

DIVIDER

STATE OF NORTH DAKOTA
INFORMATION TECHNOLOGY DEPARTMENT
SFN 2053 (4-2002)

PU-2708-02-248

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience & Nece

Filed 5/24/2002

Closed 8/20/2002

02

DESCRIPTION

Scott, Sandi L.

From: Bauske, Shelly A.
Sent: Thursday, November 07, 2002 11:25 AM
To: Scott, Sandi L.
Subject: FW: Money Received.....

-----Original Message-----

From: Bauske, Shelly A.
Sent: Tuesday, November 05, 2002 12:18 PM
To: Geiger, Gloria A.
Subject: Money Received.....

Case No. PU-2708-02-248
Wolverton Telephone Co (WTC Competitive Services)
\$255.15

21 **PU-2708-02-248** Pages: 0

\$255.15 filed

by WTC Competitive Services, Inc.

11/07/2002

CC: Comm Legal Ilona Jerry .

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity

Case No. PU-2708-02-248

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **19th day of August, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Order

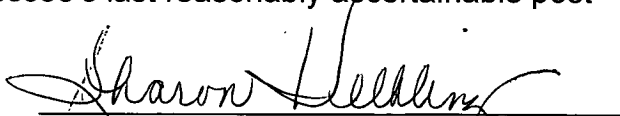
The envelope was addressed as follows:


Paul Ihland
WTC Competitive Services Inc
P O Box 129
Wolverton MN 56594
Cert. No. 7001 1940 0005 3426 9373

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **19th day of August, 2002**.

SEAL





Notary Public

SANDRA L. SCOTT
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires JUNE 11, 2004

20 PU-2708-02-248

Pages: 1

Affidavit of Service

by Public Service Commission

08/19/2002

CC: Comm Legal Ilona Jerry



Public Service Commission

State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

August 19, 2002

Paul Ihland
WTC Competitive Services Inc
P O Box 129
Wolverton MN 56594

Dear Mr. Ihland:

On August 16, 2002, the Commission issued Certificate of Public Convenience and Necessity Nos. 4862 and 44863 to WTC Competitive Services, Inc. to provide facilities-based local exchange and interexchange telecommunications services in North Dakota, Case No. PU-2708-02-248. The original certificates are enclosed for your files.

If you have any questions, please call me at 701-328-4076.

Sincerely,

Sharon Helbling
Public Utilities Division

Sdh

APPROVED

MOTION

DATE: 8-16-02

KMF

August 16, 2002

**WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity**

Case No. PU-2708-02-248

I move the Commission adopt the Order and issue Certificates of Public Convenience and Necessity authorizing WTC Competitive Services, Inc. to provide competitive local and interexchange telecommunications services throughout North Dakota, Case No. PU-2708-02-248.

JRL/sdh

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity**

Case No. PU-2708-02-248

ORDER

August 16, 2002

On May 24, 2002, WTC Competitive Services, Inc. (WTC CS) of Wolverton, Minnesota filed an application for certificates of public convenience and necessity to provide competitive local exchange and interexchange telecommunications services throughout North Dakota.

On June 5, 2002, the Commission issued a Notice of Opportunity for Hearing, which provided until July 9, 2002 for receiving comments or hearing requests. No requests for hearing were received. In accordance with North Dakota Century Code chapter 49-03.1 and North Dakota Administrative Code section 69-09-05-11(3), the Commission's notice identified the following issues to be considered in this matter:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. Technical, financial and managerial ability of the applicant to provide service.

On July 30, 2002, the Public Service Commission's Director of Accounting filed a memorandum indicating that WTC CS has the financial ability to provide telecommunications service in North Dakota.

On August 2, 2002, the Commission discussed the issues in this matter at an informal hearing.

WTC CS is a North Dakota corporation formed in March 2001 and a wholly owned subsidiary of Wolverton Telephone Company, Inc. (WTC). WTC is an incumbent local exchange company that has served the Christine and Walcott exchanges of North Dakota and the Wolverton exchange of Minnesota for more than fifty years. WTC presently serves a total of approximately 550 customers. The same personnel that now operate WTC will also operate WTC CS. Exhibit A to the application contains biographical information indicating that WTC's key personnel have extensive telecommunications managerial and operational experience. The Commission finds

WTC CS is fit, able, and has the technical, financial and managerial ability to provide service.

WTC requests authority to provide all forms of intrastate service to business and residential customers in North Dakota, including local and interexchange services, Centrex or Centrex like services, DSL and ancillary services. WTC CS plans to focus initially on an overbuild of existing facilities in the Communities of Hickson/Oxbow and Kindred. The Commission finds WTC CS's proposed service adequate.

In this Case, as in other cases in which statewide authority was requested, the Commission will adhere to the precedent established in the AT&T certificate case, Case No. PU-453-96-83. In AT&T, the Commission held that its determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 (47 U.S.C. §251(f)(1) or (2)). The Commission also held that granting the certificate on a statewide basis is not a ruling that affects the rights of specific rural telephone companies under 47 U.S.C. §251(f).

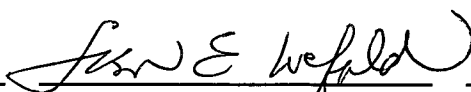
Order

The Commission Orders:

1. The application of WTC Competitive Services, Inc. for certificates of public convenience and necessity to provide facilities-based competitive local exchange and interexchange telecommunications services throughout North Dakota is GRANTED.
2. Granting WTC Competitive Services, Inc. a certificate to provide local exchange service on a statewide basis does not affect the rights of rural telephone companies under 47 U.S.C. §251(f).

PUBLIC SERVICE COMMISSION


Anthony T. Clark
Commissioner


Susan E. Wefald
President


Leo M. Reinbold
Commissioner

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 4862

This is to certify that public convenience and necessity require, and permission is granted for WTC Competitive Services, Inc., a telecommunications public utility, to provide statewide interexchange (toll) telecommunications services, with facilities, in North Dakota.

This certificate is issued in Case No. PU-2708-02-248 and is conditioned upon WTC Competitive Services, Inc. securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.

Bismarck, North Dakota, August 16, 2002.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 4863

This is to certify that public convenience and necessity require, and permission is granted for WTC Competitive Services, Inc., a telecommunications public utility, to provide statewide local exchange telecommunications services, with facilities, in North Dakota.

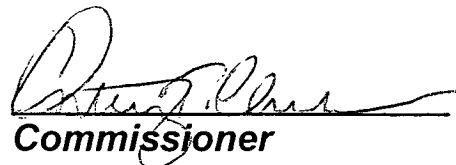
This certificate is issued in Case No. PU-2708-02-248 and is conditioned upon WTC Competitive Services, Inc. securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.

Bismarck, North Dakota, August 16, 2002.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

APPROVED

DATE: 8-16-02
KMF

MOTION

August 16, 2002

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience & Necessity

Case No. PU-2708-02-248

I move the Commission bill WTC Competitive Services, Inc. for costs incurred to date in Case No. PU-2708-02-248, WTC Competitive Services, Inc., Local Exchange/Interexchange, Public Convenience & Necessity.



Public Service Commission
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

August 16, 2002

Paul Ihland
WTC Competitive Services Inc
PO Box 129
Wolverton MN 56594-0129

RE: Case No. PU-2708-02-248
WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience & Necessity

Enclosed is a copy of the statement approved at the August 16, 2002 Public Service Commission meeting for the expenses incurred to date in Case No. PU-2708-02-248.

Under N.D.C.C. 49-21-01.7, these expenses are billed through the Valuation Fund and must be paid for by the telecommunications company involved.

Please make your check payable to the *Public Service Commission*.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gloria Geiger".

Gloria Geiger
Admin Staff Officer
701-328-2401

Enc.

Billing Statement

August 16, 2002

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience & Necessity

Case No. PU-2708-02-248

Bill To:

WTC Competitive Services, Inc.\$255.15

Expenses Incurred to Date:

Advertising Costs \$255.15

Send Payment and a Copy of this Statement To:

Public Service Commission
600 E Boulevard Ave Dept 408
Bismarck ND 58505-0480

Federal Tax ID 45-0309764



INFORMAL AGENDA

August 2, 2002

PU-2708-02-248

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity

**North Dakota Public Service Commission
INFORMAL HEARING
August 2, 2002**

**WTC Competitive Services, Inc
Local Exchange/Interexchange
Public Convenience & Necessity**

**PU-2708-02-248
Filed: 5/24/02**

Summary of Proposal: WTC Competitive Services, Inc. (WTC CS) of Wolverton, Minnesota filed an application for certificates of public convenience and necessity to provide competitive local exchange and interexchange telecommunications services throughout North Dakota.

On June 5, 2002, the Commission issued a Notice of Opportunity for Hearing, which provided until July 9, 2002 for receiving comments or hearing requests. No comments or requests for hearing have been received.

WTC CS is a North Dakota corporation formed in March 2001 and a wholly owned subsidiary of Wolverton Telephone Company, Inc. (WTC). WTC is an incumbent local exchange company that has served the Christine and Walcott exchanges of North Dakota and the Wolverton exchange of Minnesota for more than fifty years. WTC presently serves a total of approximately 550 customers.

WTC CS requests authority to provide all forms of intrastate service to business and residential customers in North Dakota. WTC CS plans to focus initially on providing high-speed internet services using an overbuild of existing facilities in the Communities of Hickson/Oxbow and Kindred. WTC CS is not seeking authority in any other jurisdictions at this time.

WTC CS will be operated by the same personnel that now operate WTC. Exhibit A to the application contains biographical information indicating that WTC's key personnel have extensive telecommunications managerial and operational experience.

A limited staff financial review (see staff memo dated July 30th) indicated that WTC CS has the financial ability to provide service.

Recommendation: I recommend approval.

Prepared by: Jerry Lein

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity

Case No. PU-2708-02-248

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **30th day of July, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

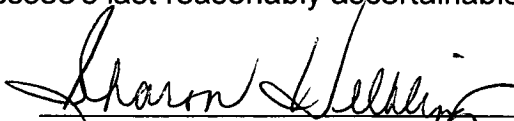
Staff Financial Memo


The envelope was addressed as follows:

Paul Ihland
WTC Competitive Services Inc
P O Box 129
Wolverton MN 56594
Cert. No. 7001 1940 0005 3426 9236

Each address shown is the respective addressee's last reasonably ascertainable post office address.

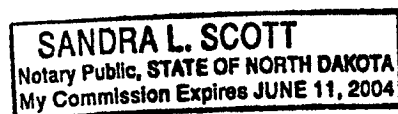
Subscribed and sworn to before me
this **30th day of July, 2002**.





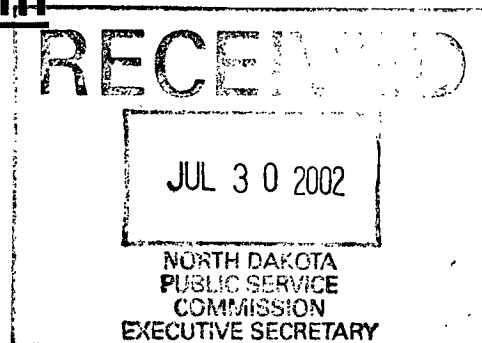
Notary Public

SEAL



Memorandum

To: Jon Mielke
From: Mike Diller *Mike Diller*
Date: July 30, 2002
Re: **WTC Competitive Services, Inc.**
Local Exchange/Interexchange PC&N
Case No. PU-2708-02-248



The following is written to provide the commission with a very limited review of this case regarding WTC Competitive Services, Inc.'s financial ability to provide service. The applicant is a wholly owned subsidiary of Wolverton Telephone Company, Inc.

Staff reviewed the financial information for Wolverton Telephone Company, Inc. for the year ended 2001 noting positive consolidated stockholder equity of \$364,429.

Based on its review, staff concludes that the applicant has access to sufficient equity to provide service in North Dakota.

Staff sees no reason to deny this application.

In accordance with the Commission's wishes, staff will serve this document on the applicant.



WOLVERTON TELEPHONE COMPANY

CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2001



OLSEN THIELEN & CO., LTD.

Certified Public Accountants & Consultants

10 PU-2708-02-248

Pages: 14

Consolidated Financial Statements

by Wolverton Telephone Co.

07/30/2002

CC: Comm Legal Ilona Jerry.

WOLVERTON TELEPHONE COMPANY

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OLSEN THIELEN & CO., LTD.

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wolverton Telephone Company
Wolverton, Minnesota

We have audited the accompanying consolidated balance sheets of Wolverton Telephone Company as of December 31, 2001 and 2000, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wolverton Telephone Company as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

April 5, 2002

Olsen Thielen & Co., LTD.

WOLVERTON TELEPHONE COMPANY

**CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2001 AND 2000**

ASSETS		
	2001	2000
CURRENT ASSETS:		
Cash	\$ 73,644	\$ 10,886
Accounts Receivable	49,717	97,532
Income Tax Receivable	-	62,710
Other Current Assets	47,105	51,270
Total Current Assets	170,466	222,398
INVESTMENTS AND OTHER ASSETS:		
Receivable from Officers and Employees	8,076	1,020
Investment Securities	258,100	343,650
Other Investments	8,481	3,204
Deferred Charges	6,699	1,000
Total Investments and Other Assets	281,356	348,874
PROPERTY, PLANT AND EQUIPMENT	1,119,590	1,008,649
TOTAL ASSETS	\$ 1,571,412	\$ 1,579,921
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 86,000	\$ 29,070
Accounts Payable	117,144	135,569
Notes Payable	26,418	-
Income Taxes Payable	4,547	-
Other Current Liabilities	40,725	31,881
Total Current Liabilities	274,834	196,520
DEFERRED INCOME TAXES	171,653	193,905
LONG-TERM DEBT	760,496	-
STOCKHOLDERS' EQUITY	364,429	1,189,496
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,571,412	\$ 1,579,921

The accompanying notes are an integral part of the consolidated financial statements.

WOLVERTON TELEPHONE COMPANY
CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
OPERATING REVENUES:		
Local Network	\$ 139,717	\$ 138,093
Network Access	587,097	503,798
Billing and Collection	11,867	16,832
Other Services	77,636	81,275
Miscellaneous	4,525	3,820
Uncollectibles, Net	(13,487)	(7,924)
Total Operating Revenues	807,355	735,894
OPERATING EXPENSES:		
Plant Operations	159,843	245,881
Depreciation	154,791	182,497
Customer	80,152	83,560
Corporate	171,789	246,385
Other Services	82,602	98,299
Other Taxes	7,938	4,927
Total Operating Expenses	657,115	861,549
OPERATING INCOME (LOSS)	150,240	(125,655)
OTHER INCOME AND (EXPENSES):		
Interest and Dividend Income	139	31,140
Gain on Sale of Investments	-	8,388
Other	(197)	(2,902)
Interest Expense	(50,823)	(8,275)
Net Other Income and (Expenses)	(50,881)	28,351
INCOME TAX BENEFIT (EXPENSE)	(73,497)	51,866
NET INCOME (LOSS)	\$ 25,862	\$ (45,438)

The accompanying notes are an integral part of the consolidated financial statements.

WOLVERTON TELEPHONE COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2001 AND 2000

	Common Stock	Discount on Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
BALANCE on December 31, 1999	\$ 56,606	\$(29,711)	\$ 1,011,016	\$ 621,765	<u>\$1,659,676</u>
Comprehensive Loss:					
Net Loss			(45,438)		(45,438)
Net Change in Unrealized Holding Gain				(424,742)	(424,742)
Total Comprehensive Loss					<u>(470,180)</u>
BALANCE on December 31, 2000	56,606	(29,711)	965,578	197,023	<u>1,189,496</u>
Comprehensive Loss:					
Net Income			25,862		25,862
Net Change in Unrealized Holding Gain				(50,929)	(50,929)
Total Comprehensive Loss					<u>(25,067)</u>
Stock Redemption	(56,335)	29,711	(773,376)		(800,000)
Stock Split	<u>99,729</u>		<u>(99,729)</u>		<u>-</u>
BALANCE on December 31, 2001	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 118,335</u>	<u>\$ 146,094</u>	<u>\$ 364,429</u>

The accompanying notes are an integral part of the consolidated financial statements.

WOLVERTON TELEPHONE COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 25,862	\$(45,438)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided By Operating Activities:		
Depreciation	164,583	191,740
Employee Receivable Reduction	-	170,830
Gain on Sale of Investments	-	(8,388)
Change in Assets and Liabilities:		
Accounts Receivable	40,759	55,895
Income Tax Receivable	62,710	(54,605)
Other Current Assets	4,165	6,264
Accounts Payable	(14,458)	(14,857)
Accrued Income Taxes	4,547	-
Other Current Liabilities	8,844	(12,378)
Deferred Income Taxes	12,368	(6,820)
Net Cash Provided By Operating Activities	<u>309,380</u>	<u>282,243</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(175,035)	(243,519)
Salvage, Net of Cost of Plant Removal	3,110	17,000
Purchase of Other Investments	(5,456)	-
Sale of Other Investments	179	179
Sale of Investment Securities	-	15,675
Receivable From Officers and Employees	-	(4,770)
Deferred Charges	(5,699)	1,184
Net Cash Used In Investing Activities	<u>(182,901)</u>	<u>(214,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes Payable - Bank, Net	26,418	(36,448)
Issuance of Long-Term Debt	808,826	-
Redemption of Common Stock	(800,000)	-
Principal Payments of Long-Term Debt	(98,965)	(26,843)
Net Cash Used In Financing Activities	<u>(63,721)</u>	<u>(63,291)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,758	4,701
CASH at Beginning of Year	<u>10,886</u>	<u>6,185</u>
CASH at End of Year	<u>\$ 73,644</u>	<u>\$ 10,886</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Payments (Refunds) For:		
Income Tax	\$ (6,128)	\$ 9,559
Interest Expense	43,063	8,940
Non-Cash Investing and Financing Activities:		
Change in Accounts Payable for Plant Additions	\$ 3,967	\$(42,043)
Capital Leases for Plant Additions	107,565	55,913

The accompanying notes are an integral part of the consolidated financial statements.

WOLVERTON TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company's principal line of business is providing local telephone service and access to long distance telephone service through its local exchange network. The revenues reported on the statement of income reflect the relative importance of each type of service. The principal market for these telecommunications services are local residential and business customers residing in each of the exchanges the Company serves in Minnesota and North Dakota.

Financial Statement Presentation

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make informed judgments, best estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary WTC Competitive Services, Inc. All significant intercompany transactions and accounts have been eliminated.

Investment Securities

Certain readily marketable investments in equity securities are classified as available-for-sale. Investments classified as available-for-sale are reported at fair value with unrealized gains and losses recorded in a separate component of stockholders' equity. Investments accounted for using the equity method of accounting and investments which do not have readily determinable fair market values are not affected by this accounting principle.

Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold, using the average cost method.

Other Investments

Investments in associated companies that are not intended for resale or are not readily marketable are valued at the lower of cost or net realizable value. Quoted market prices were not available for certain long-term investments held by the Company. These investments are at cost which approximates or is lower than estimated fair value.

Uncollectibles

Uncollectibles are expensed as accounts become worthless. Substantial losses are not anticipated from present trade receivable balances.

Materials and Supplies

Materials and supplies are recorded at average unit cost.

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Depreciation

Property and equipment are recorded at original cost. Additions, improvements or major renewals are capitalized. If the assets are sold, retired or otherwise disposed of in the ordinary course of business, the cost plus removal costs less salvage is charged to accumulated depreciation, and credited to the asset accounts.

Depreciation is computed using the straight-line method based on estimated service or remaining useful lives. Composite depreciation rates are:

	<u>2001</u>	<u>2000</u>
Telecommunications Plant	8.4%	10.5%
Customer Premises and Cellular Equipment	20.0	20.0
Internet Equipment	20.2	20.0

Regulated telecommunications plant rates are subject to the approval of the Minnesota Public Utilities Commission for plant located in Minnesota.

Effective January 1, 2001, the Company lengthened the estimated useful life on central office equipment. The revised useful life better reflects the estimated service period of the equipment. This change decreased depreciation expense by approximately \$30,610 in 2001.

Revenue Recognition

Revenues are recognized when earned. Telephone network access and long distance services are furnished jointly with other companies. Compensation for interstate access services is based on tariffed access charges to interstate long distance carriers as filed by the National Exchange Carrier Association with the FCC. Compensation for intrastate toll and access service with long distance carriers is based on average schedules and tariffed access charges.

Income Taxes

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The major temporary differences that give rise to the net deferred tax liability are depreciation which for tax purposes is determined based on accelerated methods and shorter lives and unrealized gains on investment securities, which are recorded against the gain shown as a separate component of stockholders' equity.

Reclassifications

Certain amounts in the 2000 financial statements have been reclassified to conform with the 2001 presentations. The reclassifications had no effect on net income or loss for either year.

WOLVERTON TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - RECEIVABLE FROM OFFICERS AND EMPLOYEES

Activity in receivable from officers and employees consisted of the following:

	2001	2000
Balance January 1	\$ 1,020	\$ 166,580
Advances and Additions	8,556	9,580
Repayments	(1,500)	(4,310)
Charged to Operations	—	(170,830)
Balance December 31	\$ 8,076	\$ 1,020

In 2000, the Company charged indebtedness of \$170,830 to operations.

NOTE 3 - INVESTMENT SECURITIES AND OTHER COMPREHENSIVE INCOME

The cost and fair values of investment securities available-for-sale at December 31, 2001 and 2000 were:

<u>Description</u>	2001			
	Common Stock Number of Shares	Cost	Unrealized Gains (Losses), Net of Taxes	Fair Value
Rural Cellular Corporation (RCC)	11,600	\$ 12,697	\$ 245,403	\$ 258,100
Less Deferred Income Taxes			99,309	
Unrealized Investment Gain, Net of Income Taxes			\$ 146,094	
<u>Description</u>	2000			
<u>Description</u>	Common Stock Number of Shares	Cost	Unrealized Gains (Losses), Net of Taxes	Fair Value
Rural Cellular Corporation	11,600	\$ 12,697	\$ 330,953	\$ 343,650
Less Deferred Income Taxes			133,930	
Unrealized Investment Gain, Net of Income Taxes			\$ 197,023	

The Company sold 300 shares of AFC stock in 2000 for a gain of \$8,388.

WOLVERTON TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - INVESTMENT SECURITIES AND OTHER COMPREHENSIVE INCOME (Continued)

Changes in other comprehensive income are as follows:

	<u>Before Tax</u>	<u>Tax (Expense) Benefit</u>	<u>Net-of-Tax Amount</u>
2001:			
Unrealized Losses on Available-for-Sale Securities	<u>\$ (85,550)</u>	<u>\$ 34,621</u>	<u>\$ (50,929)</u>
2000:			
Unrealized Losses on Available-for-Sale Securities	\$ (703,881)	\$ 284,847	\$ (419,034)
Reclassification Adjustment for Gains Recognized in Net Income	<u>(9,588)</u>	<u>3,880</u>	<u>(5,708)</u>
Net Change in Unrealized Holding Gain	<u>\$ (713,469)</u>	<u>\$ 288,727</u>	<u>\$ (424,742)</u>

NOTE 4 - OTHER INVESTMENTS

Other investments consist of the following:

	<u>2001</u>	<u>2000</u>
Red River Cellular, Inc.	\$ 772	\$ 772
Abercrombie Community Development Corporation	1,252	1,432
Christine Mercantile	1,000	1,000
CoBank Patronage	<u>5,457</u>	<u>-</u>
Total	<u>\$ 8,481</u>	<u>\$ 3,204</u>

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The cost and accumulated depreciation for property, plant and equipment are as follows:

	<u>Composite Rate</u>	<u>2001</u>	<u>2000</u>
Regulated Telecommunications Plant In Service	8.4%	\$ 1,906,073	\$ 1,805,880
Accumulated Depreciation		<u>(807,950)</u>	<u>(824,205)</u>
		<u>1,098,123</u>	<u>981,675</u>
Leased Customer Premises and Cellular Equipment	20.0	9,875	9,833
Accumulated Depreciation		<u>(7,360)</u>	<u>(5,394)</u>
		<u>2,515</u>	<u>4,439</u>
Internet Equipment	20.2	41,203	36,450
Accumulated Depreciation		<u>(22,251)</u>	<u>(13,915)</u>
		<u>18,952</u>	<u>22,535</u>
Total		<u>\$ 1,119,590</u>	<u>\$ 1,008,649</u>

WOLVERTON TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - NOTES PAYABLE

The Company has two short-term notes payable to a local bank. The notes are secured by property and equipment of the Company. The notes are due upon demand and accrue interest at the rate of 8.75%.

NOTE 7 - LONG-TERM DEBT

Long-term debt is as follows:

	2001	2000
CoBank – Variable Rate, Current Rate, 4.51%	\$ 738,889	\$ –
Note Payable to Bank – 9.75%	5,896	–
Capital Lease Obligation	101,711	29,070
Total	846,496	29,070
Less Amount Due Within One Year	86,000	29,070
Long-Term Debt	<u>\$ 760,496</u>	<u>\$ –</u>

In January 2001, the Company borrowed \$800,000 from CoBank. The loan agreement dated January 8, 2001, states a variable interest rate payable monthly over a twelve year period. The loan is secured by the Company's property, plant, and equipment and its investment in RCC stock. The proceeds were used to repurchase 2,253,389 shares of common stock from a deceased shareholder. The note is payable in equal monthly principal installments of \$5,555 plus interest and will be fully repaid in January 2013. The agreement requires purchase of CoBank Class C stock.

The note payable to a bank is secured by a Company vehicle. This note is payable in monthly installments of \$323 including 9.75% interest and will be fully repaid in July 2003.

The Company incurred capital lease obligations for work equipment in 2001 and 2000. The following is a schedule by year of future minimum payments required under the lease with its present value at December 31, 2001.

2002	\$ 23,212
2003	23,212
2004	23,212
2005	23,212
2006	32,564
Less Amount Representing Interest	<u>(23,701)</u>
Present Value of Minimum Lease Payments	<u>\$ 101,711</u>

Leased assets included in property and equipment at December 31, are as follows:

	2001	2000
Work Equipment	\$ 108,915	\$ 55,913
Less Accumulated Depreciation	5,282	3,262
Net Balance	<u>\$ 103,633</u>	<u>\$ 52,651</u>

Principal payments required during the next five years are: 2002 - \$86,000; 2003 - \$86,000; 2004 - \$85,000; 2005 - \$87,000; and 2006 - \$98,000.

WOLVERTON TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INCOME TAXES

Income tax expense consists of the following:

	<u>2001</u>	<u>2000</u>
Current	\$ 61,129	\$ (45,046)
Deferred	6,069	(6,820)
Benefit from Operating Loss Carryforward	6,299	-
Total Income Tax (Benefit) Expense	<u>\$ 73,497</u>	<u>\$ (51,866)</u>

The components of deferred income taxes at December 31, 2001 and 2000 are as follows:

	<u>2001</u>	<u>2000</u>
Deferred Tax Assets:		
Accrued Expenses	\$ 4,452	\$ 3,285
Net State Operating Loss Carried Forward	-	6,299
Total	<u>4,452</u>	<u>9,584</u>
Deferred Tax Liabilities:		
Depreciation	76,795	69,559
Unrealized Gain on Available-for-Sale Securities	99,310	133,930
Total	<u>176,105</u>	<u>203,489</u>
Net Deferred Tax Liability	<u>\$ 171,653</u>	<u>\$ 193,905</u>

The differences between the statutory federal income tax rate and the effective tax rate are the result of state income taxes.

State income tax return operating loss carryovers as of December 31, 2001 were approximately \$11,000 and will expire in 2015.

NOTE 9 - CAPITAL STOCK

The Company had 4,000 shares of common stock with a par value of \$25 authorized at December 31, 2000. The number of shares issued and outstanding on December 31, 2001 and 2000 were 4,000 and 2,264.20.

Two minority shareholders had an option agreement with the majority shareholder (who owned 99.52% of the Company's common stock) to purchase all of his common stock. The majority shareholder died on April 28, 2000. On January 18, 2001, the Company repurchased all of his common stock totaling 2,253.389 shares. The repurchased shares were then retired, and a stock split was issued to the remaining two shareholders in the amount of 1,994.58 shares for each.

On January 31, 2001, the Company entered into a new buy-sell agreement with its two shareholders. The agreement states provisions that determine how the shareholders can transfer, buy, and sell their shares of common stock in the Company.

WOLVERTON TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - DISCOUNT ON CAPITAL STOCK

A recapitalization of the Company occurred in 1970, whereby \$50,649 of the existing capital stock and loans payable to shareholders were exchanged for 4,000 shares of \$25 par value stock. This resulted in a discount on issuance of \$49,351. That amount was reduced in 1999 by \$19,640 as a result of reacquiring 1441.5 shares of the Company's stock.

In 2001, the discount on issuance of \$29,711 was fully reduced as a result of the Company repurchasing all remaining common stock of the deceased majority shareholder.

NOTE 11 - RETIREMENT PLAN

The Company contributes to a multiemployer defined contribution retirement plan sponsored by the National Telephone Cooperative Association. The plan covers employees who meet certain age and service requirements. Contributions to the plan are 8.9% of qualified employee salaries. Pension expense was \$13,097 in 2001 and \$14,767 in 2000. The Company also has a profit sharing plan sponsored by the National Telephone Cooperative Association. The Plan covers employees who were employed at Plan entry dates. Profit sharing expense was \$6,105 in 2001.

NOTE 12 - OPERATING LEASE COMMITMENTS

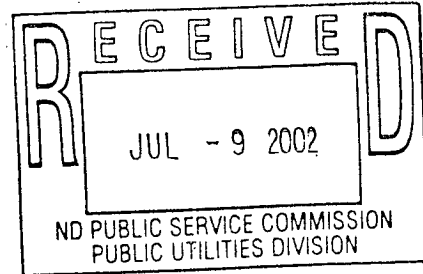
The Company leases three vehicles. The leases are noncancelable and extend through 2003.

Rent expense and future minimum rental commitments for these leases are as follows:

Expense:	
2001	\$ 14,785
2000	14,090
Commitments:	
2002	\$ 5,056
2003	695
Total Commitments	<u>\$ 5,751</u>

WTC

WOLVERTON TELEPHONE CO.
P.O. BOX 129 (218) 995-2900
WOLVERTON, MN 56594 (218) 995-2902 fax



July 8, 2002

Mr. Mike Diller
Director of Accounting
North Dakota Public Service Commission
600 E Boulevard Ave. Dept 408
Bismarck, North Dakota 58505-0480

Dear Mr. Diller,

Enclosed are our Preliminary financial statements for the year 2001. We expect the finished copies of our audited financial statements very soon but have been told by our auditors that they won't change from this copy. Once we get the finished copies I can forward one to you but I wanted to get you a copy for your review for the informal hearing.

If you need anything further, please feel free to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Inland".

Paul Inland
General Manager

enc.

WOLVERTON TELEPHONE COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2001

 **OLSEN THIELEN & CO., LTD.**
Certified Public Accountants & Consultants

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

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CONSOLIDATED FINANCIAL STATEMENTS:	
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Statement of Stockholders' Equity	4
Statement of Cash Flows	5
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PRELIMINARY

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wolverton Telephone Company
Wolverton, Minnesota

We have audited the accompanying consolidated balance sheets of Wolverton Telephone Company as of December 31, 2001 and 2000, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wolverton Telephone Company as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

April 5, 2002

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

CONSOLIDATED BALANCE SHEET DECEMBER 31, 2001 AND 2000

ASSETS		
	2001	2000
CURRENT ASSETS:		
Cash	\$ 73,644	\$ 10,886
Accounts Receivable	49,717	97,532
Income Tax Receivable	-	62,710
Other Current Assets	47,105	51,270
Total Current Assets	170,466	222,398
INVESTMENTS AND OTHER ASSETS:		
Receivable from Officers and Employees	8,076	1,020
Investment Securities	258,100	343,650
Other Investments	8,481	3,204
Deferred Charges	6,699	1,000
Total Investments and Other Assets	281,356	348,874
PROPERTY, PLANT AND EQUIPMENT	1,119,590	1,008,649
TOTAL ASSETS	\$ 1,571,412	\$ 1,579,921
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 86,000	\$ 29,070
Accounts Payable	117,144	135,569
Notes Payable	26,418	-
Income Taxes Payable	4,547	-
Other Current Liabilities	40,725	31,881
Total Current Liabilities	274,834	196,520
DEFERRED INCOME TAXES	171,653	193,905
LONG-TERM DEBT	760,496	-
STOCKHOLDERS' EQUITY	364,429	1,189,496
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,571,412	\$ 1,579,921

The accompanying notes are an integral part of the consolidated financial statements.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

CONSOLIDATED STATEMENT OF OPERATIONS YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
OPERATING REVENUES:		
Local Network	\$ 139,717	\$ 138,093
Network Access	587,097	503,798
Billing and Collection	11,867	16,832
Other Services	77,636	81,275
Miscellaneous	4,525	3,820
Uncollectibles, Net	<u>(13,487)</u>	<u>(7,924)</u>
Total Operating Revenues	<u>807,355</u>	<u>735,894</u>
OPERATING EXPENSES:		
Plant Operations	159,843	245,881
Depreciation	154,791	182,497
Customer	80,152	83,560
Corporate	171,789	246,385
Other Services	82,602	98,299
Other Taxes	<u>7,938</u>	<u>4,927</u>
Total Operating Expenses	<u>657,115</u>	<u>861,549</u>
OPERATING INCOME (LOSS)	<u>150,240</u>	<u>(125,655)</u>
OTHER INCOME AND (EXPENSES):		
Interest and Dividend Income	139	31,140
Gain on Sale of Investments	-	8,388
Other	(197)	(2,902)
Interest Expense	<u>(50,823)</u>	<u>(8,275)</u>
Net Other Income and (Expenses)	<u>(50,881)</u>	<u>28,351</u>
INCOME TAX BENEFIT (EXPENSE)	<u>(73,497)</u>	<u>51,866</u>
NET INCOME (LOSS)	<u>\$ 25,862</u>	<u>\$ (45,438)</u>

The accompanying notes are an integral part of the consolidated financial statements.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2001 AND 2000

	Common Stock	Discount on Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
BALANCE on December 31, 1999	\$ 56,606	\$ (29,711)	\$ 1,011,016	\$ 621,765	<u>\$1,659,676</u>
Comprehensive Loss:					
Net Loss			(45,438)		(45,438)
Net Change in Unrealized Holding Gain				(424,742)	<u>(424,742)</u>
Total Comprehensive Loss					<u>(470,180)</u>
BALANCE on December 31, 2000	56,606	(29,711)	965,578	197,023	<u>1,189,496</u>
Comprehensive Loss:					
Net Income			25,862		25,862
Net Change in Unrealized Holding Gain				(50,929)	<u>(50,929)</u>
Total Comprehensive Loss					<u>(25,067)</u>
Stock Redemption	(56,335)	29,711	(773,376)		(800,000)
Stock Split	<u>99,729</u>		<u>(99,729)</u>		<u>-</u>
BALANCE on December 31, 2001	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 118,335</u>	<u>\$ 146,094</u>	<u>\$ 364,429</u>

The accompanying notes are an integral part of the consolidated financial statements.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 25,862	\$ (45,438)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation	164,583	191,740
Employee Receivable Reduction	-	170,830
Gain on Sale of Investments	-	(8,388)
Change in Assets and Liabilities:		
Accounts Receivable	40,759	55,895
Income Tax Receivable	62,710	(54,605)
Other Current Assets	4,165	6,264
Accounts Payable	(14,458)	(14,857)
Accrued Income Taxes	4,547	-
Other Current Liabilities	8,844	(12,378)
Deferred Income Taxes	12,368	(6,820)
Net Cash Provided By Operating Activities	309,380	282,243
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(175,035)	(243,519)
Salvage, Net of Cost of Plant Removal	3,110	17,000
Purchase of Other Investments	(5,456)	-
Sale of Other Investments	179	179
Sale of Investment Securities	-	15,675
Receivable From Officers and Employees	-	(4,770)
Deferred Charges	(5,699)	1,184
Net Cash Used In Investing Activities	(182,901)	(214,251)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes Payable - Bank, Net	26,418	(36,448)
Issuance of Long-Term Debt	808,826	-
Redemption of Common Stock	(800,000)	-
Principal Payments of Long-Term Debt	(98,965)	(26,843)
Net Cash Used In Financing Activities	(63,721)	(63,291)
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,758	4,701
CASH at Beginning of Year	10,886	6,185
CASH at End of Year	\$ 73,644	\$ 10,886
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Payments (Refunds) For:		
Income Tax	\$ (6,128)	\$ 9,559
Interest Expense	43,063	8,940
Non-Cash Investing and Financing Activities:		
Change in Accounts Payable for Plant Additions	\$ 3,967	\$ (42,043)
Capital Leases for Plant Additions	107,565	55,913

The accompanying notes are an integral part of the consolidated financial statements.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company's principal line of business is providing local telephone service and access to long distance telephone service through its local exchange network. The revenues reported on the statement of income reflect the relative importance of each type of service. The principal market for these telecommunications services are local residential and business customers residing in each of the exchanges the Company serves in Minnesota and North Dakota.

Financial Statement Presentation

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make informed judgments, best estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary WTC Competitive Services, Inc. All significant intercompany transactions and accounts have been eliminated.

Investment Securities

Certain readily marketable investments in equity securities are classified as available-for-sale. Investments classified as available-for-sale are reported at fair value with unrealized gains and losses recorded in a separate component of stockholders' equity. Investments accounted for using the equity method of accounting and investments which do not have readily determinable fair market values are not affected by this accounting principle.

Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold, using the average cost method.

Other Investments

Investments in associated companies that are not intended for resale or are not readily marketable are valued at the lower of cost or net realizable value. Quoted market prices were not available for certain long-term investments held by the Company. These investments are at cost which approximates or is lower than estimated fair value.

Uncollectibles

Uncollectibles are expensed as accounts become worthless. Substantial losses are not anticipated from present trade receivable balances.

Materials and Supplies

Materials and supplies are recorded at average unit cost.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Depreciation

Property and equipment are recorded at original cost. Additions, improvements or major renewals are capitalized. If the assets are sold, retired or otherwise disposed of in the ordinary course of business, the cost plus removal costs less salvage is charged to accumulated depreciation, and credited to the asset accounts.

Depreciation is computed using the straight-line method based on estimated service or remaining useful lives. Composite depreciation rates are:

	<u>2001</u>	<u>2000</u>
Telecommunications Plant	8.4%	10.5%
Customer Premises and Cellular Equipment	20.0	20.0
Internet Equipment	20.2	20.0

Regulated telecommunications plant rates are subject to the approval of the Minnesota Public Utilities Commission for plant located in Minnesota.

Effective January 1, 2001, the Company lengthened the estimated useful life on central office equipment. The revised useful life better reflects the estimated service period of the equipment. This change decreased depreciation expense by approximately \$30,610 in 2001.

Revenue Recognition

Revenues are recognized when earned. Telephone network access and long distance services are furnished jointly with other companies. Compensation for interstate access services is based on tariffed access charges to interstate long distance carriers as filed by the National Exchange Carrier Association with the FCC. Compensation for intrastate toll and access service with long distance carriers is based on average schedules and tariffed access charges.

Income Taxes

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The major temporary differences that give rise to the net deferred tax liability are depreciation which for tax purposes is determined based on accelerated methods and shorter lives and unrealized gains on investment securities, which are recorded against the gain shown as a separate component of stockholders' equity.

Reclassifications

Certain amounts in the 2000 financial statements have been reclassified to conform with the 2001 presentations. The reclassifications had no effect on net income or loss for either year.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - RECEIVABLE FROM OFFICERS AND EMPLOYEES

Activity in receivable from officers and employees consisted of the following:

	2001	2000
Balance January 1	\$ 1,020	\$ 166,580
Advances and Additions	8,556	9,580
Repayments	(1,500)	(4,310)
Charged to Operations	-	(170,830)
Balance December 31	\$ 8,076	\$ 1,020

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Less Deferred Income Taxes			99,309	
Unrealized Investment Gain, Net of Income Taxes			\$ 146,094	
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PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - INVESTMENT SECURITIES AND OTHER COMPREHENSIVE INCOME (Continued)

Changes in other comprehensive income are as follows:

	Before Tax	Tax (Expense) Benefit	Net-of-Tax Amount
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Unrealized Losses on Available-for-Sale Securities	<u>\$ (85,550)</u>	<u>\$ 34,621</u>	<u>\$ (50,929)</u>
2000:			
Unrealized Losses on Available-for-Sale Securities	\$ (703,881)	\$ 284,847	\$ (419,034)
Reclassification Adjustment for Gains Recognized in Net Income	<u>(9,588)</u>	<u>3,880</u>	<u>(5,708)</u>
Net Change in Unrealized Holding Gain	<u>\$ (713,469)</u>	<u>\$ 288,727</u>	<u>\$ (424,742)</u>

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Other investments consist of the following:

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Christine Mercantile	1,000	1,000
CoBank Patronage	<u>5,457</u>	<u>-</u>
Total	<u>\$ 8,481</u>	<u>\$ 3,204</u>

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	Composite Rate	2001	2000
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Accumulated Depreciation		<u>(807,950)</u>	<u>(824,205)</u>
		<u>1,098,123</u>	<u>981,675</u>
Leased Customer Premises and Cellular Equipment	20.0	9,875	9,833
Accumulated Depreciation		<u>(7,360)</u>	<u>(5,394)</u>
		<u>2,515</u>	<u>4,439</u>
Internet Equipment	20.2	41,203	36,450
Accumulated Depreciation		<u>(22,251)</u>	<u>(13,915)</u>
		<u>18,952</u>	<u>22,535</u>
Total		<u>\$ 1,119,590</u>	<u>\$ 1,008,649</u>

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - NOTES PAYABLE

The Company has two short-term notes payable to a local bank. The notes are secured by property and equipment of the Company. The notes are due upon demand and accrue interest at the rate of 8.75%.

NOTE 7 - LONG-TERM DEBT

Long-term debt is as follows:

	2001	2000
CoBank – Variable Rate, Current Rate, 4.51%	\$ 738,889	\$ –
Note Payable to Bank – 9.75%	5,896	–
Capital Lease Obligation	101,711	29,070
Total	846,496	29,070
Less Amount Due Within One Year	86,000	29,070
Long-Term Debt	\$ 760,496	\$ –

In January 2001, the Company borrowed \$800,000 from CoBank. The loan agreement dated January 8, 2001, states a variable interest rate payable monthly over a twelve year period. The loan is secured by the Company's property, plant, and equipment and its investment in RCC stock. The proceeds were used to repurchase 2,253.389 shares of common stock from a deceased shareholder. The note is payable in equal monthly principal installments of \$5,555 plus interest and will be fully repaid in January 2013. The agreement requires purchase of CoBank Class C stock.

The note payable to a bank is secured by a Company vehicle. This note is payable in monthly installments of \$323 including 9.75% interest and will be fully repaid in July 2003.

The Company incurred capital lease obligations for work equipment in 2001 and 2000. The following is a schedule by year of future minimum payments required under the lease with its present value at December 31, 2001.

2002	\$ 23,212
2003	23,212
2004	23,212
2005	23,212
2006	32,564
Less Amount Representing Interest	(23,701)
Present Value of Minimum Lease Payments	\$ 101,711

Leased assets included in property and equipment at December 31, are as follows:

	2001	2000
Work Equipment	\$ 108,915	\$ 55,913
Less Accumulated Depreciation	5,282	3,262
Net Balance	\$ 103,633	\$ 52,651

Principal payments required during the next five years are: 2002 - \$86,000; 2003 - \$86,000; 2004 - \$85,000; 2005 - \$87,000; and 2006 - \$98,000.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - INCOME TAXES

Income tax expense consists of the following:

	<u>2001</u>	<u>2000</u>
Current	\$ 61,129	\$ (45,046)
Deferred	6,069	(6,820)
Benefit from Operating Loss Carryforward	6,299	-
Total Income Tax (Benefit) Expense	<u>\$ 73,497</u>	<u>\$ (51,866)</u>

The components of deferred income taxes at December 31, 2001 and 2000 are as follows:

	<u>2001</u>	<u>2000</u>
Deferred Tax Assets:		
Accrued Expenses	\$ 4,452	\$ 3,285
Net State Operating Loss Carried Forward	-	6,299
Total	<u>4,452</u>	<u>9,584</u>
Deferred Tax Liabilities:		
Depreciation	76,795	69,559
Unrealized Gain on Available-for-Sale Securities	99,310	133,930
Total	<u>176,105</u>	<u>203,489</u>
Net Deferred Tax Liability	<u>\$ 171,653</u>	<u>\$ 193,905</u>

The differences between the statutory federal income tax rate and the effective tax rate are the result of state income taxes.

State income tax return operating loss carryovers as of December 31, 2001 were approximately \$11,000 and will expire in 2015.

NOTE 9 - CAPITAL STOCK

The Company had 4,000 shares of common stock with a par value of \$25 authorized at December 31, 2000. The number of shares issued and outstanding on December 31, 2001 and 2000 were 4,000 and 2,264.20.

Two minority shareholders had an option agreement with the majority shareholder (who owned 99.52% of the Company's common stock) to purchase all of his common stock. The majority shareholder died on April 28, 2000. On January 18, 2001, the Company repurchased all of his common stock totaling 2,253.389 shares. The repurchased shares were then retired, and a stock split was issued to the remaining two shareholders in the amount of 1,994.58 shares for each.

On January 31, 2001, the Company entered into a new buy-sell agreement with its two shareholders. The agreement states provisions that determine how the shareholders can transfer, buy, and sell their shares of common stock in the Company.

PRELIMINARY

WOLVERTON TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - DISCOUNT ON CAPITAL STOCK

A recapitalization of the Company occurred in 1970, whereby \$50,649 of the existing capital stock and loans payable to shareholders were exchanged for 4,000 shares of \$25 par value stock. This resulted in a discount on issuance of \$49,351. That amount was reduced in 1999 by \$19,640 as a result of reacquiring 1441.5 shares of the Company's stock.

In 2001, the discount on issuance of \$29,711 was fully reduced as a result of the Company repurchasing all remaining common stock of the deceased majority shareholder.

NOTE 11 - RETIREMENT PLAN

The Company contributes to a multiemployer defined contribution retirement plan sponsored by the National Telephone Cooperative Association. The plan covers employees who meet certain age and service requirements. Contributions to the plan are 8.9% of qualified employee salaries. Pension expense was \$13,097 in 2001 and \$14,767 in 2000. The Company also has a profit sharing plan sponsored by the National Telephone Cooperative Association. The Plan covers employees who were employed at Plan entry dates. Profit sharing expense was \$6,105 in 2001.

NOTE 12 - OPERATING LEASE COMMITMENTS

The Company leases three vehicles. The leases are noncancelable and extend through 2003.

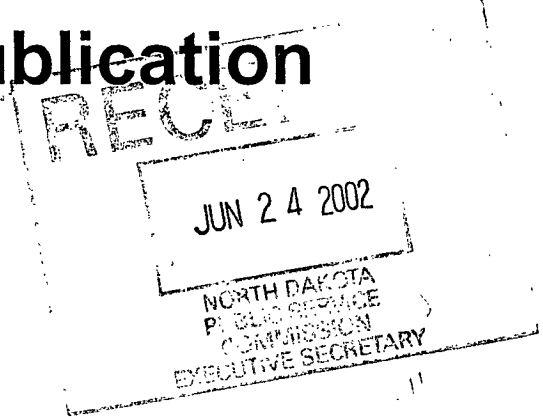
Rent expense and future minimum rental commitments for these leases are as follows:

Expense:	
2001	\$ 14,785
2000	14,090
Commitments:	
2002	\$ 5,056
2003	<u>695</u>
Total Commitments	<u>\$ 5,751</u>

Affidavit of Publication

State of North Dakota)

County of Burleigh)



Laurie Thiel

, being duly sworn, state as follows:

1. I am the designated agent, under the provisions and for the purposes of, Section 31-04-06, NDCC, for the newspapers listed on the attached exhibits.
2. The newspapers listed on the exhibits published the advertisement of:
WTC Competitive, 1 time(s)
as required by law or ordinance.
3. All of the listed newspapers are legal newspapers in the State of North Dakota and, under the provisions of Section 46-05-01, NDCC, are qualified to publish any public notice or any matter required by law or ordinance to be printed or published in a newspaper in North Dakota.

Signed: Laurie Thiel

Subscribed and sworn to before me this 19th day of June A.D. 2002.

Laurie Schaffer

LAURIE SCHAFFER
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires DEC. 1, 2005

North Dakota Advertising Service, Inc.

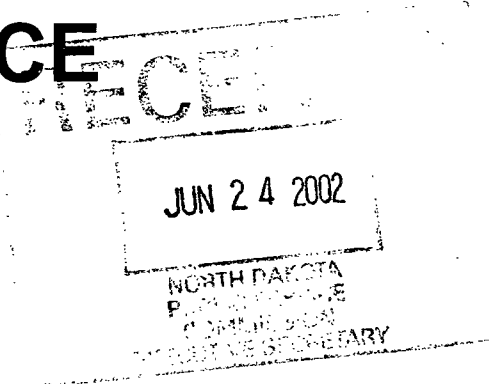
1435 Interstate Loop • Bismarck, ND 58501-0567 • PHONE (701) 223-6397 • FAX (701) 223-8185 • www.ndna.com

INVOICE

Date: 06/20/2002

Page: 1

To: JON H. MIELKE
PUBLIC SERVICE COMMISSION
STATE CAPITOL
BISMARCK ND 58505



Client: Public Service Commission

Order: 02063PP0

Newspaper		Date	Inches	Page#	Rate	Amount
Bismarck Tribune	WTC Compet	06/12/2002	43.00	SPR2	0.61	26.23
Devils Lake Daily Journal	WTC Compet	06/12/2002	44.00	SPR2	0.57	25.08
Dickinson Press	WTC Compet	06/12/2002	47.00	SPR2	0.52	24.44
Fargo, The Forum	WTC Compet	06/17/2002	42.00	SPR2	0.73	30.66
Grand Forks Herald	WTC Compet	06/13/2002	40.00	SPR2	0.61	24.40
Jamestown Sun	WTC Compet	06/12/2002	50.00	SPR2	0.50	25.00
Minot Daily News	WTC Compet	06/12/2002	51.00	SPR2	0.42	21.42
Valley City Times-Record	WTC Compet	06/12/2002	47.00	SPR2	0.52	24.44
Wahpeton Daily News	WTC Compet	06/13/2002	47.00	SPR2	0.52	24.44
Williston Herald	WTC Compet	06/12/2002	44.00	SPR2	0.66	29.04
*** ADVERTISING TOTAL						255.15
*** TOTAL DUE						255.15

8 PU-2708-02-248 Pages: 1

Affidavit of Publication

by North Dakota Advertising Service, Inc.

06/24/2002

CC: Comm Legal Ilona Jerry

This invoice is due and payable upon receipt. Unpaid items over 30 days from invoice date are subject to a finance charge. The finance charge is computed by a periodic rate of 1 3/4 percent per month (or a minimum charge of 50 cents for balances of under \$50), which is an annual percentage rate of 21 percent. Total unpaid balance may be paid at any time.

Please pay from this invoice — No statement will be sent. Return duplicate with remittance to North Dakota Advertising Service, Inc.

Notice Of Opportunity For Hearing
June 5, 2002
Case No. PU-2708-02-248

Bismarck	6-12
Devils Lake	6-12
Dickinson	6-12
Fargo	6-17
Grand Forks	6-13
Jamestown	6-12
Minot	6-12
Valley City	6-12
Walpeton	6-13
Williston	6-12

North Dakota Advertising Service, Inc.

1435 Interstate Loop • Bismarck, ND 58501-0567 • PHONE (701) 223-6397 • FAX (701) 223-8185 • www.ndna.com

INVOICE

Date: 07/03/2002

Page: 1

To:

JON H. MIELKE
PUBLIC SERVICE COMMISSION
STATE CAPITOL
BISMARCK ND 58505

JUL - 8 2002

NORTH DAKOTA
PUBLIC SERVICE
COMMISSION
CREDITING DEPARTMENT

Client: Public Service Commission

Order: 02071PP0

Newspaper	Date	Inches	Page#	Rate	Amount
Bismarck Tribune	NPCR, Inc. 06/24/2002	82.00	SPR2	0.61	50.02
Devils Lake Daily Journal	NPCR, Inc. 06/26/2002	84.00	SPR2	0.57	47.88
Dickinson Press	NPCR, Inc. 06/26/2002	92.00	SPR2	0.52	47.84
Fargo, The Forum	NPCR, Inc. 07/01/2002	78.00	SPR2	0.73	56.94
Grand Forks Herald	NPCR, Inc. 06/25/2002	79.00	SPR2	0.61	48.19
Jamestown Sun	NPCR, Inc. 06/24/2002	98.00	SPR2	0.50	49.00
Minot Daily News	NPCR, Inc. 06/24/2002	135.00	SPR2	0.42	56.70
Valley City Times-Record	NPCR, Inc. 06/26/2002	92.00	SPR2	0.52	47.84
Wahpeton Daily News	NPCR, Inc. 06/27/2002	92.00	SPR2	0.52	47.84
Williston Herald	NPCR, Inc. 06/24/2002	88.00	SPR2	0.66	58.08

*** ADVERTISING TOTAL 510.33

*** TOTAL DUE 510.33

6 PU-2560-02-239 Pages: 1

Affidavit of Publication

by North Dakota Advertising Service, Inc.

07/08/2002

CC: Comm Legal Ilona Jerry

6 PU-2717-02-267 Pages: 1

Affidavit of Publication

by North Dakota Advertising Service, Inc.

07/08/2002

CC: Comm Legal Ilona Jerry

6 PU-2038-02-275 Pages: 1

Affidavit of Publication

by North Dakota Advertising Service, Inc.

07/08/2002

CC: Comm Legal Ilona Jerry

This invoice is due and payable upon receipt. Unpaid items over 30 days from invoice date are subject to a finance charge. The finance charge is computed by a periodic rate of 1 3/4 percent per month (or a minimum charge of 50 cents for balances of under \$50), which is an annual percentage rate of 21 percent.

Total unpaid balance may be paid at any time.

Please pay from this invoice — No statement will be sent. Return duplicate with remittance to North Dakota Advertising Service, Inc.

Notice Of Opportunity To File Written
Comments
June 19, 2002
Case No. PU-2708-02-248

Bismarck	6-24
Devils Lake	6-26
Dickinson	6-26
Fargo	7-1
Grand Forks	6-25
Jamestown	6-24
Minot	6-24
Valley City	6-26
Wahpeton	6-27
Williston	6-24



Public Service Commission
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

June 28, 2002

Mr. Paul Ihland
General Manager
Wolverton Telephone Co.
Wolverton, MN 56594

Re: Case No. PU-2708-02-248
WTC Competitive Services, Inc.
Local Exchange/Interexchange PC&N

Mr. Ihland:

According to commission rule (69-09-05-11), an applicant for a certificate of public convenience and necessity must file consolidated financial statements for the most recent year available, including a balance sheet, income statement and if available--an independent accountant's financial opinion on those statements. Please note that these statements should be the consolidated financial statements for the ultimate parent company or Wolverton Telephone Co. in your case.

Please submit the required information prior to your informal hearing so staff has time to review the information. If the information contains trade secret information, you must follow commission prescribed rules to garner protection from public disclosure.

Sincerely,

Mike Diller
Director of Accounting

7 PU-2708-02-248

Pages: 1

Request for additional information

by Public Service Commission

06/28/2002

CC: Comm Legal Ilona Jerry

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity

Case No. PU-2708-02-248

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **6th day of June, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

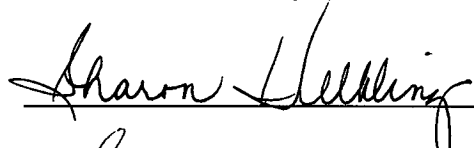
Notice of Opportunity for Hearing

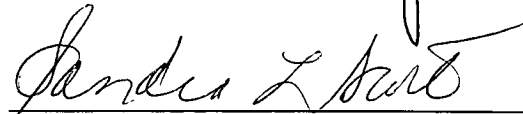
The envelope was addressed as follows:

Paul Ihland
WTC Competitive Services Inc
P O Box 129
Wolverton MN 56594
Cert. No. 7001 2510 0005 8654 8556

Each address shown is the respective addressee's last reasonably ascertainable post office address.

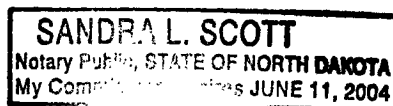
Subscribed and sworn to before me
this **6th day of June, 2002**.





Notary Public

SEAL



STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity

Case No. PU-2708-02-248

AFFIDAVIT OF SERVICE BY ORDINARY MAIL OR E-MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **6th day of June, 2002**, she deposited in the United States Mail, Bismarck, North Dakota, envelopes by first class mail, fully prepaid, securely sealed, and e-mailed, each containing a photocopy of:

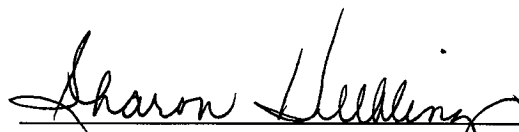
Notice of Opportunity for Hearing

The envelopes were addressed as follows:

See Attached List

Each address shown is the respective addressee's last reasonably ascertainable post office address.

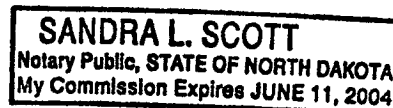
Subscribed and sworn to before me
this **6th day of June, 2002**.





Notary Public

SEAL



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William Brudvik

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Don Lee

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Skyland Technologies Inc
P O Box 939
Williston ND 58802-0939

SRT Communications Inc
P O Box 789
Minot ND 58702

suelh@srttel.com
Sue Hamilton
SRT Communications Inc
P O Box 789
Minot ND 58702-0789

stevedl@srttel.com
Steve Lysne
SRT Communications Inc
P O Box 789
Minot ND 58702-0789

christm@srttel.com
Chris Morsefield
SRT Communications Inc
P O Box 789
Minot ND 58702-0789

janehp@srttel.com
Jane Petersen
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John Reiser
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P O Box 789
Minot ND 58702-0789

kimrw@srttel.com
Kim Weydahl
SRT Communications Inc
P O Box 789
Minot ND 58702-0789

mdickers@state.nd.us
Marcy Dickerson
State Tax Department
State Capitol
Bismarck ND 58505

sthomas@talk.com
Sharon Thomas
Talk America Inc
12001 Science Dr Ste 130
Orlando FL 32826

Telera Communications Inc
910 E Hamilton Ave Ste 200
Campbell CA 95008

Touch America Inc
40 E Bdwy
Butte MT 59701

maryg@uslink.net
Mary Goodman
U S Link Inc
P O Box 317
Pequot Lakes MN 56472-0327

lahall@usgs.gov
Lenora Hall
U S Geological Survey

kjvannin@usgs.gov
K Vannin
U S Geological Survey

U S West Interprise America Inc
7800 E Orchard Rd Ste 480
Englewood CO 80111

United Communications HUB Inc
225 S Lake Ave Ste 705
Pasadena CA 91106

kander@ictc.com
Keith Anderson
Valley Communications Inc
P O Box 8
Nome ND 58062

VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235

Verzon Select Services Inc
600 Hidden Ridge
Irving TX 75038

bonniek@westriv.com
Bonnie Krause
West River Telecomm Coop
PO Box 467
Hazen ND 58545-0467

mickg@westriv.com
Mick Grosz
West River Telecommunications Coop
PO Box 467
Hazen ND 58545-0467

paulihland@means.net
Paul Ihland
Wolverton Telephone Company
Wolverton MN 56594

Jennifer Sikes
1-800 Reconex
2500 Industrial Ave
Hubbard OR 97032

Ann Faugh
Absaraka Co-op Tele Co
Absaraka ND 58002

ACN Communications Services Inc
32991 Hamilton Ct
Farmington Hills MI 48334

Arch Paging
11437 Valley View Rd
Eden Prairie MN 55344

Leeann Brunnette
AT&T
P O Box 71142
Clive IA 50325-0142

Jack Medaris
Atlas Communications LTD
484 Norristown Rd Ste 123
Blue Bell PA 19422

John Broten
Bell Atlantic Communications Inc
1320 N Court House Rd 9th Fl
Arlington VA 22201

Jennifer Whitley
Business Discount Plan Inc
1 World Trade Ctr Ste 800
Long Beach CA 90831-0800

Scott Geston
Cable One of Fargo
P O Box 10624
Fargo ND 58106-0624

Choctaw Communications Inc
1600 Viceroy
Dallas TX 75235

Robert Fallan
Coast International
14303 W 95th St
Lenexa KS 66215-5210

Comcast Business Communications Inc
650 Centerton Rd
Moorestown NJ 08057

Molli Harper
Commnet Cellular Inc
8350 E Crescent Pkwy Ste 400
Englewood CO 80111

Murray Barr
Competitive Strategies Group Inc
70 East Lake St 7th Fl
Chicago IL 80112

D D D Calling Inc
6300 Richmond Ave Ste 304
Houston TX 77057

Keith Larson
Dakota Central Tele Coop
PO Box 299
Carrington ND 58421-0299

Keith Larson
Dakota Central Telecom I
PO Box 299
Carrington ND 58421-0299

Dickey Rural Communications Inc
PO Box 69
Ellendale ND 58436-0069

DSLnet Communications LLC
545 Long Wharf Dr
New Haven CT 06511

Easton Telecom Services Inc
3046 Brecksville Rd #A
Richfield OH 44286-9399

Lawrence Freedman
Fleischman & Walsh
1400 16th ST NW
Washington DC 20036

Lucille Nilson
Griggs County Telephone Company
Cooperstown ND 58425

HJN Telecom Inc
3235 Satellite Blvd Bldg 400 Ste 300
Duluth GA 30096

Ken Hanks
International Telcom Ltd
417 2nd Ave W
Seattle WA 98119

Sue Weiske
Ionex Communications North Inc
15305 Dallas Pkwy Ste 1500
Addison TX 75001-6768

Nanette Edwards
ITC DELTACOM INC
4092 Memorial Pkwy SW
Huntsville AL 35802-1382

Katherine E Ford
U S WEST
1801 California St Ste 5100
Denver CO 80202
Thomas K Crowe
Law Offices of Thomas K Crowe PC
2300 M St NW Ste 800
Washington DC 20037

Level 3 Communications LLC
3555 Farnam St
Omaha NE 68131

Jan Lowe
Long Dist Consolidated Billing Co
145 S Livernois Rd #199
Rochester MI 48307-1837

Ronald Ro erk
Frontier Comm International
180 S Clinton Ave
Rochester NY 14646-0500

Group Long Distance Inc
9500 Toledo Way
Irvine CA 92618-1806

IdeaOne Telecom Group LLC
3239 39th St SW
Fargo ND 58104

David A. Huberman
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301

Kenneth Meister
Ionex Communications North Inc
5710 LBJ Frwy Ste 215
Dallas TX 75240

Larry Barnes
IXC/SSC-Regulatory Affairs
1122 S Capital of TX Hwy
Austin TX 78746-6426

Myer Shark
Knollwood Place Apts #221
3630 Phillips Pkwy
St Louis Park MN 55426

LCI International Telecom Corp
4650 Lakehurst Ct
Dublin OH 43017

Derrick Johnson
Lockheed Martin Global Telecomm
6560 Rock Spring Dr
Bethesda MD 20817

Jim Marchant
Maxcess Inc
P O Box 951419
Lake Mary FL 32795-1419

Marilyn Foss
MCI WorldCom Inc
707 17th St Ste 3600
Denver CO 80202

MCImetro Access Transmission Services
707 17th ST Ste 3600
Denver CO 80202

Midcontinent Communications
410 South Phillips Ave
Sioux Falls SD 57104

Mid-Rivers Telephone Coop Inc
P O Box 280
Circle MT 59215

Gordon Wilhelmi
Midstate Communications Inc
PO Box 400
Stanley ND 58784-0400

Mark Wilhelmi
Midstate Telephone Co
PO Box 400
Stanley ND 58784-0400

Minnesota Independent Equal Access
Corp
10300 6th Avenue N
Plymouth MN 55441

Mike Strand
MITS
PO Box 5237
Helena MT 59604-5237

MVX Communications LLC
100 Rowland Way Ste 145
Novato CA 94945

Dave Crothers
NDATC
Box 1144
Mandan ND 58554-1144

Richard Thronson
Nemont Telephone Cooperative Inc
Scobey MT 59263

Nextel West Corp
2001 Edmund Halley Dr
Reston VA 20191-3436

Dave Dircks
North Dakota Telephone Company
PO Box 180
Devils Lake ND 58301-0180

Holly Sasscer
Operator Communications Inc
3530 Forest Ln Ste 200
Dallas TX 75234-7910

Primus Telecommunications Inc
1700 Old Meadow Rd 3rd Fl
McLean VA 22102

QuantumShift Communications Inc
101 Rowland Way Ste 300
Novato CA 94945

Quintelco Inc
1 Blue Hill Plaza
Pearl River NY 10965

Heather Troxell
Qwest Communications Corporation
4250 Fairfax Dr
Arlington VA 22203

Charles Steese
Qwest Corporation
1801 California St Ste 5100
Denver CO 80202

Dean Polkow
RCC Network Inc
PO Box 2000
Alexandria MN 56308-2000

Gene Sloan
Reservation Telephone Cooperative
Parshall ND 58770

Skyland Technologies Inc
P O Box 5237
Helena MT 59604-5237

Andrew Jones
Sprint
8140 Ward Pkwy Flr 5E
Kansas City MO 64114

Randy Burckhard
SRT Communications Inc
P O Box 789
Minot ND 58702-0789

Jack Medaris
Telco Partners Inc
484 Norristown Rd Ste 123
Blue Bell PA 19422

Tele-Tech Inc
2900 W 11th St
Sioux Falls SD 57104-3660

Kenneth Carlson
Turtle Mountain Communications
PO Box 729
Langdon ND 58249-0729

Sam Billingsley
United States Advanced Network Inc
3080 Northwoods Cir
Norcross GA 30071-1562

Christina Tygielski
Universal Access Inc
Sears Tower 233 S Wacker Dr Ste 600
Chicago IL 60606-6307

Val-Ed Joint Venture LLP
150 2nd St SW
Perham MN 56573

Sandra Adams
NewPath Holdings Inc
4364 114th St
Des Moines IA 50322
Lisa Dabkowski
SNET America Inc
6 Devine St 1st Fl
North Haven CT 06743

SRT Communications Inc
P O Box 789
Minot ND 58702-0789

Harris Saele
T P C Inc
PO Box 180
Devils Lake ND 58301-0180

Al Bosch
Tele-Beep Company
PO Box 7072
Bismarck ND 58502-7072

T-Netix Inc
P O Box 701028
Dallas TX 75370-1028

Giuseppe Vitale
UKI Communications Inc
500 N Rainbow Blvd Ste 300
Las Vegas NV 89107

Kenneth Carlson
United Telephone Mut Aid Corp
Langdon ND 58249

Dennis Houston
Universal Network Services of ND
1572 North Batavia St Ste 1A
Orange CA 92867

Randy Houdek
Venture Communications Inc
PO Box 157
Highmore SD 57345-0157

West River Coop Telephone Co
P O Box 39
Bison SD 57620-0039

Doris Cooper
West River Long Distance Co
PO Box 467
Hazen ND 58545-0467

Western CLEC Corporation
3650 131st Ave SE #400
Bellevue WA 98006

Z-Tel Communications Inc
601 S Harbour Island Blvd Ste 220
Tampa FL 33602-5925

Darrell H Jerson
West River Cooperative Telephone
Company
PO Box 39
Bison SD 57620-0039
Mick Grosz
West River Telecomm Coop
PO Box 467
Hazen ND 58545-0467

Carolyn Fodor
Winstar
100 Galleria Bldg #212
Southfield MI 48034

Helbling, Sharon D.

From: Helbling, Sharon D.
Sent: Thursday, June 06, 2002 9:55 AM
To: ndna (E-mail)
Subject: Attached Notice of Opportunity for Hearing, Case No. PU-2708-02-248

**Colleen
North Dakota Newspaper Association**

Colleen,

Please have the attached Notice of Opportunity for Hearing published as a legal publication in the next issue of the ten North Dakota daily newspapers, and run it as a "News Item Only" article as well.

Send the bill to the Public Service Commission along with a tear sheet for billing purposes.

If you have any questions, please call me at 328-4076. Thank you.

**Sharon Helbling
Public Utilities Division**



1.doc

5 **PU-2708-02-248** Pages: 1

Notice e-mailed to NDNA requesting
publication
by Public Service Commission

1

06/06/2002

CC: Comm Legal Illona Jerry .

APPROVED

MOTION

DATE: 6-5-02
KMF

June 5, 2002

**WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity**

Case No. PU-2708-02-248

I move the Commission issue a Notice of Opportunity for Hearing in the application of WTC Competitive Services, Inc. for certificates of public convenience and necessity to provide competitive local and interexchange telecommunications services throughout North Dakota, Case No. PU-2708-02-248.

JRL/sdh

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**WTC Competitive Services, Inc.
Local Exchange/Interexchange
Public Convenience and Necessity**

Case No. PU-2708-02-248

NOTICE OF OPPORTUNITY FOR HEARING

June 5, 2002

On May 24, 2002, WTC Competitive Services, Inc. of Wolverton, Minnesota filed an application for certificates of public convenience and necessity to provide competitive local exchange and interexchange telecommunications services throughout North Dakota.

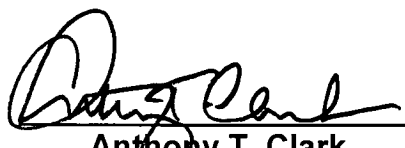
The issues to be considered in this matter are:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. Technical, financial and managerial ability of the applicant to provide service.

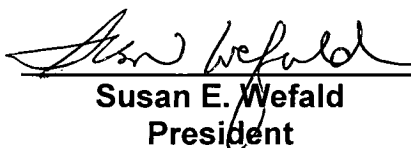
Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding and the reasons for requesting a hearing. Comments and requests for hearings must be received by **July 9, 2002**. If deemed appropriate, the Commission can determine the matter without a hearing.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Jon Mielke, Executive Secretary.

PUBLIC SERVICE COMMISSION



**Anthony T. Clark
Commissioner**



**Susan E. Wefald
President**



**Leo M. Reinbold
Commissioner**

WTC

WOLVERTON TELEPHONE CO.
P.O. BOX 129 (218) 995-2900
WOLVERTON, MN 56594 (218) 995-2902 fax

May 22, 2002

Mr. John Mielke
Executive Secretary
Public Service Commission
State Capitol
600 E. Boulevard
Bismarck, ND 58505-0480



Dear Mr. Mielke,

Enclosed please find for filing an original and seven (7) copies of WTC Competitive Services, Inc.'s Application for a Certificate of Public Convenience and Necessity to provide Telecommunications Services.

I have inclosed an extra copy of this letter to be date stamped and returned to me in the enclosed preaddressed-postage-prepaid envelope.

If you have any questions or if I may provide additional information, please do not hesitate to contact me.

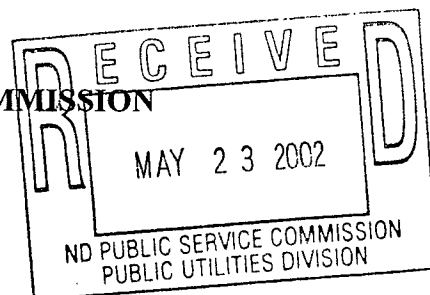
Sincerely

A handwritten signature in black ink, appearing to read "Paul Ihland".

Paul Ihland
General Manager

Enclosures

**BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**



Application of)
)
WTC Competitive Services, Inc. "WTC CS")
)
For a Certificate of Public Convenience and)
Necessity to Provide Telecommunication Services)
State of North Dakota)

Docket No. _____

The applicant, WTC Competitive Services, Inc., ("WTC CS"), a corporation organized and existing under the laws of the State of North Dakota with its principal place of business of 329 Highway 75, Wolverton, MN 56594, does hereby represent and show the Commission as follows:

1. WTC CS is a wholly owned subsidiary of Wolverton Telephone Company, Inc., a company that has provided telecommunications services to North Dakota communities for over fifty years.
2. On March 13, 2001, the North Dakota Secretary of State issued to WTC CS a certificate of Authority under the provisions of North Dakota law governing North Dakota corporations, giving it authority to do business in the State of North Dakota and a copy of such certificate is submitted with this application.
3. WTC CS was organized as a North Dakota Corporation to engage in the business of offering telecommunications services, including local exchange and toll telephone services, and high speed data. By this application, WTC CS requests a Certificate of Public convenience and Necessity to provide local exchange along with other telecommunications services at all locations throughout the State of North Dakota, and to provide interexchange services statewide.
4. The following exhibits are attached to this application and incorporated herein by this reference:

- Exhibit 1: A copy of the Certificate of Authority of WTC CS issued by the state of North Dakota;
- Exhibit 2: A certificate of Good Standing from the State of North Dakota;
- Exhibit 3: Affidavit of Paul Inland
- Exhibit 4: Biographical Information

5. All correspondences and notices regarding this application should be directed to Paul Ihland, Wolverton Telephone Co.Inc., PO Box 129, Wolverton, Minnesota 56594, whose telephone and fax numbers are 218-995-2900 and 218-995-2902 respectively.
6. The rate structure for providing local exchange and toll services is intended to be competitive with the rates charged by the incumbent providers.
7. WTC CS is fit and has the experience and ability to provide the local exchange and toll services for which authority is sought herein. WTC CS intends to provide all forms of intrastate service including:
 - A. Local Exchange Services that will enable customers to terminate local calls in the local calling area served by other LECs.
 - B. Switched local exchange services such as flat-rated and measure-rated local services; vertical services, Direct Inward and Outward Dialed trunks, carrier access, public and semi-public coin telephone services, and any other switched local services that currently exist or will exist in the future.
 - C. Non-switched local services (e.g. private line) that currently exist or will exist in the future.
 - D. Centrex and/or Centrex-like service that currently exist or will exist in the future.
 - E. Digital Subscriber Line (DSL), and other high capacity line services.
 - F. Ancillary Services (911, directory listing, directory assistance, etc.)
 - G. Interexchange (switched and dedicated services): 1+ and 101xxxx outbound calling; 800/888 toll free inbound dialing; directory assistance; operator services (both live and automated), and other data services.
8. WTC CS has the technical, financial and managerial ability to provide the indicated services.
9. By enacting the Telecommunications Act of 1996, Congress has established a national public policy of opening the local exchange to competition and increasing the level of competition in all other areas of telecommunications services. Congress perceived a need for such competition, and WTC CS hopes to meet this need to the ultimate benefit of North Dakota consumers.
10. Since WTC CS intends to provide local exchange telecommunications services in the entire state of North Dakota, Applicant hereby requests a waiver of the

requirements that it file a map of the area to be served.

11. The Public Service Commission (“Commission”) for the State of North Dakota has authority to grant this application under the provision of Chapter 49-03.1 of the North Dakota Century Code and the Commission’s Rules of Practice and Procedure.

WHEREFORE, WTC CS respectfully request that a Certificate of Public Convenience and Necessity be issued for the services sought herein following appropriate notice; and further, WTC CS respectfully requests that the Certificate of Public Convenience and necessity be issued without hearing, if appropriate, according to the applicable statutes and the rules and regulations of the Commission.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul Ihland", written in a cursive style.

Paul Ihland
Secretary for WTC Competitive Services, Inc.

Dated: May 20, 2002

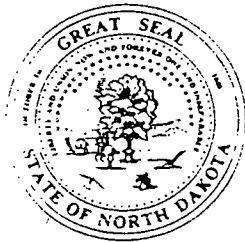
LIST OF EXHIBITS

EXHIBIT 1	Certificate of Authority
EXHIBIT 2	Certificate of Good Standing
EXHIBIT 3	Affidavit of Paul Ihland
EXHIBIT 4	Biographical Information

EXHIBIT 1

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF INCORPORATION

OF

WTC COMPETITIVE SERVICES, INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that Articles of Incorporation for the incorporation of

WTC COMPETITIVE SERVICES, INC.

duly signed and verified pursuant to the North Dakota statutes governing a North Dakota BUSINESS CORPORATION, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation to

WTC COMPETITIVE SERVICES, INC.

Effective date of incorporation: March 13, 2001

Issued: March 13, 2001

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

EXHIBIT 2

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING

OF

WTC COMPETITIVE SERVICES, INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that WTC COMPETITIVE SERVICES, INC., a North Dakota BUSINESS CORPORATION, was incorporated in this office on March 13, 2001 and, according to the records of this office as of this date, has paid all fees due this office as required by North Dakota statutes governing a North Dakota BUSINESS CORPORATION.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing to

WTC COMPETITIVE SERVICES, INC.

Issued: December 27, 2001

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

EXHIBIT 3

Application of)
)
WTC Competitive Services, Inc. (“WTC CS”))
) Docket No. _____
 For a Certificate of Public Convenience and)
 Necessity to Provide Telecommunication Services)
 State of North Dakota)

Affidavit of Paul Ihland

I am the Secretary for Wolverton Telephone Co., Inc. (“WTC CS”). The purpose of this affidavit is to demonstrate the fitness of the applicant, WTC Competitive Services, Inc. (“WTC CS”) to operate as a facilities-based CLEC in North Dakota. As described in WTC CS’s application, WTC CS’s proposes to provide a range of facilities-based, high capacity local exchange services, including but not limited to: data services, switched and dedicated trunks, digital subscriber line, and exchange access services. WTC CS may also offer local services by utilizing the switching and transport capacity of other existing telecommunications providers pursuant to negotiated or tariffed arrangements. WTC CS will be engaged in interconnection negotiations with Qwest in the near future, and will obtain Commission approval of any agreement negotiated.

DESCRIPTION AND QUALIFICATIONS OF WTC CS

WTC CS is a corporation organized under the laws of the State of North Dakota. WTC CS is qualified to conduct business within the State of North Dakota. Applicant has not been denied authority for any of the services for which it seeks authority in this Application. WTC CS is well-qualified, managerially, technically and financially to provide the competitive local exchange services for which authority is requested in its Application.

The senior management of WTC CS has great depth in the telecommunications industry and offers extensive telecommunications business, technical and managerial expertise. Biographical information on key members of WTC CS’s management team is attached to the application as Exhibit 4.

WTC CS has sufficient financial capability to provide the requested telecommunications services in North Dakota and the financial capability to maintain those services. WTC CS will fund its local exchange operations in North Dakota with a combination of internal capital and

capital raised from other sources. WTC CS's parent company, Wolverton Telephone Company, Inc., has shareholders equity in excess of \$300,000.

WTC CS's management team will adhere to a strict and high standard of service policies and procedures which will ensure continued quality service. As a new entrant in North Dakota telecommunications market, WTC CS will be able to win over and maintain customers only through consistent application of these policies and procedures. Customer service representatives will be trained in all areas of customer complaints and services will be held to the highest standards of accountability and ethics.

PUBLIC CONVENIENCE AND NECESSITY

A decision by the Commission to grant WTC CS authority to provide competitive local exchange telecommunications services is in the public interest. WTC CS is well qualified to operate as such a service provider in North Dakota. Consumers of telecommunications services in North Dakota will receive the benefits of downward pressure on prices, increased choice, improved quality of service and customer responsiveness, innovative service offerings, and access to increasingly advanced telecommunications technology. The market incentives for new and existing providers of telecommunications services will be improved through an increase in the diversity of suppliers and competition within the local exchange telecommunications market. Granting WTC CS's application would enhance this development of competition in the local exchange market and provide the consumers of North Dakota with all of the benefits described above.

The grant of WTC CS's application will preserve and advance universal service, safeguard the right of consumers, protect the public health, safety and welfare, and promote the public interest. WTC CS is an alternative competitive carrier which intends to initially provide local, long distance and high speed data products to both business and residential customers. WTC CS will thus give customers an affordable choice for their high speed data needs, which they currently are lacking.

CONCLUSION

WTC CS's Application and my Affidavit in support thereof demonstrate that WTC CS possesses all the requisite qualifications to be a competitive local exchange service provider in North Dakota, and that the grant of this request is in the public interest.

VERIFICATION

State of Minnesota)

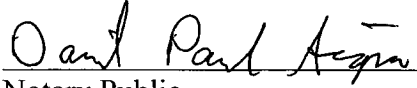
County of Wilkin)

I, Paul Ihland, do on oath depose and state that the fact contained in the foregoing statement are true and correct to the best of my knowledge and belief



Paul Ihland
Its: Secretary

Subscribed and sworn to me
this 22 day of May, 2002.



Notary Public

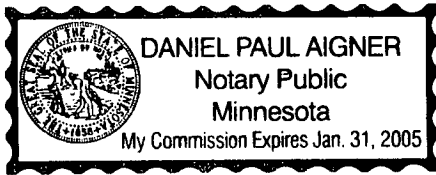


EXHIBIT 4

Paul Ihland-Secretary/Treasurer, General Manager: Paul Ihland has extensive experience in the communications industry. Mr. Ihland is the current General Manager of WTC CS's parent company Wolverton Telephone Company "WTC" and has held that position for five years. He has directed WTC's growth into the Internet, including high speed DSL, as well as expanding the company's fiber optic backbone and digital service offerings. Mr. Ihland's responsibilities range from overall management to accounting and technical functions of the company. He previously was the Office Manager of Red River Rural Telephone where his responsibilities also ranged from accounting to technical aspects of the business. He holds an A.S. in Computer Programming from North Dakota State College of Science and a B.S. in Business Administration from North Dakota State University. Mr. Ihland is a co-owner of Wolverton Telephone Company, Inc. and WTC Competitive Services, Inc.

Matt Ihland-President, Outside Plant Manager: Matt Ihland has extensive experience in the communications industry. Mr. Ihland is the current Outside Plant Manager of WTC CS's parent company Wolverton Telephone Company "WTC" and has held that position for over ten years. He has hands on experience with all electronic equipment used by WTC and has installed a majority of it. He has installed and maintains WTC's digital switching systems, lightwave transmission systems, and Internet equipment. He has also installed a variety of communications equipment for other telephone companies and supports them on an ongoing basis. He holds an A.S. in Business Management from North Dakota State College of Science. Mr. Ihland is a co-owner of Wolverton Telephone Company, Inc. and WTC Competitive Services, Inc.

PN-2708-02-248

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Received by (Please Print Clearly) Sandra Island	B. Date of Delivery 8-1-02
1. Article Addressed to: Paul Island WSC Competitive Services PO Box 129 Walverton Mn 56594		C. Signature X Sandra Island	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Copy from service label)		7001 1940 0005 3426 9236	
PS Form 3811, July 1999		Domestic Return Receipt	
		102595-00-M-0952	

PN-2708-02-248

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X Sandra Island	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
1. Article Addressed to: Paul Island WSC Competitive Services Inc PO Box 129 Walverton Mn 56594		B. Received by (Printed Name) T. ISLAND	C. Date of Delivery 6-10-02
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		7001 2510 0005 8654 8556	
PS Form 3811, August 2001		Domestic Return Receipt	
		102595-01-M-2509	

PN-2708-02-248

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X Sandra Island	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
1. Article Addressed to: Paul Island WSC Competitive Services Inc PO Box 129 Walverton Mn 56594		B. Received by (Printed Name) T. ISLAND	C. Date of Delivery 8-21
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	