,878)	(7,478)	(10,739)
Aerial Metallic	2,418,567	2,445,405	2,472,284	2,499,172	2,526,057	2,552,945	2,579,833	2,606,721	2,633,609	2,660,497	2,687,385	2,714,273	2,741,161	2,571,957
2421.001	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aerial Drop	5,219,004	5,318,468	5,374,728	5,436,705	5,479,132	5,541,655	5,604,548	5,667,813	5,723,410	5,773,548	5,808,508	5,858,995	5,846,245	5,891,398
2422.000	151,010	151,010	148,460	145,911	143,362	140,813	138,264	135,715	133,166	130,617	128,068	125,519	122,970	138,264
Undergr Cable - Metallic	30,171	29,853	29,735	29,518	29,298	29,080	28,862	28,643	28,425	28,207	27,989	27,770	27,552	28,862
2422.001	183,738	180,983	178,195	175,427	172,680	169,933	167,186	164,439	161,691	158,944	156,197	153,450	150,703	167,138
Buried Fiber Optic Cable	5,442,734	5,499,429	5,556,921	5,611,532	5,651,792	5,711,568	5,771,674	5,831,371	5,885,001	5,896,372	5,958,565	6,010,264	5,996,767	5,758,523
2423.000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buried Cable Metallic	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2423.001	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buried Cable Fiber	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2423.002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fiber Optic Cable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2441.000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Underground Conduit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cable & Wire	5,219,004	5,318,468	5,374,728	5,436,705	5,479,132	5,541,655	5,604,548	5,667,813	5,723,410	5,773,548	5,808,508	5,858,995	5,846,245	5,891,398
TOTAL 3100 - RESERVES	153,559	151,010	148,460	145,911	143,362	140,813	138,264	135,715	133,166	130,617	128,068	125,519	122,970	138,264
3100.008	29,853	29,735	29,518	29,298	29,080	28,862	28,643	28,425	28,207	27,989	27,770	27,552	27,334	28,862
3100.009	183,738	180,983	178,195	175,427	172,680	169,933	167,186	164,439	161,691	158,944	156,197	153,450	150,703	167,138
TOTAL CIAC	5,442,734	5,499,429	5,556,921	5,611,532	5,651,792	5,711,568	5,771,674	5,831,371	5,885,001	5,896,372	5,958,565	6,010,264	5,996,767	5,758,523

WORKING CAPITAL COMPONENTS

DEC-96 JAN-97 FEB-97 MAR-97 APR-97 MAY-97 JUN-97 JUL-97 AUG-97 SEP-97 OCT-97 NOV-97 DEC-97 AVG

CASH

1130.001	Cash General Funds	(8,111)	7,463	90,299	109,784	483	51,958	122,320	141,708	86,538	152,860	54,322	50,729	63,837	75,268
1130.002	Cash-Construction Fund	5	5	5	5	5	5	5	5	5	5	5	5	5	4
1130.003	Cash-Customer Security Deposit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1130.005	Cash-Peity Cash Account	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1130.006	Cash-Money Market Fund	368,249	379,204	314,572	462,015	579,198	666,758	259,356	257,857	382,728	276,696	296,559	407,423	307,409	375,849
1130.008	Cash-Payroll	8,128	673	23	18,403	3,604	28,608	14,732	57,797	44,489	22,423	34,543	11,732	71,291	22,803
1130.011	General Funds - Indebtedness	81,189	(17,419)	(28,357)	2,356	65,222	(29,596)	(5,833)	(24,169)	(14,000)	265	(85,651)	20,920	106,529	1,224
1130.012	Cash-Customer Security Deposit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1130.013	Refund Doc #40026 TL Barnett Bk	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1130.014	Cash - 401K	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1130.015	Wire Transfer	0	0	0	0	0	(116)	0	(229)	(577)	0	0	0	0	(77)
1130.000	Cash - Working Funds	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1180.000	Temporary Cash Investment	248,722	0	0	0	0	0	0	0	0	0	0	0	0	0
1180.001	Cash -FB CD	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
1180.002	First Union CD	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
1180.003	AAJ Edwards MM	0	637,209	442,381	442,381	433,302	533,383	125,977	124,464	121,858	102,960	87,368	68,364	3,373	260,109
1180.021	Temporary Cash Investment	499,468	0	0	0	0	0	0	0	0	0	0	0	0	20,811
Total Cash - Working Capital		1,267,228	1,157,295	1,021,023	1,233,044	1,281,912	1,387,188	816,242	857,833	721,027	605,419	497,243	675,220	658,538	898,388

ACCOUNTS RECEIVABLE

1180.000	Accounts Receivable	309,864	347,949	366,182	329,472	329,051	325,222	326,509	310,887	321,360	312,724	321,706	317,860	275,674	325,809
1181.000	AR Bad Debt	(2,800)	(2,000)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
1180.001	AR Interstate AT&T	71,300	75,008	73,880	49,325	44,219	73,800	69,991	61,498	43,978	71,733	70,025	77,410	83,193	65,378
1190.002	AR Interstate AT&T	28,902	30,810	29,968	22,457	20,132	29,855	28,716	19,899	28,716	28,716	28,319	28,748	31,368	27,101
1190.003	AR NECA	110,501	83,735	221,867	116,422	81,306	186,434	118,019	119,240	135,137	134,549	120,411	99,552	85,800	128,249
1190.004	AR FOB	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	40,953	47,422
1190.005	AR Southern Bell	21,181	20,954	21,140	6,507	11,417	19,272	23,868	15,248	14,958	20,952	22,478	23,400	15,441	18,217
1190.006	AR Other	0	69	69	69	69	69	69	69	69	(1,684)	(1,684)	(1,684)	(1,155)	(429)
1190.007	AR Arrow Communications	1,265	1,265	1,265	0	0	0	0	0	0	0	0	0	264	264
1190.008	AR Non-Serviced	0	0	0	0	0	(264)	0	0	0	0	0	0	0	(22)
1190.009	AR Allied Co. Inc. Co	150,717	144,787	141,087	88,487	84,787	81,087	71,087	67,387	63,687	59,987	54,287	52,587	218,102	91,308
1190.010	AR Emp	5,150	4,851	3,876	2,427	3,027	2,327	2,403	3,907	3,368	2,918	2,419	1,969	1,270	3,139
1190.011	AR Bell	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1190.012	AR - Arrow DBA /ITLD	10,880	15,767	6,977	11,267	6,961	6,801	10,415	4,308	2,889	1,828	2,860	2,960	1,586	6,804
1190.013	AR - Arrow DBA /ITLD	2,343	3,138	1,565	1,827	1,104	1,121	1,854	1,100	893	893	1,444	1,444	800	1,498
1190.014	AR - Directory	519	519	519	519	519	519	519	519	519	519	519	519	(1,452)	428
1190.015	AR - D. Milan	0	0	0	0	0	0	0	0	0	0	(200)	(200)	0	(47)
1190.018	AR - FI Dept of Revenue	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Total AR - Working Capital		812,092	827,883	867,615	739,279	682,122	799,323	748,339	710,334	705,955	733,615	723,984	704,919	601,090	762,905

MATERIAL AND SUPPLIES

1220.001	Material and Supplies Invent	21,205	18,954	27,716	26,374	25,772	24,507	25,938	25,714	22,107	22,107	28,173	24,588	23,158	24,511
1220.002	Material and Supply Exempt	0	0	0	0	0	0	0	0	0	0	0	0	350,297	14,586
Total Material & Supply - Working Cap		21,205	18,954	27,716	26,374	25,772	24,507	25,938	25,714	22,107	22,107	28,173	24,588	373,455	39,097

DEPRECIATIONS

1300.000	Prepaid Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1300.018	Gross Receipts Tax Recoverable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1310.000	Prepaid Insurance	27,702	23,352	19,054	15,929	12,826	9,298	6,173	4,268	1,175	37,455	42,892	40,280	38,856	20,418
1320.001	Prepaid Comp. Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1340.001	Prepaid Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1340.002	Accrued Interest Purchased	0	1,874	1,874	1,874	1,874	1,874	1,823	1,823	1,823	600	600	600	0	1,337
Total Depreciations - Working Capital		27,702	25,226	20,928	17,813	14,700	11,160	7,788	6,913	2,809	38,055	43,492	40,880	38,856	21,754

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE EARNINGS SURVEILLANCE REPORT WORKSHEETS

	DEC-96	JAN-97	FEB-97	MAR-97	APR-97	MAY-97	JUN-97	JUL-97	AUG-97	SEP-97	OCT-97	NOV-97	DEC-97	AVG
ACCOUNTS PAYABLE														
4010.001 AP Trade	71,259	90,145	106,968	10,464	1,623	29,699	57,374	43,713	84,887	154,824	25,482	32,262	70,952	57,794
4010.002 AP AT&T	66,253	67,631	79,079	79,295	67,910	58,256	59,406	58,280	56,713	52,445	44,836	53,405	48,496	61,143
4010.003 AP Interstate Tot	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.004 AP Tot	0	0	0	0	0	0	0	0	0	0	0	(192)	0	(19)
4010.005 AP Intra-state Intra-state Tot	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.006 AP Intra-state Intra-state Payroll	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.007 AP International Tot	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.009 AP Federal Excise Tax	6,551	6,055	6,308	6,457	6,164	5,493	6,345	5,551	5,457	5,424	5,300	5,851	5,448	5,842
4010.010 AP Sales Tax	0	3,137	3,122	2,973	2,755	2,721	2,269	2,195	2,068	2,218	2,312	2,349	2,181	2,408
4010.011 AP Other	5,685	8,180	8,835	7,110	7,585	8,060	8,535	8,010	8,485	8,960	10,435	10,810	0	8,061
4010.012 AP Bill & Keep	19,980	33,552	33,552	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	0	11,900
4010.013 AP Non-Sent Paid	113	90	68	98	84	95	96	102	90	68	68	68	0	82
4010.014 AP P&T	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.015 AP NECA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.016 AP Selected Access	2,504	(10,176)	(23,748)	4,275	7,908	7,788	29,518	40,253	38,718	42,890	42,184	42,728	37,508	20,185
4010.017 AP Reach Out America	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.018 AP Reach Out Florida	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.019 AP All Pro WATS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.020 AP All Pro WATS-Int	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.021 AP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.022 AT&T 800 Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.023 MCI 800 Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.024 Refund Final Bill Due Customers	0	0	0	0	(9)	(9)	(9)	(9)	(9)	(9)	(742)	0	0	(66)
4010.025 Special Country International Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.026 Simple Savings Intra-state	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.027 Simple Savings Intra-state	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.028 EB11	0	1,932	1,925	1,943	754	755	760	759	760	758	763	1,968	1,977	1,174
4010.029 AP Tot LDC - WATS INT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.030 AP LDC INTL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.031 AP Intra-state LDC	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.032 NECA PCA Charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4010.033 AP Amer DGA / ITLD	13,867	14,227	11,661	12,048	11,275	10,296	21,647	9,567	11,174	14,999	16,150	18,059	21,818	14,078
4010.035 Customer Premise Equip - Arrow	622	165	131	130	130	164	155	214	165	199	151	131	90	178
Total Accounts Payable - Working Cap.	186,834	212,838	235,899	132,823	113,479	130,588	193,278	178,825	228,804	291,108	184,289	174,824	136,488	182,806 *
ADVANCED BILLING & PAYMENTS														
4030.001 Advanced Billing & Payments	79,248	70,248	79,248	79,248	79,248	79,326	79,248	79,248	79,248	79,248	79,248	79,248	79,248	79,237
Total Advanced Billings - Working Cap.	79,248	79,248	79,248	79,248	79,248	79,326	79,248	79,248	79,248	79,248	79,248	79,248	79,248	79,237 *
ACCRUED TAXES														
4070.001 Federal Income Taxes	0	0	0	0	(50,000)	(50,000)	0	0	0	0	0	0	0	(8,323)
4070.002 Florida Corporation Tax	0	0	0	0	0	0	0	0	0	(5,000)	(5,000)	(5,000)	0	(1,250)
4080.001 FICA	603	(18,319)	(30,260)	(45,187)	(80,311)	(78,840)	(84,726)	(102,385)	(121,535)	(134,811)	(154,218)	(164,943)	217	(82,485)
4080.002 Federal W.T.	0	16,752	30,729	45,522	56,501	71,172	85,489	102,033	119,551	134,772	153,007	168,758	0	82,022
4080.003 NYS Disability	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4080.004 FL Property & Real	0	830	1,755	2,680	3,605	4,530	5,455	6,380	7,305	8,230	9,155	10,080	0	4,008
4080.005 FL Pers Prop	0	7,800	16,300	24,800	33,300	41,800	50,300	58,800	67,300	76,800	85,300	93,800	0	37,502
4080.006 FL Int.G. Prop	2,400	2,800	2,835	3,070	3,305	3,540	3,775	4,010	4,245	4,480	4,715	4,950	0	2,160
4080.007 NYS Unemploy	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4080.008 Federal Unemploy	126	100	230	360	490	620	(749)	(819)	(469)	83	193	323	4	49
4080.009 FL Unemploy	163	500	790	1,080	1,370	1,660	(1,311)	(1,287)	(997)	(407)	(356)	(66)	10	89
4080.010 FL Utility	1,382	173	373	573	773	973	1,173	1,373	1,573	1,773	1,973	2,173	2,373	1,247
4080.011 Gross Revenue	3,298	5,108	6,429	3,924	5,067	6,004	6,299	6,475	6,779	5,316	6,207	6,844	7,493	5,820
Total Accrued Taxes - Working Capital	7,972	17,544	29,181	36,822	(5,800)	2,259	63,263	72,260	81,322	88,816	98,578	(3,690)	10,462	40,817 *

	DEC-86	JAN-87	FEB-87	MAR-87	APR-87	MAY-87	JUN-87	JUL-87	AUG-87	SEP-87	OCT-87	NOV-87	DEC-87	AVG
OTHER ACCRUED LIABILITIES														
4080 000	0	0	0	0	0	0	0	0	0	(25,000)	(25,000)	(25,000)	0	(8,250)
4120 000	0	8,394	14,894	2,173	8,873	15,173	3,348	9,848	16,792	12	8,512	13,457	0	8,273
4120 001	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
4120 002	0	0	80	0	0	25	0	(272)	0	0	0	0	0	(14)
4120 003	0	530	1,030	0	500	1,000	0	500	1,000	0	500	1,000	0	505
4120 004	25,500	(154)	13,794	25,464	1,858	14,250	25,200	(380)	11,945	-3,200	(172)	28,528	25,200	14,057
4120 005	1,850	3,350	5,025	0	1,875	3,300	0	0	0	0	0	0	0	1,185
4120 006	0	0	0	0	0	0	0	0	0	0	0	(153)	0	(13)
4120 007	0	0	0	0	0	0	0	0	0	0	0	6,079	0	507
4130 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4310 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Accrued Liabilities	45,150	25,120	47,823	45,637	25,506	46,798	41,348	22,693	42,727	13,212	(5,180)	34,911	38,200	31,250 *
TOTAL WORKING CAPITAL	1,754,523	1,694,608	1,655,329	1,727,780	1,792,173	1,833,200	1,020,993	1,048,238	1,021,798	826,814	965,969	1,160,402	1,805,895	1,285,830

ITS TELECOMMUNICATIONS SYSTEMS, INC.
12 MONTHS ENDING
31-December-1997

FLORIDA PUBLIC SERVICE COMMISSION
TELEPHONE EARNINGS SURVEILLANCE REPORT WORKSHEETS

CAPITAL STRUCTURE		DEC-96	JAN-97	FEB-97	MAR-97	APR-97	MAY-97	JUN-97	JUL-97	AUG-97	SEP-97	OCT-97	NOV-97	DEC-97	AVG
LONG TERM DEBT															
4210 001	Fixed Cost RFA-Cor (1000 001)	290,823	290,823	290,823	283,620	283,620	283,620	278,395	278,395	278,395	269,150	269,150	269,150	261,870	278,791
4210 002	Fixed Cost RFB-Cor (1000 002)	3,469,715	3,460,875	3,458,325	3,457,154	3,446,415	3,445,268	3,443,603	3,434,389	3,433,162	3,431,461	3,427,039	3,422,039	3,359,443	3,439,116
4210 003	Fixed Cost RFL-Cor (1000 003)	205,335	205,335	1	0	0	0	0	0	0	0	0	0	0	25,687
1407 000	Unamortized Int Expense	1,552	1,515	1,477	1,208	1,270	1,233	1,222	1,210	1,199	1,241	1,230	1,219	1,207	1,292
1402 001	RTB Stock - 1402 011 RTB Out	235,450	235,450	235,450	235,450	235,450	235,450	235,450	235,450	235,450	235,450	235,450	235,450	176,800	233,006
	Total Long Term Debt:	3,728,871	3,720,968	3,812,222	3,504,816	3,493,345	3,492,316	3,483,326	3,474,124	3,472,908	3,463,920	3,464,509	3,454,820	3,443,306	3,509,278
OTHER LIABILITIES AND DEFERRED CREDITS															
4326 000	Deferred Credits Invest. Cr.	90,228	48,316	46,461	44,608	42,751	40,896	39,041	37,188	35,331	33,478	31,621	29,765	24,308	39,310
4340 000	Acc. Deferred Income Taxes	430,340	434,340	438,340	442,340	446,340	450,340	454,340	458,340	462,340	466,340	470,340	474,340	564,740	456,740
4340 002	Deferred Corporation Taxes	(77,717)	(76,546)	(75,376)	(74,205)	(73,035)	(71,864)	(70,694)	(69,523)	(68,352)	(67,182)	(66,011)	(64,841)	(63,670)	(70,694)
	TOTAL DEF. INCOME TAX	402,623	406,110	409,425	412,741	416,056	419,372	422,687	426,002	429,318	432,634	435,950	439,265	442,578	427,365
STOCKHOLDERS EQUITY															
4810 00	Capital Stock	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
4650 00	Retained Earnings Per Book	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751	4,316,751
	Income for month	0	(13,646)	101,287	135,407	190,809	265,736	279,064	283,525	252,494	293,195	306,208	337,109	368,205	216,262
4660 00	Total for reporting	4,316,751	4,303,103	4,418,148	4,452,218	4,507,557	4,582,487	4,595,815	4,590,276	4,569,245	4,609,945	4,622,909	4,653,860	4,685,056	4,533,043
	Common Equity	4,691,751	4,678,103	4,793,148	4,827,218	4,862,557	4,937,487	4,970,815	4,955,276	4,944,245	4,984,945	4,997,909	5,028,860	5,060,056	4,908,043
CUSTOMER DEPOSITS															
4040 000	Cust. Dep. - 4040 001 Account Inv.	75,119	75,844	77,664	84,697	89,341	91,376	93,326	92,601	92,333	91,266	90,861	90,506	89,111	87,734
4360 000	Adv. Bill Indebtedness-Refundable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4360 001	Adv. Bill Collections-Refundable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Customer Deposits	75,119	75,844	77,664	84,697	89,341	91,376	93,326	92,601	92,333	91,266	90,861	90,506	89,111	87,734

INDIANTOWN TELEPHONE SYSTEM INC
COST OF CAPITAL
1997

	RTB 7.5 %	RTB 11.0 %	RTB 9.5 %	RTB STOCK	UNAMORTIZED DEBT EXPENSE	REA 2.0 %	FBI Prime + 1%	TOTAL
12-31-96	934,706.17 (5,260.48)	742,796.16 (2,439.15)	1,792,213.13 (1,141.08)	(235,450.00) 0.00	(1,552.36) 37.55	290,822.69 0.00	205,335.00 (205,335.00)	3,728,870.79 (214,138.16)
01-31-97	929,445.69 0.00	740,357.01 0.00	1,791,072.05 (2,549.38)	(235,450.00) 0.00	(1,514.81) 37.55	290,822.69 0.00	0.00 0.00	3,514,732.63 (2,511.83)
02-28-97	929,445.69 0.00	740,357.01 0.00	1,788,522.67 (1,171.53)	(235,450.00) 0.00	(1,477.26) 37.55	290,822.69 (7,202.78)	0.00 0.00	3,512,220.80 (8,336.76)
03-31-97	929,445.69 (5,901.94)	740,357.01 (3,139.58)	1,787,351.14 (1,647.03)	(235,450.00) 0.00	(1,439.71) 37.55	283,619.91 0.00	0.00 0.00	3,503,884.04 (10,651.00)
04-30-97	923,543.75 0.00	737,217.43 0.00	1,785,704.11 (1,194.03)	(235,450.00) 0.00	(1,402.16) 37.54	283,619.91 0.00	0.00 0.00	3,493,233.04 (1,156.49)
05-31-97	923,543.75 0.00	737,217.43 0.00	1,784,510.08 (1,668.00)	(235,450.00) 0.00	(1,364.62) 37.54	283,619.91 (7,224.72)	0.00 0.00	3,492,076.55 (8,855.18)
06-30-97	923,543.75 (5,439.61)	737,217.43 (2,558.73)	1,782,842.08 (1,217.99)	(235,450.00) 0.00	(1,327.08) 37.54	276,395.19 0.00	0.00 0.00	3,483,221.37 (9,176.79)
07-31-97	918,104.14 0.00	734,660.70 0.00	1,781,624.09 (1,227.15)	(235,450.00) 0.00	(1,289.54) 37.54	276,395.19 0.00	0.00 0.00	3,474,044.58 (1,189.61)
08-31-97	918,104.14 0.00	734,660.70 0.00	1,780,396.94 (1,700.78)	(235,450.00) 0.00	(1,252.00) 11.16	276,395.19 (7,244.83)	0.00 0.00	3,472,854.97 (8,934.45)
09-30-97	918,104.14 (5,543.49)	734,660.70 (2,628.22)	1,778,696.16 (59,900.58)	(235,450.00) 58,650.00	(1,240.84) 11.16	269,150.36 0.00	0.00 0.00	3,463,920.52 (9,411.13)
10-31-97	912,560.65 0.00	732,032.48 0.00	1,718,795.58 (2,196.08)	(176,800.00) 0.00	(1,229.68) 11.16	269,150.36 0.00	0.00 0.00	3,454,509.39 (2,184.92)
11-30-97	912,560.65 0.00	732,032.48 0.00	1,718,599.50 (1,749.46)	(176,800.00) 0.00	(1,218.52) 11.16	269,150.36 (7,280.55)	0.00 0.00	3,452,324.47 (9,018.85)
12-31-97	<u>912,560.65</u>	<u>732,032.48</u>	<u>1,714,850.04</u>	<u>(176,800.00)</u>	<u>(1,207.36)</u>	<u>261,869.81</u>	<u>0.00</u>	<u>3,443,305.62</u>
Average balance	921,836.29	736,515.39	1,770,803.83	(223,231.25)	(1,344.67)	278,489.64	8,555.63	3,491,624.85
Percentage of total	26.40%	21.09%	50.71%	-6.39%	-0.04%	7.98%	0.25%	100.00%
Cost	7.50%	11.00%	9.50%	0.00%	0.00%	2.00%	9.25%	
Weighted cost	1.98%	2.32%	4.62%	0.00%	0.00%	0.16%	0.02%	9.3001%

4210.0000

ITS TELECOMMUNICAT. SYSTEMS, INC.
SUMMARY DEVELOPMENT OF INTERSTATE PART 36 REVENUE REQUIREMENT
FOR YEAR ENDING DECEMBER 31, 1997

	Source	INTERSTATE MESSAGE	INTERSTATE SPECIAL	TOTAL COMPANY
1. Plant in Service	Part 36, Form 1, Ln 15	3,652,100	260,771	11,693,003
2. Plant Under Construction	Part 36, Form 1, Ln 17	6,392	456	20,465
3. Net Investment	Part 36, Form 2, Ln 39	1,934,556	134,893	6,336,775
4. Rate of Return	FCC Authorized	0.1125000	0.1125000	
5. Return	(Line 3 x 4)	217,638	15,175	
6. AFUDC	Part 36, Form 11, Ln 192	1,102	79	3,528
7. Net Return	(Lines 5 - 6)	216,536	15,096	
8. Fixed Charges	Part 36, Form 11, Ln 199	79,927	5,617	261,909
9. Investment Tax Credit	Part 36, Form 11, Ln 191	4,972	355	15,920
10. Other FIT Adjustments	Part 36, Form 11, Ln 195	0	0	0
11. Subject to FIT	(Lines 7-8-9-10)	131,637	9,124	
12. Federal Income Tax @ 51.515151%		67,813	4,700	
13. Other SIT Adjustments	Part 36, Form 11, Ln 198	0	0	0
14. Subject to SIT	(Lines 11+12-13)	199,450	13,824	
15. State Income Tax @ 5.82010%		11,608	805	
16. Return + FIT + SIT	(Lines 7-9+12+15)	290,985	20,246	
17. Expenses and Taxes	Part 36, Form 11, Ln 208	990,620	59,535	3,186,527
18. Subtotal	(Lines 16+17)	1,281,605	79,781	
19. Gross Receipts Tax @ 0.000000%		0	0	
20. Subtotal	(Line 18+19)	1,281,605	79,781	
21. Psc Fee @ 0.000000%		0	0	
22. Total Revenue Requirement	(Lines 16+17+19+21)	1,281,605	79,781	

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Input 1

PLANT SUMMARY

Acct	Description	Investment	Reserve	Acct	Description	Investment	Reserve
2111	Land	105,825		1220	Material & Supplies	196,658	
	General Support	1,569,227	815,371	1402	Class B RTB Stock	206,125	
	Land & General Support	<u>Total 2110</u>	<u>815,371</u>	1410	Other Noncurrent Assets	0	
2111	Analog Electronic Switching	0	0	1438	Deferred Maint & Retire	0	
2112	Digital Electronic Switching	1,622,330	807,250	1439	Deferred Non-Capital Eq Access	0	
2215	Electro-Mechanical Switching	0	0	1500	Other Jurisdictional Assets	0	
	COE - Switching	<u>Total 2210</u>	<u>807,250</u>	2002	Prop Held For Future Use	0	
2220	COE - Operator Systems	0	0	2003	Plant Under Construction	20,465	
2231	Radio Systems	0	0	2005	Plant Acquisition Adjustment	0	
2232	Circuit Equipment	2,410,666	1,225,608		Depreciation Reserve		
	COE - Transmission	<u>Total 2230</u>	<u>1,225,608</u>	<u>Total 3100</u>		<u>5,452,030</u>	
2311	Station Apparatus	0	0	3200	Res - Prop Held for Fut Use		0
2321	Customer Premise Wiring	0	0	3410	Res - Capital leases		0
2341	Large Private Branch Exchanges	0	0	3420	Res - Leasehold Improvements		0
2351	Public Telephone Terminal Equipment	25,248	11,308	3500	Res - Intangible		0
2362	Other Terminal Equipment	24,580	17,742	3600	Res - Plant Acq Adj		0
	Information Origination / Termination	<u>Total 2310</u>	<u>29,050</u>	4040	Customer Deposits		82,115
2411	Poles	11,945	10,856	4100	Current Def Oper Taxes		0
2421	Aerial Cable	0	0	4310	Other Long Term Liabilities		0
2422	Underground Cable	214,131	83,824	4340	Non-Current Def Oper Taxes		507,240
2423	Buried Cable	5,566,522	2,490,800	4360	Other Deferred Credits		0
2424	Submarine Cable	0	0	4370	Oth Juris Liab & Def Credits		0
2425	Deep Sea Cable	0	0				
2426	Intrabuilding Network Cable	0	0		Net w/o CWC	<u>6,074,866</u>	
2431	Aerial Wire	0	0				
2441	Conduit Systems	142,529	(10,729)	CWC	Cash Working Capital		261,909
	Cable & Wire Facilities	<u>Total 2410</u>	<u>2,574,751</u>				
2681	Capital Leases	0			Net with CWC	<u>6,336,775</u>	
2682	Leasehold improvements	0					
	Amortizable Tangibles	<u>Total 2680</u>	<u>0</u>				
2690	Intangibles	0					
	Plant In Service	<u>Total 2001</u>	<u>11,693,003</u>				

CENTRAL OFFICE EQUIPMENT

INFORMATION ORIGINATOR/TERMINATION

CABLE & WIRE FACILITIES

Account	Cat	Per Study
2210	2	0
	3	1,622,330
	5	0
Total		1,622,330
2220	1	0
	Intrept Bds	0
	Info Bds	0
	Ser Obs Bds	0
	Oth Bds	0
Total		0
2230	4.11	0
	4.121	39,454
	4.122	0
	4.123	64,544
	4.13	1,722,386
	4.21	0
	4.22	105,765
	4.23	478,517
Total	4.3	2,410,666

Msg Tel	Spl Svc	Per Study
2351	25,248	0
2362	24,580	0
Coinless Pay	0	0
Total	49,828	0
2311	0	0
2321	0	0
2341	0	0
Total	0	0
Total 2310	49,828	0

Account	Cat	Per Study
410	1	5,565,156
	2.1	45,219
	2.2	0
	2.3	0
	2.4	121,268
	3	203,484
	4	0
Total		5,935,127

EXPENSE SUMMARY

Account	Description	Per Study
6110	Network Support	0
6120	General Support	57,716
6210	Central Office Switching Equip - Eq Access Conv	0
6210	Central Office Switching Equipment - All Other	79,426
6220	Operator Systems	0
6230	Central Office Transmission	57,356
6310	Info Orig/Term - Customer Premise	0
6310	Info Orig/Term - Other	46,193
6410	Cable and Wire Facilities	193,046
<u>Total Plant Specific</u>		<u>433,737</u>
5510	Other Property, Plant & Equipment	0
6530	Network Operations	301,141
6540	Access Expense	0
6561	Depreciation	745,089
6562	Dep Exp - Property Held For Future Use	0
6563	Amortization - Tangible	0
6564	Amortization - Intangible	0
6565	Amortization - Acquisition	0
6560	<u>Depreciation & Amortization</u>	<u>745,089</u>
<u>Total Plant Non-Specific Operations</u>		<u>1,046,230</u>
6610	Marketing	2,176
6620	Services	300,808
<u>Total Customer Operations</u>		<u>302,984</u>
6710	Executive and Planning	649,634
6720	General and Administrative	625,050
<u>Total Corporate Operations</u>		<u>1,274,684</u>
7240	Ad Valorem	122,930
7370	Special Charges	1,525
<u>Total Operating Expenses & Taxes</u>		<u>3,182,090</u>

Plant Date: 12/31/1997
 Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
 Study No.: 210331-97-1

Input 4

ITEMS ASSIGNED BY PRIMARY PLANT ACCOUNT

Primary Plant Account	Description	2681	2682	4100	4340	6561	5240	1438
2111	Land	0	0	0	0	0	0	0
	General Support	0	0	0	69,006	87,641	0	0
2210	COE - Switching	0	0	0	70,006	135,139	0	0
2220	COE - Operator Systems	0	0	0	0	0	0	0
2230	COE - Transmission	0	0	0	105,995	194,040	0	0
2310	Information Origination / Termination	0	0	0	1,841	4,851	0	0
2410	Cable & Wire Facilities	0	0	0	260,392	323,418	0	0
Total		0	0	0	507,240	743,089	0	0

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Input 5

OPERATOR EXPENSE

	<u>Amount</u>
1 Operator	0
2 Outside Operator	44,857
3 Total Operator	<u>44,857</u>

DIRECTORY EXPENSE

	<u>Amount</u>
4 Classified	1,698
5 Alpha	8,124
6 Foreign	745
7 TWX	0
8 Total Directory	<u>10,567</u>

COMMERCIAL OPERATIONS

<u>Category 2 - Revenue Accounting</u>	<u>Amount</u>
9 Message Processing	95,000
10 OB&C - Message Tel	6,980
11 OB&C - Private Line	11
12 OB&C - Local & Directory	9,226
13 OB&C - TWX	33,113
14 Carrier Access Billing	36,447
15 Subscriber Line Charge	2,596
16 Total Category 2	<u>183,373</u>
<u>Category 3 - Other Commercial</u>	
17 Telcom Relay Service	968
18 Other	0
19 Total Category 3	<u>968</u>

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Input 6

COMMERCIAL OPERATIONS

		Total	Interstate	Interstate	Interstate	Interstate	Intrastate	Intrastate	Intrastate	Intrastate	EAS	Local
		Company	InterLATA	InterLATA	IntraLATA	IntraLATA	InterLATA	InterLATA	IntraLATA	IntraLATA		
			Message	P/L	Message	P/L	Message	P/L	Message	P/L		
Account 6623 - Local Business Office Category 1												
End User Service Order Processing												
1	Local	7,556										7,556
2	Directory	0										0
3	Message Tel	2,054	1,761		0		220		73			
4	Private Line	1,028		514		0		367		147		0
5	Presubscription	4,622	4,622									
6	Total	15,260	6,383	514	0	0	220	367	73	147	0	7,556
End User Payment and Collection												
7	Local	8,294										8,294
8	Message Tel	26,356	13,336		0		4,369		8,651			
9	Private Line	2,328		0		0		35		2,293		
10	Subscriber Line Charge	2,700	2,700				0		0			
11	Total	39,678	16,036	0	0	0	4,369	35	8,651	2,293	0	8,294
End User Billing Inquiry												
12	Local	99										99
13	Message Tel	585	195		0		195		195			
14	Private Line	3,711		1,734		0		952		1,025		
15	Subscriber Line Charge	122	122				0		0			
16	Total	4,517	317	1,734	0	0	195	952	195	1,025	0	99
IXC Service Order Processing												
17	Switched Access	146	146		0		0		0			
18	Private Line	587		293		0		147		147		
19	Billing and Collection	0	0		0		0		0			
20	Total	733	146	293	0	0	0	147	0	147	0	0
IXC Payment and Collection												
21	Switched Access	0	0		0		0		0			
22	Private Line	0		0		0		0		0		
23	Billing and Collection	0	0		0		0		0			
24	Total	0	0	0	0	0	0	0	0	0	0	0
IXC Billing Inquiry												
25	Switched Access	855	65		0		395		395			
26	Private Line	0		0		0		0		0		
27	Billing and Collection	0	0		0		0		0			
28	Total	855	65	0	0	0	395	0	395	0	0	0
Coin Collection and Administration												
29	Joint P.S.	0	0		0		0		0		0	0
30	Total Category 1	61,043	22,947	2,541	0	0	5,179	1,501	9,314	3,612	0	15,949

Plant Date: 12/31/1997
 Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
 Study No.: 210331-97-1

Input 9

TRAFFIC FACTORS

	Interstate InterLATA	Interstate IntraLATA	State InterLATA	State IntraLATA	State InterLATA	State IntraLATA	EAS	Local	Total
1 Tandem Switching Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2 Weighted Dem	0.728921	0.000000	0.043096	0.060711	0.064591	0.102681	0.000000	1.000000	1.000000
3 Wideband Exch Line Circuit Factor	0.502800	0.000000	0.000000	0.497200	0.000000	0.000000	0.000000	1.000000	1.000000
4 Exchange Trunk Toll Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5 Subscriber Plant Factor	0.250000	0.000000	0.137788	0.234813	0.145729	0.231670	0.000000	1.000000	1.000000
6 Conversation Minute Factor	0.455972	0.000000	0.225856	0.318172	0.000000	0.000000	0.000000	1.000000	1.000000
7 Conversation Minute Miles Factor	0.455972	0.000000	0.225856	0.318172	0.000000	0.000000	0.000000	1.000000	1.000000
8 Host Remote Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9 Subscriber Line Usage Factor	0.243266	0.000000	0.120035	0.169008	0.180595	0.257096	0.000000	1.000000	1.000000
10 Exchange Trunk Special Factor	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000	1.000000
11 Equal Access Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12 Coincides Pay MOU Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13 IOT Category 2 Factor	0.502800	0.000000	0.000000	0.497200	0.000000	0.000000	0.000000	1.000000	1.000000
14 Wideband Conversation Minute Miles	0.500000	0.000000	0.000000	0.500000	0.000000	0.000000	0.000000	1.000000	1.000000
15 Carrier Access Billing Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16 Service Observing BD Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Form 1

PART 36

Ln	Acct	Description	Allocation	Total Company		Interstate		Interstate		Interstate		Total Interstate
				Message	P/L	InterLATA	InterLATA	InterLATA	InterLATA	Message	P/L	
1	2111	Land	L10	105,825	33,053	2,360	0	0	0	0	0	35,413
2		General Support	L10	1,569,227	490,120	34,996	0	0	0	0	0	525,116
3	2110	Land & General Support	L1-2	1,675,052	523,173	37,356	0	0	0	0	0	560,529
4	2210	COE - Switching	L43	1,622,330	1,182,550	0	0	0	0	0	0	1,182,550
5	2220	COE - Operator Systems	L30	0	0	0	0	0	0	0	0	0
6	2230	COE - Transmission	L60	2,410,666	550,328	134,938	0	0	0	0	0	685,266
7		Total COE	L4-6	4,032,996	1,732,878	134,938	0	0	0	0	0	1,867,816
8	2310	Information Orig/Term	L66	49,828	12,457	0	0	0	0	0	0	12,457
9	2410	Cable & Wire Facilities	L34	5,935,127	1,383,592	88,477	0	0	0	0	0	1,472,069
10		Total COE, IOT & C&WF	L2-9	10,017,951	3,128,927	223,415	0	0	0	0	0	3,352,342
11	2680	Capital Leases	L81	0	0	0	0	0	0	0	0	0
12	2680	Leasehold Improvements	L88	0	0	0	0	0	0	0	0	0
13	2680	Amortizable Tangibles	L1-12	0	0	0	0	0	0	0	0	0
14	2690	Intangibles	L40	0	0	0	0	0	0	0	0	0
15	2001	Plant In Service	L3, 10, 13, 14	11,693,003	3,652,100	260,771	0	0	0	0	0	3,912,871
16	2002	Prop Held For Future Use	L15	0	0	0	0	0	0	0	0	0
17	2003	Plant Under Construction	L15	20,465	6,392	456	0	0	0	0	0	6,848
18	2005	Plant Acquisition Adjustment	L15	0	0	0	0	0	0	0	0	0
19	1220	Material & Supplies	L9	196,658	45,845	2,932	0	0	0	0	0	48,777
20	1402	Class B RTB Stock	L15	206,125	64,379	4,597	0	0	0	0	0	68,976
21	1410	Other Noncurrent Assets	L175	0	0	0	0	0	0	0	0	0
22	1438	Deferred Maint & Retirements	L95	0	0	0	0	0	0	0	0	0
23	1439	Def Non-Capital Equal Access	Allow 13	0	0	0	0	0	0	0	0	0
24	1500	Other Jurisdictional Assets	Allow 19	0	0	0	0	0	0	0	0	0
25	CWC	Cash Working Capital	L188	261,909	79,796	4,493	0	0	0	0	0	84,289

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Form 2

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Total Interstate
26	3100	Depreciation Reserve	L102	5,452,030	1,730,368	125,171	0	0	1,855,539
27	3200	Res - Prop Hld for Future Use	L16	0	0	0	0	0	0
28	3400	Res - Capital leases	L13	0	0	0	0	0	0
29	3400	Res - Leasehold Improvments	L13	0	0	0	0	0	0
30	3500	Res - Intangible	L14	0	0	0	0	0	0
31	3600	Res - Plant Acquisition Adj	L13	0	0	0	0	0	0
32		Total Reserves	L 26-31	5,452,030	1,730,368	125,171	0	0	1,855,539
33	4040	Customer Deposits	L15	82,115	25,647	1,831	0	0	27,478
34	4100	Current Deferred Op Taxes	L109	0	0	0	0	0	0
35	4310	Other Long Term Liabilities	L175	0	0	0	0	0	0
36	4340	Non-Current Def Oper Taxes	L116	507,240	157,941	11,354	0	0	169,295
37	4360	Other Deferred Credits	Alloc 48	0	0	0	0	0	0
38	4370	Oth Juris Liab & Def Credits	Alloc 41	0	0	0	0	0	0
39		Net Investment	L15-25 Less L32-38	6,336,775	1,934,556	134,893	0	0	2,069,449
40		Total 2001 Less 2690	L 3, 10, 13	11,693,003	3,652,100	260,771	0	0	3,912,871
41		Total 2001 Less Associated Res	L15-19,24 Less L32-34, 36-38	5,950,856	1,816,028	127,634	0	0	1,943,662

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Form 3

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Total Interstate
<u>Central Office Switching - Acct 2210</u>									
42	2210	Cat 2 - Tandem Switching	Alloc 2	0	0		0		0
43	2210	Cat 3 - Local Switching	Alloc 3	1,622,330	1,182,550		0		1,182,550
44	2210	Cat 5 - Equal Access	Alloc 13	0	0		0		0
45		Total 2210	L42-44	<u>1,622,330</u>	<u>1,182,550</u>		<u>0</u>		<u>1,182,550</u>
<u>Central Office Operator Systems - Acct 2220</u>									
2220 Cat 1 - Operator Systems									
46		Intercept Boards	Alloc 24	0	0		0		0
47		Information Boards	Alloc 47	0	0		0		0
48		Service Observing Boards	Alloc 67	0	0		0		0
49		Other Boards	Alloc 1	0	0		0		0
50		Total 2220	L46-49	<u>0</u>	<u>0</u>		<u>0</u>		<u>0</u>
<u>Central Office Transmission - Acct 2230</u>									
51	2230	Cat 4.11 - Wdbd Exch Ln Cir	Alloc 4	0	0		0		0
52	2230	Cat 4.121 - Exch Trunk EAS	Alloc 5	39,454					0
53	2230	Cat 4.122 - Exch Trunk Toll	Alloc 6	0	0		0		0
54	2230	Cat 4.123 - Exch Trunk Spl	Alloc 7	64,544		64,544		0	64,544
55	2230	Cat 4.13 - Exch Ln Circuit	Alloc 8	1,722,386	409,633	7,313	0	0	416,946
56	2230	Cat 4.21 - IX Cct - Other Co	Alloc 9	0	0	0	0	0	0
57	2230	Cat 4.22 - IX Cct - Wdbd	Alloc 10	105,765	0	53,181	0	0	53,181
58	2230	Cat 4.23 - IX Cct - Other	Alloc 11	478,517	140,695	9,900	0	0	150,595
59	2230	Cat 4.3 - Host Remote	Alloc 12	0	0		0		0
60		Total 2230	L51-59	<u>2,410,666</u>	<u>550,328</u>	<u>134,938</u>	<u>0</u>	<u>0</u>	<u>685,266</u>

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Form 4

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Total Interstate
<u>Information Origination / Termination - Acct 2310</u>									
61	2351	Cat 1 - Pub Tel (Less Coinless)	Alloc 14	25,248	6,312		0		6,312
62	2351	Cat 1 - Pub Tel (Coinless)	Alloc 15	0	0		0		0
63	2362	Cat 1 - Other Terminal Equip	Alloc 14	24,580	6,145		0		6,145
64		Total Category 1	L61-63	49,828	12,457		0		12,457
65		Cat 2 - Customer Premise	Alloc 16	0					0
66		Total 2310	L64-65	49,828	12,457		0		12,457
<u>Cable and Wire Facilities - Acct 2410</u>									
67	2410	Cat 1 - Exch Ln CWF	Alloc 17	5,565,156	1,323,556	23,628	0	0	1,347,184
68	2410	Cat 2.1 - Exch Trk CWF - EAS	Alloc 5	45,219					0
69	2410	Cat 2.2 - Exch Trk CWF - Toll	Alloc 6	0	0		0		0
70	2410	Cat 2.3 - Exch Trk CWF - Spl	Alloc 7	0		0		0	0
71	2410	Cat 2.4 - Exch Trk CWF - Wb	Alloc 10	121,268	0	60,976	0	0	60,976
72	2410	Cat 3 - IX C&WF	Alloc 18	203,484	60,036	3,873	0	0	63,909
73	2410	Cat 4 - Host / Remote C&WF	Alloc 12	0	0		0		0
74		Total 2410	L67-73	5,935,127	1,383,592	88,477	0	0	1,472,069

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Form 5

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Total Interstate
<u>Tangible Assets - Capital Leases - Acct 2680</u>									
75	2110	General Support Facilities	L3	0	0	0	0	0	0
76	2210	COE - Switching	L4	0	0	0	0	0	0
77	2220	COE - Operator Systems	L5	0	0	0	0	0	0
78	2230	COE - Transmission	L6	0	0	0	0	0	0
79	2310	Information Orig /Term	L8	0	0	0	0	0	0
80	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0
81	Total 2681		L75-80	0	0	0	0	0	0
<u>Tangible Assets - Leasehold Improvements - Acct 2680</u>									
82	2110	General Support Facilities	L3	0	0	0	0	0	0
83	2210	COE - Switching	L4	0	0	0	0	0	0
84	2220	COE - Operator Systems	L5	0	0	0	0	0	0
85	2230	COE - Transmission	L6	0	0	0	0	0	0
86	2310	Information Orig /Term	L8	0	0	0	0	0	0
87	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0
88	Total 2682		L82-91	0	0	0	0	0	0
<u>Deferred Maint & Retirements Acct 1438</u>									
89	2110	General Support Facilities	L3	0	0	0	0	0	0
90	2210	COE - Switching	L4	0	0	0	0	0	0
91	2220	COE - Operator Systems	L5	0	0	0	0	0	0
92	2230	COE - Transmission	L6	0	0	0	0	0	0
93	2310	Information Orig /Term	L8	0	0	0	0	0	0
94	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0
95	Total 1438		L89-94	0	0	0	0	0	0

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.: 210331-97-1

Form 6

PART 36

Ln	Acct	Description	Allocation	Total Company		Interstate		Interstate		Interstate		Total Interstate
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	
Accumulated Depreciation - Acct 3100												
96	2110	General Support Facilities	L3	815,371	254,667	18,184	0	0	0	0	0	272,851
97	2210	COE - Switching	L4	807,250	588,421	0	0	0	0	0	0	588,421
98	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0
99	2230	COE - Transmission	L4	1,225,608	279,793	68,604	0	0	0	0	0	348,397
100	2310	Information Orig /Term	L4	29,050	7,273	0	0	0	0	0	0	7,263
101	2410	Cable & Wire Facilities	L5	2,574,751	600,224	38,383	0	0	0	0	0	638,607
102	Total 3100		L36-101	5,452,030	1,730,368	125,171	0	0	0	0	0	1,855,539

Net Current Deferred Operating Income Taxes - Acct 4100

103	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0
104	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0
105	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0
106	2230	COE - Transmission	L4	0	0	0	0	0	0	0	0	0
107	2310	Information Orig /Term	L4	0	0	0	0	0	0	0	0	0
108	2410	Cable & Wire Facilities	L5	0	0	0	0	0	0	0	0	0
109	Total 4100		L103-108	0	0	0	0	0	0	0	0	0

Net Noncurrent Deferred Operating Income Taxes - Acct 4340

110	2110	General Support Facilities	L3	69,006	21,553	1,539	0	0	0	0	0	23,092
111	2210	COE - Switching	L4	70,006	51,029	0	0	0	0	0	0	51,029
112	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0
113	2230	COE - Transmission	L4	105,995	24,197	5,933	0	0	0	0	0	30,130
114	2310	Information Orig /Term	L4	1,841	460	0	0	0	0	0	0	460
115	2410	Cable & Wire Facilities	L5	260,392	60,702	3,882	0	0	0	0	0	64,584
116	Total 4340		L110-115	507,240	157,941	11,354	0	0	0	0	0	189,295

PARL 36

Ln	Acct	Description	Allocation	Total Company	Interstate		Interstate		Interstate		Total Interstate
					InterLATA Message	InterLATA P/L	InterLATA Message	InterLATA P/L	IntraLATA	IntraLATA P/L	
117	6110	Network Support	L3	0	0	0	0	0	0	0	0
118	6120	General Support	L3	57,716	18,027	1,287	0	0	0	0	19,314
119	6210	COE - Switching - Eq. Access	Allow 13	0	0	0	0	0	0	0	0
120	6210	COE - Switching - All Other	L7	79,426	34,127	2,657	0	0	0	0	36,784
121	6220	COE - Operator Systems	L7	0	0	0	0	0	0	0	0
122	6230	COE - Transmission	L7	57,356	24,644	1,919	0	0	0	0	26,563
123		Total COE	L119-122	136,782	58,771	4,876	0	0	0	0	63,647
124	6310	IOT - Other	L64	46,193	11,548	0	0	0	0	0	11,548
125	6310	IOT - Customer Premise	Allow 16	0	0	0	0	0	0	0	0
126		Total 6310	L124-125	46,193	11,548	0	0	0	0	0	11,548
127	6410	Cable & Wire Facilities	L8	193,046	45,003	2,878	0	0	0	0	47,881
128		Total Plant Specific	L117,118,123,126-127	433,737	133,349	8,741	0	0	0	0	142,090

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.: 210331-97-1

PART 36

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

Ln	Acct	Description	Allocation	Total Company	Interstate		Interstate		Interstate		Total Interstate	
					InterLATA	Message	InterLATA	Message	InterLATA	Message		InterLATA
Plant Non-Specific Expenses												
129	6510	Other Prop Plant & Equip	L15	0	0	0	0	0	0	0	0	
130	6530	Network Operations	L10	301,141	94,056	6,716	0	0	0	0	100,772	
131	6540	Access	Alloc 20	0	0	0	0	0	0	0	0	
656: Depreciation												
132		Dep - Support Assets	L3	87,641	27,373	1,955	0	0	0	0	29,328	
133		Dep - COE Switching	L4	135,139	98,506	0	0	0	0	0	98,506	
134		Dep - COE Operator	L1	0	0	0	0	0	0	0	0	
135		Dep - COE Transmission	L6	194,040	44,297	10,861	0	0	0	0	55,158	
136		Dep - IOT	L8	4,851	1,213	0	0	0	0	0	1,213	
137		Dep - Cable & Wire Facilities	L9	323,418	75,395	4,821	0	0	0	0	80,216	
138		Total 6561	L135-137	745,039	246,784	17,637	0	0	0	0	264,421	
139	6562	Dep - Prop Held for Fut Use	L15	0	0	0	0	0	0	0	0	
140	6563	Amort - Tangible Assets	L12	0	0	0	0	0	0	0	0	
141	6564	Amort - Intangible Assets	L14	0	0	0	0	0	0	0	0	
142	6565	Amort - Acquisition Adjust	L15	0	0	0	0	0	0	0	0	
143		Total Plant Non-Specific	L139-142 Less 138	1,046,230	340,340	24,353	0	0	0	0	365,193	
Customer Operations Expenses												
144	6610	Marketing	Alloc 43	2,176	836	0	0	0	0	0	836	
145	6621	Operator	L10	0	0	0	0	0	0	0	0	
146		Outside Operator Services	Alloc 42	44,857	0	0	0	0	0	0	0	
6622 Directories												
147		Classified	Alloc 22	1,698	0	0	0	0	0	0	0	
148		TWX	Alloc 23	0	0	0	0	0	0	0	0	
149		Alpha	Alloc 24	8,124	1,976	0	0	0	0	0	1,976	
150		Foreign	Alloc 25	745	0	0	0	0	0	0	0	
151		Total 6622	L147-150	10,567	1,976	0	0	0	0	0	1,976	

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.:210331-97-1

Form 9

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Total Interstate
6623		<u>Commercial Operations</u>							
		<u>Cat 1 - Local Business Office</u>							
		End User service order processing							
152		Presubscription	Alloc 26	4,622	4,622				4,622
153		Directory Advertising	Alloc 27	0					0
154		All other	Alloc 28	10,638	1,761	514	0	0	2,275
155		End User payment & collection	Alloc 21	39,678	16,036	0	0	0	16,036
156		End User billing inquiry	Alloc 30	4,517	317	1,734	0	0	2,051
157		IXC service order processing	Alloc 32	733	146	293	0	0	439
158		IXC payment and collection	Alloc 33	0	0	0	0	0	0
159		IXC billing inquiry	Alloc 34	855	65	0	0	0	65
160		Coin collection and admin	Alloc 35	0	0		0		0
161		Total Category 1	L112-160	61,043	22,947	2,541	0	0	25,488
		<u>Cat 2 - Revenue Accounting</u>							
162		Message Processing	Alloc 36	95,000	16,499		0		16,499
163		OB&C - Message Telephone	Alloc 36	6,980	1,212		0		1,212
164		OB&C - TWX	Alloc 37	33,113	11,038	0	0	0	11,038
165		OB&C - Local & Directory	Alloc 38	9,226					0
166		OB&C - Private Line	Alloc 39	11		0		0	0
167		Carrier Access Billing	Alloc 44	36,447	18,223		0		18,223
168		Subscriber Line Charge	Alloc 29	2,596	2,596		0		2,596
169		Total Category 2	L162-168	183,373	49,568	0	0	0	49,568
170		Subtotal Categories 1 & 2	L161-169	244,416	72,515	2,541	0	0	75,056

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.: 210331-97-1

PART 36

Ln	Acct	Description	Allocation	Total Company		Interstate InterLATA		Interstate InterLATA		Interstate InterLATA		Total Interstate
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	
Category - Other Commercial												
171		Telecom Relay Service	Allow 45	968	968	0	0	0	0	0	0	968
172		Other	L170	0	0	0	0	0	0	0	0	0
173		Total Commercial - Operations	L170,172	968	968	0	0	0	0	0	0	968
174		Total Customer - Operations	L144,146,151,173	76,395	76,395	0	0	0	0	0	0	76,395
175		Total Big Three Expenses	L123,126,127,130,174 (See L119)	285,673	285,673	0	0	0	0	0	0	285,673
Corporate Operations Expenses												
176	6710	Executive & Planning	L175	189,342	189,342	0	0	0	0	0	0	189,342
6720 General & Administrative												
177		Other Direct	Allow 46	38,192	38,192	0	0	0	0	0	0	38,192
178		Direct to EAS	Allow 31	0	0	0	0	0	0	0	0	0
179		Other	L175	586,858	171,045	10,006	0	0	0	0	0	181,051
180		Total 6720	L177,179	625,050	209,237	10,006	0	0	0	0	0	219,243
181		Total Corporate Operations	L170,180	1,274,684	398,579	21,082	0	0	0	0	0	419,661
182		Total Operating Expenses	L128,143,174,181	3,057,635	949,063	56,717	0	0	0	0	0	1,085,789
Operating Taxes												
183	7240	Ad Valorem Taxes - Allocated	L15	120,994	37,790	2,698	0	0	0	0	0	40,488
184	7240	Ad Valorem Taxes - Direct	Allow 40	1,936	1,936	0	0	0	0	0	0	1,936
185		Total 7240	L183,184	122,930	39,726	2,698	0	0	0	0	0	42,424
186	7370	Special Charges	L181	1,525	477	25	0	0	0	0	0	502
187		Total Operating Exp & Taxes	L182,185,186	3,182,090	989,266	59,440	0	0	0	0	0	1,048,706
188		Total Operating Exp & Taxes (Less Depreciation)	L187 Less 118,142	2,437,001	742,482	41,803	0	0	0	0	0	784,285

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC.
Study No.: 210331-97-1

Form 11

PART 36

Ln	Acct	Description	Allocation	Total Company		Interstate		Interstate		Interstate		Total Interstate
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	
189	7210	Investment Tax Credits	L15	15,920	4,972	355	0	0	0	0	0	5,327
190		TRA-86 Amortization	L15	0	0	0	0	0	0	0	0	0
191		Total	L189-190	15,920	4,972	355	0	0	0	0	0	5,327
192	7340	AFUDC	L17	3,528	1,102	79	0	0	0	0	0	1,181
193		FIT Adjustments - Addbacks	L15	0	0	0	0	0	0	0	0	0
194		FIT Adjustments - Deductions	L15	0	0	0	0	0	0	0	0	0
195		Total FIT Adjustments	L193-194	0	0	0	0	0	0	0	0	0
196		SIT Adjustments - Addbacks	L15	0	0	0	0	0	0	0	0	0
197		SIT Adjustments - Deductions	L15	0	0	0	0	0	0	0	0	0
198		Total SIT Adjustments	L196-197	0	0	0	0	0	0	0	0	0
199	7500	Fix-d Charges	L41	261,909	79,927	5,617	0	0	0	0	0	85,544
200	7540	Interest On Customer Dep	L41	4,437	1,354	95	0	0	0	0	0	1,449
Rent Revenue Account 5240												
201	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0
202	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0
203	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0
204	2230	COE - Transmission	L4	0	0	0	0	0	0	0	0	0
205	2310	Information Orig / Term	L4	0	0	0	0	0	0	0	0	0
206	2410	Cable & Wire Facilities	L5	0	0	0	0	0	0	0	0	0
207		Total 5240	L201-206	0	0	0	0	0	0	0	0	0
208		Total Operating Exp & Taxes (Including 7540 / Net of 5240)	L191-200 Less 207	3,186,527	997,900	59,535	0	0	0	0	0	1,050,135



ITS TELECOMMUNICAT. SYSTEMS, INC.
 SUMMARY DEVELOPMENT OF INTRASTATE INTRALATA PART 36 REVENUE REQUIREMENT
 FOR YEAR ENDING DECEMBER 31, 1997

	Source	INTERSTATE MESSAGE	INTERSTATE SPECIAL	TOTAL COMPANY
1. Plant in Service	Part 36, Form 1, Ln 15	1,861,966	533,761	11,693,003
2. Plant Under Construction	Part 36, Form 1, Ln 17	3,259	934	910,670
3. Net Investment	Part 36, Form 2, Ln 39	1,052,609	279,418	6,305,214
4. Rate of Return	FCC Authorized	0.1125000	0.1125000	
5. Return	(Line 3 x 4)	118,419	31,435	
6. AFUDC	Part 36, Form 11, Ln 192	562	161	3,528
7. Net Return	(Lines 5 - 6)	117,857	31,274	
8. Fixed Charges	Part 36, Form 11, Ln 199	41,684	11,877	261,909
9. Investment Tax Credit	Part 36, Form 11, Ln 191	2,535	727	15,920
10. Other FIT Adjustments	Part 36, Form 11, Ln 195	0	0	0
11. Subject to FIT	(Lines 7-8-9-10)	73,638	18,670	
12. Federal Income Tax @ 51.515151%		37,935	9,618	
13. Other SIT Adjustments	Part 36, Form 11, Ln 198	0	0	0
14. Subject to SIT	(Lines 11+12-13)	111,573	28,288	
15. State Income Tax @ 5.82010%		6,494	1,646	
16. Return + FIT + SIT	(Lines 7-9+12+15)	159,751	41,811	
17. Expenses and Taxes	Part 36, Form 11, Ln 208	724,625	116,051	3,186,527
18. Subtotal	(Lines 16+17)	884,376	157,862	
19. Gross Receipts Tax @ 0.000000%		0	0	
20. Subtotal	(Line 18+19)	884,376	157,862	
21. Psc Fee @ 0.000000%		0	0	
22. Total Revenue Requirement	(Lines 16+17+19+21)	884,376	157,862	

ITS TELECOMMUNICAT. SYSTEMS, INC.
SUMMARY DEVELOPMENT OF INTRASTATE INTERLATA PART 36 REVENUE REQUIREMENT
FOR YEAR ENDING DECEMBER 31, 1997

	Source	INTERSTATE <u>MESSAGE</u>	INTERSTATE <u>SPECIAL</u>	TOTAL <u>COMPANY</u>
1. Plant in Service	Part 36, Form 1, Ln 15	1,322,249	225,253	11,693,003
2. Plant Under Construction	Part 36, Form 1, Ln 17	2,314	394	20,465
3. Net Investment	Part 36, Form 2, Ln 39	709,508	117,807	6,305,214
4. Rate of Return	FCC Authorized	0.1125000	0.1125000	
5. Return	(Line 3 x 4)	79,853	13,253	
6. AFUDC	Part 36, Form 11, Ln 192	399	68	3,528
7. Net Return	(Lines 5 - 6)	79,454	13,185	
8. Fixed Charges	Part 36, Form 11, Ln 199	29,602	5,008	261,909
9. Investment Tax Credit	Part 36, Form 11, Ln 191	1,800	307	15,920
10. Other FIT Adjustments	Part 36, Form 11, Ln 195	0	0	0
11. Subject to FIT	(Lines 7-8-9-10)	48,052	7,870	
12. Federal Income Tax @ 51.515151%		24,754	4,054	
13. Other SIT Adjustments	Part 36, Form 11, Ln 198	0	0	0
14. Subject to SIT	(Lines 11+12-13)	72,806	11,924	
15. State Income Tax @ 5.82010%		4,237	.94	
16. Return + FIT + SIT	(Lines 7-9+12+15)	106,645	17,626	
17. Expenses and Taxes	Part 36, Form 11, Ln 208	347,875	48,958	3,186,527
18. Subtotal	(Lines 16+17)	454,520	66,584	
19. Gross Receipts Tax @ 0.000000%		0	0	
20. Subtotal	(Line 18+19)	454,520	66,584	
21. Psc Fee @ 0.000000%		0	0	
22. Total Revenue Requirement	(Lines 16+17+19+21)	454,520	66,584	

EXPENSE SUMMARY

Account	Description	Per Study
6110	Network Support	0
6120	General Support	57,716
6210	Central Office Switching Equip - Eq Access Conv	0
6210	Central Office Switching Equipment - All Other	79,426
6270	Operator Systems	0
6230	Central Office Transmission	57,356
6310	Info Orig/Term - Customer Premise	0
6310	Info Orig/Term - Other	46,193
6410	Cable and Wire Facilities	193,046
Total Plant Specific		433,737
6510	Other Property, Plant & Equipment	0
6530	Network Operations	301,141
6540	Access Expense	0
6561	Depreciation	745,089
6562	Dep Exp - Property Held For Future Use	0
6563	Amortization - Tangible	0
6564	Amortization - Intangible	0
6565	Amortization - Acquisition	0
6560	Depreciation & Amortization	745,089
Total Plant Non-Specific Operations		1,046,230
6610	Marketing	2,176
6620	Services	300,808
Total Customer Operations		302,984
6710	Executive and Planning	649,634
6720	General and Administrative	625,050
Total Corporate Operations		1,274,684
7240	Ad Valorem	122,930
7370	Special Charges	1,525
Total Operating Expenses & Taxes		3,182,090

Plant Date: 12/31/1997
 Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
 Study No.:210331-97-1

Input 4

ITEMS ASSIGNED BY PRIMARY PLANT ACCOUNT

Primary Plant Account	Description	2681	2682	4100	4340	6561	5240	1438
2111	Land	0	0				0	0
	General Support	0	0	0	69,006	87,641	0	0
2210	COE - Switching	0	0	0	70,006	135,139	0	0
2220	COE - Operator Systems	0	0	0	0	0	0	0
2230	COE - Transmission	0	0	0	105,995	194,040	0	0
2310	Information Origination / Termination	0	0	0	1,841	4,851	0	0
2410	Cable & Wire Facilities	0	0	0	260,372	323,418	0	0
Total		0	0	0	507,240	745,089	0	0

OPERATOR EXPENSE

	Amount
1 Operator	0
2 Outside Operator	44,857
3 Total Operator	<u>44,857</u>

DIRECTORY EXPENSE

	Amount
4 Classified	1,678
5 Alpha	8,124
6 Foreign	745
7 TWX	0
8 Total Directory	<u>10,567</u>

COMMERCIAL OPERATIONS

Category 2 - Recruit. Accounting	Amount
9 Message Processing	95,000
10 OB&C - Message Tel	6,980
11 OB&C - Private Line	11
12 OB&C - Local & Directory	9,226
13 OB&C - TWX	33,113
14 Carrier Access Billing	36,447
15 Subscriber Line Charge	2,556
16 Total Category 2	<u>183,373</u>

Category 3 - Other Commercial

17 Telecom Relay Service	968
18 Other	0
19 Total Category 3	<u>968</u>

COMMERCIAL OPERATIONS

Account 6623 - Local Business Office Category 1		Total	Interstate	Interstate	Interstate	Interstate	Intrastate	Intrastate	Intrastate	Intrastate	EAS	Local
End User Service Order Processing		Company	InterLATA	InterLATA	IntraLATA	IntraLATA	InterLATA	InterLATA	IntraLATA	IntraLATA		
			Message	P/L	Message	P/L	Message	P/L	Message	P/L		
1	Local	7,556										7,556
2	Directory	0										0
3	Message Tel	2,054	1,761		0		220		73			
4	Private Line	1,028		514		0		367		147		0
5	Presubscription	4,622	4,622									
6	Total	15,260	6,383	514	0	0	220	367	73	147	0	7,556
End User Payment and Collection												
7	Local	8,294										8,294
8	Message Tel	26,356	13,336		0		4,369		8,651			
9	Private Line	2,328		0		0		35		2,293		
10	Subscriber Line Charge	2,700	2,700				0		0			
11	Total	39,678	16,036	0	0	0	4,369	35	8,651	2,293	0	8,294
End User Billing Inquiry												
12	Local	99										99
13	Message Tel	585	195		0		195		195			
14	Private Line	3,711		1,734		0		952		1,025		
15	Subscriber Line Charge	122	122				0		0			
16	Total	4,517	317	1,734	0	0	195	952	195	1,025	0	99
IXC Service Order Processing												
17	Switched Access	146	146		0		0		0			
18	Private Line	587		293		0		147		147		
19	Billing and Collection	0	0		0		0		0			
20	Total	733	146	293	0	0	0	147	0	147	0	0
IXC Payment and Collection												
21	Switched Access	0	0		0		0		0			
22	Private Line	0		0		0		0		0		
23	Billing and Collection	0	0		0		0		0			
24	Total	0	0	0	0	0	0	0	0	0	0	0
IXC Billing Inquiry												
25	Switched Access	855	65		0		395		395			
26	Private Line	0		0		0		0		0		
27	Billing and Collection	0	0		0		0		0			
28	Total	855	65	0	0	0	395	0	395	0	0	0
Coin Collection and Administration												
29	Joint P.S.	0	0		0		0		0		0	0
30	Total Category 1	61,043	22,947	2,541	0	0	5,179	1,501	9,214	3,612	0	15,949

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-97-1

Input 7

PART 36 - DIRECT ASSIGNMENTS

	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
1 Account 1500 - Other Jurisdictional Assets	0	0	0	0	0	0	0	0	0	0	0
2 Account 4360 - Other Deferred Credits	0	0	0	0	0	0	0	0	0	0	0
3 Account 4370 - Other Jur Liab & Def Credit	0	0	0	0	0	0	0	0	0	0	0
4 Account 6540 - Access Expense	0	0	0	0	0	0	0	0	0	0	0
5 Outside Operator Services	44,857	0		0		0		44,857		0	0
6 Subscriber Line Charge	2,596	2,596		0		0		0			
7 Telecom. Relay Service (TRS)	968	968		0		0		0			0
8 Account 6720 - Direct Assignments	38,192	38,192	0	0	0	0	0	0	0	0	0
9 Account 6720 - Direct EAS	0									0	
10 Account 7240 Direct - Ad Valorem Taxes	1,936	1,936	0	0	0	0	0	0	0	0	0
11 IX Circuit For Other Company	0	0	0	0	0						

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-97-1

Input 8

MISCELLANEOUS DATA

	Total Company	Message	Interstate InterLATA P/L	Interstate IntraLATA P/L	Intrastate InterLATA P/L	Intrastate IntraLATA P/L	Local P/L	Total P/L
1 Loops	3,533	3,361	15	0	24	126	7	172
2 Circuits	290	187	6	0	13	84	0	103
3 Circuit Miles	3,632.74	2,350.59	69.14	0.00	163.41	1,049.60	0.00	1,282.15
4 Wideband Channels	124,073	0	62,387	0	61,686	0	0	124,073

	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
5 Billed Messages	127,892	22,212		0		23,227		82,453		0	0
6 Other Units	0	0		0		0		0		0	0
7 Information Units	0	0		0		0		0		0	0
8 Private Line Accounts	6		0		0		0		0		6
9 TWX Connections	33,113	11,038	0	0	0	5,519	0	5,519	0	0	11,037
10 TWX Minutes of Use	0	0	0	0	0	0	0	0	0	0	0
11 Foreign Directory Cost	745	0		0		0		745		0	0
12 Marketing Billing	195,326	75,066	0	0	0	14,995	0	63,443	0	0	41,822

	Total Company
13 Account 7210 - Amort of Inv Tax Credit	15,920
14 Account 7340 - AFUDC	3,528
15 Account 7500 - Fixed Charges	261,909
16 Account 7540 - Interest on Customer Deposits	4,437
17 FIT Adjustment - Addbacks	0
18 FIT Adjustment - Deducts	0
19 SIT Adjustment - Addbacks	0
20 SIT Adjustment - Deducts	0
21 TRA - 86 Amortization	0

Plant Date: 12/31/1997
 Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
 Study No.:210331-97-1

Input 9

TRAFFIC FACTORS

	Interstate InterLATA	Interstate IntraLATA	State InterLATA	State IntraLATA	EAS	Local	Total
1 Tandem Switching Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2 Weighted Dem	0.242974	0.000000	0.120352	0.169544	0.180377	0.286752	1.000000
3 Wideband Exch Line Circuit Factor	0.502800	0.000000	0.000000	0.497200	0.000000	0.000000	1.000000
4 Exchange Trunk Toll Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5 Subscriber Plant Factor	0.243266	0.000000	0.120035	0.169008	0.180595	0.287096	1.000000
6 Conversation Minute Factor	0.455972	0.000000	0.225856	0.318172	0.000000	0.000000	1.000000
7 Conversation Minute Miles Factor	0.455972	0.000000	0.225856	0.318172	0.000000	0.000000	1.000000
8 Host Remote Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9 Subscriber Line Usage Factor	0.243266	0.000000	0.120035	0.169008	0.180595	0.287096	1.000000
10 Exchange Trunk Special Factor	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
11 Equal Access Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12 Coinless Pay MOU Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13 IOT Category 2 Factor						1.000000	1.000000
14 Wideband Conversation Minute Miles	0.502800	0.000000	0.000000	0.497200	0.000000	0.000000	1.000000
15 Carrier Access Billing Factor	0.500000	0.000000	0.000000	0.500000			1.000000
16 Service Observing BD Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-97-1

PART 36

La Acct	Description	Allocation	Interstate		Interstate		Interstate		Interstate		Interstate		Interstate		EAS	Local
			InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA		
			Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L		
1	2111 Land	L10	105,825	2,260	0	0	11,967	2,039	16,851	4,831	17,307	26,242				
2	General Support	L10	1,569,227	34,996	0	0	177,449	30,229	249,880	71,632	256,630	389,147				
3	2110 Land & General Support	L1-2	1,675,052	37,256	0	0	189,416	32,268	266,731	76,463	273,937	415,389				
4	2210 COE - Switching	L43	1,622,330	394,184	0	0	195,251		275,056		292,633	465,206				
5	2220 COE - Operator Systems	L50	0	0	0	0	0	0	0	0	0	0				
6	2230 COE - Transmission	L60	2,410,666	539,295	134,938	0	266,371	85,735	375,100	200,032	335,366	473,829				
7	Total COE	L4-6	4,032,996	933,479	134,938	0	461,622	85,735	650,156	200,032	627,999	939,033				
8	2310 Information Orig /Term	L66	49,828	12,121	0	0	5,981		8,421		8,999	14,306				
9	2410 Cable & Wire Facilities	L74	5,935,127	1,347,940	88,477	0	665,230	107,250	936,658	257,266	1,001,329	1,530,977				
10	Total COE, IOT & C&WF	L1-9	10,017,951	2,293,540	233,415	0	1,132,833	192,985	1,595,235	457,298	1,638,327	2,484,318				
11	2680 Capital Leases	L81	0	0	0	0	0	0	0	0	0	0				
12	2680 Leasehold Improvements	L84	0	0	0	0	0	0	0	0	0	0				
13	2680 Amortizable Tangibles	L11-12	0	0	0	0	0	0	0	0	0	0				
14	2690 Intangibles	L40	0	0	0	0	0	0	0	0	0	0				
15	2001 Plant In Service	L3, 10, 13, 14	11,693,003	2,677,032	260,771	0	1,322,249	235,233	1,861,966	533,761	1,912,564	2,899,707				
16	2002 Prop Held For Future Use	L15	0	0	0	0	0	0	0	0	0	0				
17	2003 Plant Under Construction	L15	20,465	4,585	456	0	2,314	394	3,259	934	3,347	5,076				
18	2005 Plant Acquisition Adjustment	L15	0	0	0	0	0	0	0	0	0	0				
19	1220 Material & Supplies	L9	0	0	0	0	0	0	0	0	0	0				
20	1402 Class B RTB Stock	L15	0	0	0	0	0	0	0	0	0	0				
21	1410 Other Noncurrent Assets	L175	0	0	0	0	0	0	0	0	0	0				
22	1438 Deferred Maint & Retirements	L95	0	0	0	0	0	0	0	0	0	0				
23	1439 Def Non-Capital Equal Access	Allow 13	0	0	0	0	0	0	0	0	0	0				
24	1500 Other Jurisdictional Assets	Allow 19	0	0	0	0	0	0	0	0	0	0				
25	CWC Cash Working Capital	L188	551,016	137,034	9,452	0	59,449	7,787	136,792	18,479	64,391	117,632				

PART 36.

La	Acct	Description	Allocation	Interstate		Interstate		Interstate		Interstate		Interstate		EAS	Local
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L		
26	3100	Depreciation Reserve	L102	5,452,030	1,248,822	125,171	0	0	616,857	105,823	868,653	250,524	889,097	1,347,083	
27	3200	Res - Prop Held for Future Use	L16	0	0	0	0	0	0	0	0	0	0	0	
28	3400	Res - Capital Assets	L13	0	0	0	0	0	0	0	0	0	0	0	
29	3400	Res - Leasehold Improvements	L13	0	0	0	0	0	0	0	0	0	0	0	
30	3500	Res - Intangible	L14	0	0	0	0	0	0	0	0	0	0	0	
31	3600	Res - Plant Acquisition Adj	L15	0	0	0	0	0	0	0	0	0	0	0	
32		Total Reserves:	L1, 26-31	5,452,030	1,248,822	125,171	0	0	616,857	105,823	868,653	250,524	889,097	1,347,083	
33	4040	Customer Deposits	L15	0	0	0	0	0	0	0	0	0	0	0	
34	4100	Current Deferred Op Taxes	L109	0	0	0	0	0	0	0	0	0	0	0	
35	4310	Other Long Term Liabilities	L175	0	0	0	0	0	0	0	0	0	0	0	
36	4340	Non-Current Def Oper Taxes	L116	507,240	116,106	11,354	0	57,347	9,804	80,755	23,232	82,922	125,720		
37	4360	Other Deferred Credits	Alloc 48	0	0	0	0	0	0	0	0	0	0	0	
38	4370	Oth Juris Liab & Def Credits	Alloc 41	0	0	0	0	0	0	0	0	0	0	0	
39		Net Investment	L15-25 Less L32-38	6,305,214	1,453,823	134,154	0	709,808	117,807	1,052,609	279,411	1,007,983	1,549,612		
40		Total 2001 Less 2690	L1, 10, 13	17,693,003	2,677,032	260,791	0	1,322,249	235,353	1,861,966	533,761	1,912,264	2,899,707		
41		Total 2001 Less Associated Res	L15-19,24 Less L32,34	5,754,198	1,316,789	124,702	0	650,359	110,020	915,817	260,939	943,592	1,431,980		

Plant Date: 12/31/1977
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-97-1

Form 3

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
Central Office Switching - Acct 2210														
42	2210	Cat 2 - Tandem Switching	Alloc 2	0	0		0		0		0		0	0
43	2210	Cat 3 - Local Switching	Alloc 3	1,622,330	394,184		0		195,251		275,056		292,633	465,206
44	2210	Cat 5 - Equal Access	Alloc 13	0	0		0		0		0		0	0
45		Total 2210	L42-44	1,622,330	394,184		0		195,251		275,056		292,633	465,206
Central Office Operator Systems - Acct 2220														
2220 Cat 1 - Operator Systems														
46		Intercept Boards	Alloc 24	0	0		0		0		0		0	0
47		Information Boards	Alloc 47	0	0		0		0		0		0	0
48		Service Observing Boards	Alloc 67	0	0		0		0		0		0	0
49		Other Boards	Alloc 1	0	0		0		0		0		0	0
50		Total 2220	L46-49	0	0		0		0		0		0	0
Central Office Transmission - Acct 2230														
51	2230	Cat 4.11 - Wdbd Exch Ln Cir	Alloc 4	0	0		0		0		0		0	0
52	2230	Cat 4.121 - Exch Trunk EAS	Alloc 5	39,454									39,454	0
53	2230	Cat 4.122 - Exch Trunk Toll	Alloc 6	0	0		0		0		0		0	0
54	2230	Cat 4.123 - Exch Trunk Spl	Alloc 7	64,544		64,544		0		0		0	0	0
55	2230	Cat 4.13 - Exch Ln Circuit	Alloc 8	1,722,386	398,600	7,313		0	196,681	11,700	276,925	61,427	295,911	473,829
56	2230	Cat 4.21 - IX Cct - Other Co	Alloc 9	0	0	0		0	0		0		0	0
57	2230	Cat 4.22 - IX Cct - Wdbd	Alloc 10	105,765	0	53,181		0	0	52,584	0	0	0	0
58	2230	Cat 4.23 - IX Cct - Other	Alloc 11	478,517	140,695	9,900		0	69,690	21,451	98,175	138,605	1	0
59	2230	Cat 4.3 - Host Remote	Alloc 12	0	0	0		0	0		0		0	0
60		Total 2230	L51-59	2,410,666	539,295	134,938		0	266,371	85,735	375,100	200,032	335,366	473,829

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.: 210331-97-1

Form 4

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
Information Origination / Termination - Acct 2310														
61	2351	Cat 1 - Pub Tel (Less Coinless)	Alloc 14	25,248	6,142		0		3,031		4,267		4,560	7,248
62	2351	Cat 1 - Pub Tel (Coinless)	Alloc 15	0	0		0		0		0		0	0
63	2362	Cat 1 - Other Terminal Equip	Alloc 14	24,580	5,979		0		2,950		4,154		4,439	7,058
64		Total Category 1	L01-63	49,828	12,121		0		5,981		8,421		8,999	14,306
65		Cat 2 - Customer Premise	Alloc 16	0					0		0		0	0
66		Total 2310	L04-65	49,828	12,121		0		5,981		8,421		8,999	14,306
Cable and Wire Facilities - Acct 2410														
67	2410	Cat 1 - Exch Ln CWF	Alloc 17	5,565,156	1,287,904	23,628	0	0	635,492	37,805	894,766	198,474	956,110	1,530,977
68	2410	Cat 2.1 - Exch Trk CWF - EAS	Alloc 5	45,219									45,219	0
69	2410	Cat 2.2 - Exch Trk CWF - Toll	Alloc 6	0	0		0		0		0		0	0
70	2410	Cat 2.3 - Exch Trk CWF - Spl	Alloc 7	0		0		0		0		0	0	0
71	2410	Cat 2.4 - Exch Trk CWF - Wb	Alloc 10	121,268	0	60,976	0	0	0	60,292	0	0	0	0
72	2410	Cat 3 - IX C&WF	Alloc 18	203,484	60,036	3,873	0	0	29,738	9,153	41,892	58,792	(0)	0
73	2410	Cat 4 - Host / Remote C&WF	Alloc 12	0	0		0		0		0		0	0
74		Total 2410	L67-73	5,935,127	1,347,940	88,477	0	0	665,230	107,250	936,658	257,266	1,001,329	1,530,977

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-9--1

Form 5

PART 36

Ln	Acct	Description	Allocation	Interstate			Intrastate			InterLATA			IntraLATA			EAS	Local
				Company	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message		
Tangible Assets - Capital Leases - Acct 2680																	
75	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0	0	
76	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0	0	
77	2220	COE - Operator Systems	L5	0	0	0	0	0	0	0	0	0	0	0	0	0	
78	2230	COE - Transmission	L6	0	0	0	0	0	0	0	0	0	0	0	0	0	
79	2310	Information Orig/Term	L8	0	0	0	0	0	0	0	0	0	0	0	0	0	
80	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0	0	0	0	0	0	0	0	
81	Total 2681		L3-40	0	0	0	0	0	0	0	0	0	0	0	0	0	

Tangible Assets - Leasehold Improvements - Acct 2680

82	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0	0
83	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0	0
84	2220	COE - Operator Systems	L5	0	0	0	0	0	0	0	0	0	0	0	0	0
85	2230	COE - Transmission	L6	0	0	0	0	0	0	0	0	0	0	0	0	0
86	2310	Information Orig/Term	L8	0	0	0	0	0	0	0	0	0	0	0	0	0
87	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0	0	0	0	0	0	0	0
88	Total 2682		L3-47	0	0	0	0	0	0	0	0	0	0	0	0	0

Deferred Maint & Retirements Acct 1438

89	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0	0
90	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0	0
91	2220	COE - Operator Systems	L5	0	0	0	0	0	0	0	0	0	0	0	0	0
92	2230	COE - Transmission	L6	0	0	0	0	0	0	0	0	0	0	0	0	0
93	2310	Information Orig/Term	L8	0	0	0	0	0	0	0	0	0	0	0	0	0
94	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0	0	0	0	0	0	0	0
95	Total 1438		L3-54	0	0	0	0	0	0	0	0	0	0	0	0	0

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-97-1

Form 6

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
<u>Accumulated Depreciation - Acct 3100</u>														
96	2110	General Support Facilities	L3	815,371	186,674	18,184	0	0	92,203	15,707	129,838	37,220	133,345	202,200
97	2210	COE - Switching	L4	807,250	196,141		0		97,154		136,864		145,610	231,481
98	2220	COE - Operator Systems	L5	0	0		0		0		0		0	0
99	2230	COE - Transmission	L6	1,225,608	274,183	68,604	0	0	135,426	43,589	190,705	101,698	170,504	240,899
100	2310	Information Orig /Term	L8	29,050	7,067		0		3,487		4,909		5,246	8,341
101	2410	Cable & Wire Facilities	L9	2,574,751	584,757	38,383	0	0	288,587	46,527	406,337	111,606	434,392	664,162
102	Total 3100		L96-101	<u>5,452,030</u>	<u>1,248,822</u>	<u>125,171</u>	<u>0</u>	<u>0</u>	<u>616,857</u>	<u>105,823</u>	<u>868,653</u>	<u>250,524</u>	<u>889,097</u>	<u>1,347,083</u>
<u>Net Current Deferred Operating Income Taxes - Acct 4100</u>														
103	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0
104	2210	COE - Switching	L4	0	0		0		0		0		0	0
105	2220	COE - Operator Systems	L5	0	0		0		0		0		0	0
106	2230	COE - Transmission	L6	0	0	0	0	0	0	0	0	0	0	0
107	2310	Information Orig /Term	L8	0	0		0		0		0		0	0
108	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0	0	0	0	0	0
109	Total 4100		L103-108	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Net Noncurrent Deferred Operating Income Taxes - Acct 4340</u>														
110	2110	General Support Facilities	L3	69,006	15,798	1,539	0	0	7,803	1,329	10,988	3,150	11,285	17,114
111	2210	COE - Switching	L4	70,006	17,010		0		8,425		11,869		12,628	20,074
112	2220	COE - Operator Systems	L5	0	0		0		0		0		0	0
113	2230	COE - Transmission	L6	105,995	23,712	5,933	0	0	11,712	3,770	16,493	8,795	14,746	20,834
114	2310	Information Orig /Term	L8	1,841	448		0		221		311		332	529
115	2410	Cable & Wire Facilities	L9	260,392	59,138	3,882	0	0	29,186	4,705	41,094	11,287	43,931	67,169
116	Total 4340		L110-115	<u>507,240</u>	<u>116,106</u>	<u>11,354</u>	<u>0</u>	<u>0</u>	<u>57,347</u>	<u>9,804</u>	<u>80,755</u>	<u>23,232</u>	<u>82,922</u>	<u>125,720</u>

PART 36

Ln	Acct	Description	Allocation	Interstate		Intrastate		Interstate		Intrastate		Interstate		Intrastate		EAS	Local
				InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message		
117	6110	Network Support	L3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
118	6120	General Support	L3	13,214	1,287	0	0	0	0	6,527	1,112	0	0	2,635	9,439	14,311	0
119	6210	COE - Switching - Eq. Access	Alloc 13	0	0	0	0	0	0	0	0	0	0	0	0	0	0
120	6210	COE - Switching - All Other	L7	18,384	2,657	0	0	9,091	1,688	0	0	12,804	3,939	12,368	18,495	0	0
121	6220	COE - Operator Systems	L7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
122	6230	COE - Transmission	L7	13,276	1,919	0	0	6,565	1,219	0	0	9,246	2,845	8,931	13,355	0	0
123		Total COE	L119-122	31,660	4,876	0	0	15,656	2,907	0	0	22,050	6,784	21,299	31,850	0	0
124	6310	IOT - Other	L64	11,237	0	0	0	5,545	0	0	7,807	0	8,343	13,261	0	0	0
125	6310	IOT - Customer Premise	Alloc 16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
126		Total 6310	L124-125	11,237	0	0	0	5,545	0	0	7,807	0	8,343	13,261	0	0	0
127	6410	Cable & Wire Facilities	L9	43,843	2,878	0	0	21,637	3,488	0	0	30,466	8,368	32,569	49,797	0	0
128		Total Plant Specific	L117-118,123,126-127	99,954	8,741	0	0	49,265	7,297	0	0	69,214	17,787	71,650	109,219	0	0

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

ITS TELECOMMUNICATIONS SYSTEMS, INC. 980000A-SP REQUEST 3
Study No.:210331-97-1

Form 8

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate InterLATA Message	Interstate InterLATA P/L	Interstate IntraLATA Message	Interstate IntraLATA P/L	Intrastate InterLATA Message	Intrastate InterLATA P/L	Intrastate IntraLATA Message	Intrastate IntraLATA P/L	EAS	Local
Plant Non-Specific Expenses														
129	6510	Other Prop Plant & Equip	L15	0	0	0	0	0	0	0	0	0	0	0
130	6530	Network Operations	L10	301,141	68,944	6,716	0	0	34,053	5,801	47,953	13,746	49,248	74,680
131	6540	Access	Alloc 20	0	0	0	0	0	0	0	0	0	0	0
6561 Depreciation														
132		Dep - Support Assets	L1	87,641	20,065	1,955	0	0	9,911	1,688	13,956	4,001	14,333	21,732
133		Dep - COE Switching	L4	135,139	32,835		0		16,264		22,912		24,376	38,752
134		Dep - COE Operator	L5	0	0	0	0	0	0	0	0	0	0	0
135		Dep - COE Transmission	L6	194,040	43,409	10,861	0	0	21,441	6,901	30,193	16,101	26,994	38,140
136		Dep - IOT	L8	4,851	1,180		0		582		820		876	1,393
137		Dep - Cable & Wire Facilities	L9	323,418	73,452	4,821	0	0	36,250	5,844	51,041	14,019	54,565	83,426
138		Total 6561	L132-137	745,089	170,941	17,637	0	0	84,448	14,433	118,922	34,121	121,144	183,443
139	6562	Dep - Prop Held for Fut Use	L15	0	0	0	0	0	0	0	0	0	0	0
140	6563	Amort - Tangible Assets	L13	0	0	0	0	0	0	0	0	0	0	0
141	6564	Amort - Intangible Assets	L14	0	0	0	0	0	0	0	0	0	0	0
142	6565	Amort - Acquisition Adjust	L15	0	0	0	0	0	0	0	0	0	0	0
143		Total Plant Non-Specific	L129-142 Less 138	1,046,230	239,885	24,353	0	0	118,501	20,234	166,875	47,867	170,392	258,123
Customer Operations Expenses														
144	6610	Marketing	Alloc 43	2,176	836	0	0	0	167	0	707	0	0	466
145	6621	Operator	L30	0	0	0	0	0	0	0	0	0	0	0
146		Outside Operator Services	Alloc 42	44,857	0	0	0	0	0	0	44,857	0	0	0
6622 Directory														
147		Classified	Alloc 22	1,698										1,698
148		TWX	Alloc 23	0	0	0	0	0	0	0	0	0	0	0
149		Alpha	Alloc 24	8,124	1,976	0	0	0	975	0	1,373	0	1,467	2,333
150		Foreign	Alloc 25	745	0	0	0	0	0	0	745	0	0	0
151		Total 6622	L147-150	10,567	1,976	0	0	0	975	0	2,118	0	1,467	4,031

PART 36

La Acct	Description	Allocation	Interstate		Interstate		Interstate		Interstate		Interstate		P/L	EAS	Local
			Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L			
6623 Commercial Operations															
Cat.1 - Local Billing & Office															
End User service order processing															
	Presubscription	Alloc 26	4,622	0	0	0	0	0	0	0	0	0	0	0	0
152		Alloc 27	0	0	0	0	0	0	0	0	0	0	0	0	0
153	Directory Advertising	Alloc 28	1,761	514	0	0	220	367	73	147	0	0	0	0	0
154	All other	Alloc 21	16,036	0	0	4,369	35	8,651	2,293	0	0	0	0	0	0
155	End User payment & collection	Alloc 21	39,678	0	0	0	0	0	0	0	0	0	0	0	0
156	End User billing inquiry	Alloc 30	4,517	1,734	0	195	952	195	1,025	0	0	0	0	0	0
157	IXC service order processing	Alloc 32	733	293	0	0	147	0	147	0	0	0	0	0	0
158	IXC payment and collection	Alloc 33	0	0	0	0	0	0	0	0	0	0	0	0	0
159	IXC billing inquiry	Alloc 34	855	65	0	395	0	395	0	0	0	0	0	0	0
160	Coin collection and admin	Alloc 35	0	0	0	0	0	0	0	0	0	0	0	0	0
161	Total Category 1	L102-160	61,843	22,947	2,541	5,179	1,501	9,314	3,512	0	0	0	0	0	15,949
Cat.2 - Revenue Accounting															
162	Message Processing	Alloc 36	16,499	0	0	17,253	0	61,247	0	0	0	0	0	0	0
163	OB&C - Message Telephone	Alloc 36	1,212	0	0	1,268	0	4,500	0	0	0	0	0	0	0
164	OB&C - TWX	Alloc 37	11,038	0	0	5,519	0	5,519	0	0	0	0	0	0	0
165	OB&C - Local & Directory	Alloc 38	9,226	0	0	0	0	0	0	0	0	0	0	0	0
166	OB&C - Private Line	Alloc 39	11	0	0	0	0	18,224	0	0	0	0	0	0	0
167	Carrier Access Billing	Alloc 44	36,447	18,223	0	0	0	0	0	0	0	0	0	0	0
168	Subscriber Line Charge	Alloc 29	2,596	2,596	0	0	0	0	0	0	0	0	0	0	0
169	Total Category 2	L102-168	183,373	49,568	0	24,040	0	89,490	0	0	0	0	0	0	20,275
170	Subtotal Categories 1 & 2	L101-169	244,416	72,515	2,541	29,219	1,501	98,804	3,612	0	0	0	0	0	36,224

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate		Interstate		Interstate		Interstate		Interstate		EAS	Local
					InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	Message	Message		
171		Category J - Other Commercial														
172		Telcom Relay Service	Alloc 45	968	968	0	0	0	0	0	0	0	0	0	0	0
172		Other	L170	0	0	0	0	0	0	0	0	0	0	0	0	0
173		Total Commercial - Operations	L170-172	968	968	0	0	0	0	0	0	0	0	0	0	0
174		Total Customer Operations	L144-146,151,153	302,984	76,295	2,541	0	0	30,361	1,501	146,486	3,612	1,467	46,721		
175		Total Big Three Expenses	L123,126-127,130,174 (Less L119)	980,146	231,979	16,711	0	0	107,252	13,697	254,762	35,510	113,925	210,309		
Corporate Operations Expenses																
176	6710	Executive & Planning	L175	649,634	153,754	11,076	0	0	71,086	9,078	168,854	21,547	74,847	139,392		
6720 General & Administrative																
177		Other Direct	Alloc 46	38,192	38,192	0	0	0	0	0	0	0	0	0	0	0
178		Direct to EAS	Alloc 31	0	0	0	0	0	0	0	0	0	0	0	0	0
179		Other	L175	586,853	138,896	10,006	0	0	64,217	8,201	152,538	19,465	67,614	125,921		
180		Total 6720	L177-178	625,050	177,088	10,006	0	0	64,217	8,201	152,538	19,465	67,614	125,921		
181		Total Corporate Operations	L176,180	1,274,684	330,842	21,082	0	0	135,303	17,279	321,392	41,012	142,461	265,313		
182		Total Operating Expenses	L128,143,174,181	3,057,635	746,976	56,717	0	0	333,530	46,531	704,267	110,278	385,970	673,376		
Operating Taxes																
183	7240	Ad Valorem Taxes - Allocated	L15	120,994	27,701	2,698	0	0	13,682	2,331	19,267	5,523	19,787	30,005		
184	7240	Ad Valorem Taxes - Direct	Alloc 40	1,936	1,936	0	0	0	0	0	0	0	0	0		
185		Total 7240	L183-184	122,930	29,637	2,698	0	0	13,682	2,331	19,267	5,523	19,787	30,005		
186	7370	Special Charges	L181	1,525	396	25	0	0	162	21	385	49	170	317		
187		Total Operating Exp & Taxes	L182,185,186	3,182,090	777,009	59,440	0	0	347,374	48,873	723,919	115,850	405,927	703,698		
188		Total Operating Exp & Taxes (Less Depreciation)	L187 Less 178-182	2,437,001	606,068	41,803	0	0	262,926	34,440	604,697	81,729	284,783	526,697		

PART 36

Ln	Acct	Description	Allocation	Interstate		Intrastate		Interstate		Intrastate		Interstate		Intrastate		EAS	Local
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L		
Tax Adjustments																	
189	7210	Investment Tax Credits	L15	3,645	355	0	0	1,800	307	2,535	727	2,604	3,947				
190		TRA-86 Amortization	L15	0	0	0	0	0	0	0	0	0	0				
191		Total	L19a-190	3,645	355	0	0	1,800	307	2,535	727	2,604	3,947				
192	7340	AFUDC	L17	808	79	0	0	399	68	562	161	577	874				
193		FIT Adjustments - Addbacks	L15	0	0	0	0	0	0	0	0	0	0				
194		FIT Adjustments - Deductions	L15	0	0	0	0	0	0	0	0	0	0				
195		Total FIT Adjustments	L193-194	0	0	0	0	0	0	0	0	0	0				
196		SIT Adjustments - Addbacks	L15	0	0	0	0	0	0	0	0	0	0				
197		SIT Adjustments - Deductions	L15	0	0	0	0	0	0	0	0	0	0				
198		Total SIT Adjustments	L196-197	0	0	0	0	0	0	0	0	0	0				
199	7500	Fixed Charges	L41	59,935	5,676	0	0	29,602	5,002	41,634	11,877	42,949	65,178				
200	7540	Interest On Customer Dep	L41	1,015	96	0	0	501	85	706	201	728	1,105				
Real Revenue Account 5248																	
201	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0				
202	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0				
203	2220	COE - Operator Systems	L5	0	0	0	0	0	0	0	0	0	0				
204	2230	COE - Transmission	L6	0	0	0	0	0	0	0	0	0	0				
205	2310	Information Orig/Term	L8	0	0	0	0	0	0	0	0	0	0				
206	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0	0	0	0	0				
207		Total 5240	L201-206	0	0	0	0	0	0	0	0	0	0				
208		Total Operating Exp & Taxes (Including 7540 / Nct of 5240)	L191-200 Less 207	778,024	59,536	0	0	347,875	48,958	724,635	116,051	406,655	704,803				

ITS Telecommunications Systems Inc.
Summary of 1997 Subscriber Line Usage (SLU) Minutes of Use

Jurisdiction	1997 Mou	SLU Factor
Interstate	10,532,453	24.3266%
Intrastate Interlata	5,197,029	12.0035%
Intrastate Intralata	7,317,372	16.9008%
Local	20,249,203	46.7692%
Total	43,296,057	100.0000%

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
(285)	Reserved	No Entry Required			
(290)	Reserved	No Entry Required			
(295)	Reserved	No Entry Required			
(300)	Reserved	No Entry Required			
(305)	Reserved	No Entry Required			
(310)	Acct. 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	75,655	(310)	74,308	Calculated
(315)	Acct. 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator System Equipment	0	(315)	0	Calculated
(320)	Acct. 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	100,202	(320)	124,968	Calculated
(325)	Acct. 4340 (2210 - 2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Equipment (Sum of Lines 310 through 320)	175,857	(325)	199,276	Calculated Total
(330)	Acct. 4340 (2410) - Net Noncurrent Deferred Operating Income Taxes - Cable and Wire Facilities	250,243	(330)	303,453	Calculated

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Entire 1997 Amount	Data Source
Plant Specific Operations Expense					
(335)	Acct. 6110 - Network Support Expense Total	0	(335)	0	General Ledger
(340)	Acct. 6110 - Benefits Portion of Network Support Expense	0	(340)	0	General Ledger
(345)	Acct. 6110 - Rents Portion of Network Support Expense	0	(345)	0	General Ledger
(350)	Acct. 6120 - General Support Expense - Total	116,154	(350)	57,716	Trial Balance
(355)	Acct. 6120 - Benefits Portion of General Support Expense	49	(355)	304	Trial Balance
(360)	Acct. 6120 - Rents Portion of General Support Expense	0	(360)	0	General Ledger
(365)	Acct. 6210 - Central Office Switching Expense - Total	95,472	(365)	79,426	Trial Balance
(370)	Acct. 6210 - Benefits Portion of Central Office Switching Expense	11,192	(370)	9,725	Trial Balance
(375)	Acct. 6210 - Rents Portion of Central Office Switching Expense	0	(375)	0	General Ledger
(380)	Acct. 6220 - Operator System Expense - Total	0	(380)	0	General Ledger
(385)	Acct. 6220 - Benefits Portion Operator System Expense	0	(385)	0	General Ledger
(390)	Acct. 6220 - Rents Portion of Operator System Expense	0	(390)	0	General Ledger
(395)	Acct. 6230 - Central Office Expense - Transmission Equipment - Total	57,897	(395)	57,356	General Ledger

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
(400)	Acct. 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	3,293	(400)	3,889	Trial Balance
(405)	Acct. 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	(405)	0	General Ledger
(410)	Acct. 6210 - 6230 Central Office Expense Total (Sum of Lines 365 + 380 + 395)	153,369	(410)	136,782	Calculated Total
(415)	Reserved	No Entry Required			
(420)	Reserved	No Entry Required			
(425)	Reserved	No Entry Required			
(430)	Acct. 6410 - Cable and Wire Facilities Expense - Total	202,122	(430)	193,046	Trial Balance
(435)	Acct. 6410 - Benefits Portion Cable and Wire Facilities Expense	23,706	(435)	22,391	Trial Balance
(440)	Acct. 6410 - Rents Portion of Cable and Wire Facilities Expense	5,685	(440)	0	Trial Balance
(445)	Total Plant Specific Expense (Sum of Lines 335 + 350 + 365 + 380 + 395 + 415 + 430)	471,645	(445)	387,544	Calculated Total
Plant Non Specific Expense					
(450)	Acct. 6530 - Network Operations Expense - Total	251,164	(450)	301,141	Trial Balance
(455)	Acct. 6530 - Benefits Portion of Network Operations Expense	42,357	(455)	37,546	Trial Balance

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
(460)	Reserved	No Entry Required			
(470)	Reserved	No Entry Required			
(480)	Reserved	No Entry Required			
(485)	Reserved	No Entry Required			
(500)	Reserved	No Entry Required			
(505)	Reserved	No Entry Required			
Depreciation & Amort. Expenses					
(510)	Acct. 6560 (2210) - Depreciation and Amortization Expense - Central Office Switching Equip	114,086	(510)	135,139	Trial Balance
(515)	Acct. 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	0	(515)	0	General Ledger
(520)	Acct. 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	181,307	(520)	194,040	Trial Balance
(525)	Acct. 6560 (2210 - 2230) - Depreciation and Amortization Central Office Equipment (Sum of Lines 510 thru 520)	295,393	(525)	329,179	Calculated Total
(530)	Acct. 6560 (2410) - Depreciation and Amortization Expense - Cable and Wire Facilities	313,290	(530)	323,418	Trial Balance
Corporate Operating Expenses					
(535)	Acct. 6710 - Executive and Planning Expense - Total	713,208	(535)	649,634	Trial Balance
(540)	Acct. 6710 - Benefits Portion Executive and Planning Expense	133,957	(540)	116,556	Trial Balance

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
(550)	Acct. 6720 - General Administrative Expense - Total	621,535	(550)	625,050	Trial Balance
(555)	Acct. 6720 - Benefits Portion - General Administrative Expense	54,878	(555)	61,628	Trial Balance
(565)	Total Corporate Operations Ex- pense (Sum of Lines 535 + 550)	1,334,743	(565)	1,274,684	Calculated Total
Other Expenses and Revenues					
(600)	Benefits Portion of All Operating Expenses - Total	309,847	(600)	315,802	Trial Balance
(610)	Rents Portion of All Operating Expenses - Total	5,685	(610)	0	Trial Balance
(620)	Reserved	No Entry Required			
(630)	Reserved	No Entry Required			
Taxes					
(650)	Acct. 7200 - Operating Taxes	176,950	(650)	327,942	Trial Balance
(655)	Reserved	No Entry Required			
IV. PART 36 - COST STUDY DATA					
(700)	Cost Study Average Cable and Wire Facilities Acct. 2410	5,873,536	(700)	5,935,127	Cost Study
(710)	Cost Study Average Cable and Wire Facilities Cat 1 - Total Exchange Line C&WF Excluding Wide Band	5,495,594	(710)	5,565,156	Cost Study

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
V. AMORTIZABLE TANGIBLE ASSETS (Refer to instructions prior to completing this section.)					
(800)	Acct. 2680 - Amortizable Tangible Assets	0	(800)	0	General Ledger
(805)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	(805)	0	General Ledger
(810)	Acct. 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment Allocated to Category 4.13	0	(810)	0	General Ledger
(815)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	(815)	0	General Ledger
(820)	Acct. 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	(820)	0	General Ledger
(830)	Acct. 6560 (2680) - Depreciation and Amortization Expenses - Amortizable Tangible Assets	0	(830)	0	General Ledger

VI. COMMENTS / SIGNIFICANT CHANGE EXPLANATION

Data Line	Comments/Explanation
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National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region: 2

I. EXCHANGE CARRIER/DATA IDENTIFICATION

(010)	Study Area Code	(010)	210331
(020)	Contact Name	(020)	Miki Minni
(030)	Contact Name Telephone Number	(030)	(301) 459-7590
(040)	USF Data Collection Period	(040)	98-1

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
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II. WORKING LOOPS

(060)	Total Loops (Cat. 1.1, 1.2 and 1.3)	3,429	(060)	3,635	Loop Worksheet
(070)	Category 1.3 Loops (Excluding Cat 1.3 TWX Loops)	3,259	(070)	3,462	Loop Worksheet
(080)	Reserved	No Entry Required			

III. INVESTMENT, EXPENSE AND TAXES

NET PLANT INVESTMENT

(160)	Acct. 2001 - Telephone Plant in Service	11,752,786	(160)	11,633,216	Trial Balance
(170)	Acct. 1220 - Material and Supplies	21,205	(170)	372,110	Trial Balance
(190)	Acct. 3100 - Accumulated Depreciation	5,131,047	(190)	5,773,009	Trial Balance
(195)	Acct. 3400 - Accumulated Amortization Tangible	0	(195)	0	General Ledger
(200)	Reserved	No Entry Required			
(205)	Reserved	No Entry Required			
(210)	Acct. 4340 - Net Noncurrent De- ferred Operating Income Taxes	430,340	(210)	584,140	Trial Balance
(220)	Net Plant Investment (Sum of Lines 160 + 170 minus Lines 190 through 210)	6,212,604	(220)	5,648,177	Calculated Total

National Exchange Carrier Association, Inc.
 Universal Service Fund
 1998 Data Collection Form (For 1999 Payments)

SA Code: 210331

SA Name: ITS Telecommunications Systems, Inc.

Region:

2

Data Line	Description	Latest View 1996 Amount	Data Line	Enter 1997 Amount	Data Source
Selected Plant Accounts					
(230)	Acct. 2210 - Central Office Switching Equipment	1,778,264	(230)	1,466,395	Trial Balance
(235)	Acct. 2220 - Operator System Equipment	0	(235)	0	General Ledger
(240)	Acct. 2230 - Central Office Transmission Equipment	2,355,228	(240)	2,466,104	Trial Balance
(245)	Total Central Office Equipment (Sum of Lines 230 thru 240)	4,133,492	(245)	3,932,499	Calculated Total
(250)	Circuit Equipment Category 4.13	1,940,695	(250)	1,762,457	Cost Study
(255)	Acct. 2410 Cable and Wire Facilities Total	5,881,923	(255)	5,988,330	Trial Balance
(260)	Acct. 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	752,768	(260)	861,733	Trial Balance
(265)	Acct. 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	(265)	0	General Ledger
(270)	Acct. 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	1,124,808	(270)	1,326,406	Trial Balance
(275)	Acct. 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment (Sum of Lines 260 thru 270)	1,877,576	(275)	2,188,139	Calculated Total
(280)	Acct. 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	2,418,585	(280)	2,730,915	Trial Balance

ITS Telecommunications, Inc.
1997 Revenues

	Business	Residential	Total
A Non-recurring charges (installation charges, etc.)			
B Local private line	15,121 70	34,295 65	49,417 35
C Extended calling service (ECS, \$.25 plan, etc.)	881 28	1,998 72	2,880 00
D Local Operator services (director assistance, operator handled calls, etc.)	0 00	0 00	0 00
E IntraLATA Operator services (directory assistance, operator handled calls, etc.)	0 00	0 00	0 00
F InterLATA switched access charges	0 00	0 00	0 00
G Other InterLATA revenue	65,126 70	147,705 75	212,832 45
H IntraLATA MTS revenue	2,341 29	5,310 00	7,651 29
I IntraLATA MABC revenue	140,849 32	319,442 79	460,292 11
J Other IntraLATA revenue	(25,420 61)	(57,653 33)	(83,073 94)
	23,274 72	52,786 48	76,061 20
Total	222,174 39	503,886 07	726,060 46

NOTE: Business and Residential Figures Estimated.

DEC 2 1996

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
INDIANTOWN TELEPHONE SYS.

In Re: 1996 depreciation study) DOCKET NO. 960797-TL
of Indiantown Telephone System,) ORDER NO. PSC-96-1436-FOF-TL
Inc.) ISSUED: November 26, 1996

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING DEPRECIATION RATES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

The last comprehensive depreciation study for Indiantown was submitted December 21, 1992, and its current depreciation rates and amortization schedules were approved effective January 1, 1993. Before it was revised, Rule 25-4.0175, Florida Administrative Code, required telephone companies to file a comprehensive depreciation study at least once every three years.

Rule 25-4.0175, Florida Administrative Code, now allows telephone companies to change their depreciation rates once a year. The rule also provides ranges of life and salvage factors for telephone plant accounts. The ranges are considered presumptively valid, and movement within them requires no justification. However, justification is required to move into or out of a established range.

DOCUMENT NO.
12629-96
11/26/96

On July 1, 1996, the Company filed a request to change its remaining life rates in keeping with this rule. A review of Indiantown Telephone Company's plans and activity indicates that there is a need for revision of current rates.

DECISION

We have reviewed Indiantown's request to change its remaining life rates in accordance with Rule 25-4.0175, Florida Administrative Code. The filing reveals that the current and proposed life or salvage factors of some of the company's accounts are not within our established ranges. For those accounts, the company has provided additional support to justify its request. A brief discussion regarding these accounts is provided below.

Account 2116.1 - Construction Equipment

The company is currently outside of our established range of life values which is 8-11 years for this account. In support of its proposal to remain outside of the range, the company states that half of the investment in this account is 15 years old and the remaining half is 2 years old. We believe that the company's proposed life of 13.5 years is in line with the experience of this account.

Accounts 2121.0; 2121.1; 2121.2; 2121.3 - Buildings

The company's proposed average service life of 34 years is a composite of the currently prescribed life of each subaccount, and it is within the established range. However, the current composite net salvage of the subaccounts is 6.9%, which is outside the established range of zero to 5%. In its proposal to move within the range, the company states that a salvage factor of 5% is more typical of industry experience. We believe the company's proposed life and salvage factors are reasonable.

Account 2232.1 - Circuit Analog

The investment in this account is fully recovered. Therefore, no future depreciation rate or accrual is needed.

Account 2362.2 - Terminating Equipment

The company's currently prescribed average service life is 10.8 years, which is outside of the established range of 8-10 years. The company is proposing a life of 9.9 years, which is within the established range, stating the shift reflects its increasing concern over existing equipment in a highly technology driven account. The proposal appears reasonable.

Account 2411.0 - Poles

The currently prescribed net salvage is negative 30%. Although the factor is outside the established range of negative 60%-40%, it is in line with the company's experience with the account. As such, we accept the company's proposal to retain the negative 30% net salvage.

Account 2421.4 - Aerial Cable-Fiber

There is currently no investment in this account. However, the current salvage factor is outside of the established range. The company is proposing to move within the range by changing its net salvage from negative 15% to negative 25%. This appears to be in line with other companies, and it recognizes the labor intensiveness of the removal.

Account 2423.2 - Buried Cable-Metallic Filled

The company's currently prescribed service life of 16.3 years is below the established range of 17-19 years. The company proposes to move within the range with an average service life of 17 years. While the future retirement of metallic cables may be inexact, current industry projections reflect a general phase-out of interoffice facilities by 2000; feeder cable between 2004 and 2015; distribution facilities a few years later. The company's proposal is in line with these general projections.

In the company's last depreciation review, we approved a 2 year recovery schedule for the remaining net investment of \$62,214 in the Air Core Metallic Buried Cable Account (Investment - \$277,673; Reserve - \$215,460). However, the current study reflects an investment balance of \$244,679, and a reserve balance of \$244,679 for this account. Although there is no impact on the amount of annual depreciation expense, the company's records should reflect a zero balance for this account. The company agreed. As

ORDER NO. PSC-96-1436-FOF-TL
DOCKET NO. 960797-TL
PAGE 4

a result, the balance in the Air Core Metallic Buried Cable account has been retired.

Rule 25-4.0175, Florida Administrative Code, states that a utility requesting an implementation date at the beginning of its fiscal year must submit its request prior to the mid-point of that fiscal year. The company's request was submitted July 1, 1996, with a proposed implementation date of January 1, 1996. Since Indiantown's fiscal year is the calendar year, its proposed implementation date is in accordance with the rule.

The schedule reflecting the company's proposed life and salvage parameters is based on a December 31, 1995 date. In addition, the proposed implementation date is in keeping with Rule 25-4.0175, Florida Administrative Code. As a result, we accept the company's proposed implementation date of January 1, 1996.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Indiantown Telephone System, Inc.'s revised depreciation rates, as set forth in Attachment A, are approved. It is further

ORDERED that the implementation date for the new rates shall be January 1, 1996. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

ORDER NO. PSC-96-1436-FOF-TL
DOCKET NO. 960797-TL
PAGE 5

By ORDER of the Florida Public Service Commission, this 26th
day of November, 1996.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Feun
Chief, Bureau of Records

(S E A L)

NSR/MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 17, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A

INDIANTOWN TELEPHONE COMPANY
 1996 STUDY
 COMMISSION APPROVED RATES

ACCOUNT	COMMISSION APPROVED			
	AVERAGE REMAINING LIFE (yrs.)	NET SALVAGE (%)	BOOK RESERVE (%)	ARL RATE (%)
GENERAL SUPPORT ASSETS				
2112 Motor Vehicles - Pass. Cars /Lt.Trucks	3.3	15.0	49.71	10.7
2116 Spec. Purp. Veh. / Construction Equipment	6.9	10.0	40.66	7.2
2121 Buildings	22.0	5.0	32.56	2.8
2116 Other Work Equipment				
2122 Furniture				
2123 Office Support Equipment			7 Yr. Amortization	
2123 Official Telephone System			10 Yr. Amortization	
2124 General Purpose Computer			7 Yr. Amortization	
			5 Yr. Amortization	
			5 Yr. Amortization	
CENTRAL OFFICE ASSETS				
2212 Digital Switch	7.3	0.0	43.82	7.7
2232 Circuit - Analog	-	-	-	N/A
2232 Circuit - Digital	6.2	0.0	50.03	8.1
2232 Circuit - Fiber Optics	8.5	0.0	14.94	10.0
2233 COE - Stuart West	-	-	-	N/A
2233 COE - Stuart West - Additions	10.5	0.0	13.96	8.2
INFORMATION ORIG/TERM ASSETS				
2351 Pay Stations	6.0	0.0	36.13	10.6
2362 Terminating Equipment	3.6	0.0	64.54	9.9
CABLE & WIRE FACILITIES				
2411 Poles	9.8			
2421 Aerial Cable - Fiber	20.0	(30.0)	88.56	4.2
2422 Underground Cable - Metallic	12.6	(25.0)	0.00	3
2422 Underground Cable - Fiber	18.5	(5.0)	32.16	5.8
2423 Buried Cable - Metallic - Filled	10.6	(5.0)	7.79	5.3
2423 Buried Cable - Fiber	18.5	(5.0)	44.43	5.7
2441 Underground Conduit	42.0	(5.0)	12.45	5.0
			15.28	2.1

Annual Status Report
Analysis of Plant in Service Accounts
Schedule B-3

Company: ITS Telecommunications Systems, Inc.
 For the Year Ended December 31, 1997

Page 1 of 3

Acct. No.	Account Description	Depr. Rate	Beginning Balance *	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance *
2111	Land		107,466						107,466
Amortizable General Support Assets:									
2116	Other Work Equipment	7 yrs	139,605	10,787	(1,070)				149,322
2122	Furniture	10 yrs	48,521	4,230	(300)				52,451
2123	Office Support Equipment	7 yrs	67,802	9,815	(7,678)				69,939
2123	Official Telephone System	5 yrs	34,104	1,069	(7,973)				31,200
2124	General Purpose Computer	5 yrs	278,958	12,097					291,055
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
2112.0	Vehicles - Automobiles	11.3	0						0
2112.1	Vehicles - Light trucks	11.4	111,486	24,094					135,580
2116.2	Construction equipment	5.5	34,543		(8,847)				25,696
2121.1	Building - Office	2.6	381,230	16,641	(6,496)				391,375
2121.2	Building - Single unit	3.9	39,302	954	(633)				39,623
2121.3	Building - Plant	2.8	480,212						480,212
2212.1	COE - Digital switch	6.8	1,841,131	48,170	(361,718)				1,527,583
2212.2	COE - Analog carrier	2.3	166,008		(46,812)		27,859		147,055
2212.3	COE - Digital carrier	6.7	1,317,209	88,536	(65,203)		23,049		1,363,591
2212.4	COE - Fiber optic	10.0	761,502	20,616					782,118
2212.5	COE - Stuart west	8.5	112,152						112,152
2351.0	Paystations	9.8	50,496						50,496
2362.2	Terminating equipment	8.8	49,160	1,748			(50,908)		0
2411.0	Pole lines	5.3	17,687		(11,484)				6,203
2422.0	Underground cable - metallic	5.5	144,326						144,326
2422.4	Underground cable - fiber	5.3	139,609						139,609
2423.2	Buried cable - metallic filled	6.4	4,341,444	117,719	(533)				4,458,630
2423.4	Buried cable - fiber optic	5.3	1,096,328	705					1,097,033
2441.0	Underground conduit	2.1	142,529						142,529

Annual Status Report
Analysis of Plant in Service Accounts
Schedule B-3

Company: ITS Telecommunications Systems, Inc.
For the Year Ended December 31, 1997

Acct. No.	Account Description	Depr. Rate	Beginning Balance *	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance *
(Continued)									

Annual Status Report
Analysis of Plant in Service Accounts
Schedule B-3

Company: *ITS Telecommunications Systems, Inc.*
 For the Year Ended December 31, 1997

Page 3 of 3

Acct. No.	Account Description	Depr. Rate	Beginning Balance *	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance *
(Continued)									
Capital Recovery Schedules:									
Subtotal (Account 2001 - Schedule B - 1)			11,902,810	361,181	(518,747)	0	0	0	11,745,244
Jointly Used Plant Allocated to Non regulated			()	()	()	()	()	()	()
Amortizable Assets:									
2681	Capital Leases								
2682	Leasehold Improve.								
2690	Intangibles								
Total Balances			11,902,810	361,181	(518,747)	0	0	0	11,745,244
Note: * The total beginning and ending balances plus jointly used plant allocated to non regulated, if any, must agree to acct. 2001, Plant in Service, in Schedule B-1, Balance Sheet.									

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization
Schedule B-4

Company: *ITS Telecommunications Systems, Inc.*
 For the Year Ended December 31, 1997

Page 2 of 3

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirement	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization
Schedule B-4

Company: ITS Telecommunications Systems, Inc.
 For the Year Ended December 31, 1997

Page 3 of 3

Acct. No.	Account Description	Beginning Balance*	Accruals**	Reclass.	Retirement	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
Capital Recovery Schedules:		This schedule should identify each approved capital recovery schedule.								
	FPSC ORDER 21474 DEFERRED REVENUE (CIAC)	183,730	(33,208)							150,522
Subtotal (Account 3001 - Schedule B - 1)		5,442,732	721,085	0	(518,747)	351,698	0	0	0	5,996,768
Reserve for Jointly Used Plant allocated to Non regulated										
Accumulated Depr. & Amortization:										
3200	- PHFU									
3300	- Nonoperating									
3410	- Capital Lease									
3420	- Leasehold Improve.									
3500	- Intangibles									
3600	- Other									
Grand Total		5,442,732	721,085	0	(518,747)	351,698	0	0	0	5,996,768
Note:		<ul style="list-style-type: none"> * The grand total of beginning and ending balances plus jointly used plant allocated to non regulated, if any, must agree to the subtotal of Depreciation & Amortization in Schedule B-1, Balance Sheet. ** The grand total of accruals plus jointly used plant allocated to non regulated, if any, must agree with the total Depreciation & Amortization Expense in Schedule I-1, Income Statement. 								