

**STATE OF COLORADO
ANNUAL STATEMENT OF PROPERTY
2008 DECLARATION
FIXED-BASED TELEPHONE COMPANY**

**COLORADO DIVISION OF PROPERTY TAXATION
STATE ASSESSED PROPERTY SECTION
1313 SHERMAN STREET, ROOM 419
DENVER, COLORADO 80203
FAX: (303) 866-4000**

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DUE APRIL 1, 2008

Please make changes to label if needed

Type of State Assessed Company: TL
Fixed-Based Telephone Company

Company Name : _____ Federal Employer Identification Number: _____

Contact / Dept. : _____
(first) (last)

Street Address : _____
Unit / Suite # : _____
City, State, Zip : _____

Colorado Registered Agent

State of Incorporation: _____
Year Colorado Operations Began: _____

Name: _____
(first) (last)

Company Contact for this report:

Tax agent contact for this report: (Note 1)

Name: _____
(first) (last)

Name: _____
(first) (last)

Title: _____

Title: _____

Phone: _____

Phone: _____

Fax: _____

Fax: _____

Email: _____

Email: _____

DECLARATION

I declare under the penalty of perjury in the second degree that this statement, together with any accompanying exhibits or schedules, has been examined by me and, to the best of my knowledge, information, and belief, sets forth a full and complete list of all taxable property owned, in the possession or under the control of the reporting entity. I further declare that such property has been reasonable described with its value fairly represented, and that no attempt has been made to mislead the Property Tax Administrator as to its age, quality, or value.

(Signature) _____

(Name) _____

(Title) _____

(Date) _____

Note 1: If the reporting entity uses an agent to prepare or represent the reporting entity in matters related to this 2006 Annual Statement of Property, a letter of authorization signed by an officer of the reporting entity must be submitted as an addenda to this report.

GENERAL INSTRUCTIONS
ALL REQUESTED INFORMATION IS AS OF DECEMBER 31, 2007
THIS IS A CONFIDENTIAL DOCUMENT

This report with all attachments must be postmarked on or before April 1, 2008. Failure to file by April 1, 2008, results in a PENALTY OF \$100 PER DAY, beginning April 2, 2008, unless an extension is granted. When an extension is granted, filing is due on or before April 23, 2008, and penalties start on April 24, 2008. The total penalty cannot exceed \$3,000.

You must complete this report or an identical reproduction. Complete reports must include all requested information for all pages. The only exceptions are: Page 2, the additional documents requested must be filed by April 23, 2007, and Page 6, for non-publicly traded companies. Incomplete pages will be returned for completion. Failure to complete and return these pages within seven days will result in the commencement of a \$100 per day penalty and a Best Information Available valuation. The total penalty cannot exceed \$3,000.

The following documents **MUST BE FILED IN ADDITION** to this report if applicable to the parent or reporting company:

- (a) Balance sheet, income statement, statement of retained earnings and statement of cash flows.
- (b) SEC Form 10-Ks, and 10-Qs if other than December 31, fiscal year end.
- (c) Annual Report to Share/Stockholders,
- (d) Annual Report(s) to the following agencies / commissions if required:
 - Federal Communications Commission
 - Annual Report to Colorado Public Utilities Commission

State the exact nature of the business activity of the REPORTING COMPANY in the State of Colorado:

Describe any important changes which occurred during the previous calendar year such as major acquisitions, divestitures, write-offs and sales of major properties for both the REPORTING COMPANY and its ultimate Parent. Attach additional sheets as necessary. **INCLUDE THE DESCRIPTION AND AMOUNT OF UNUSUAL AND NON-RECURRING CHARGES AND GAINS PARTICULAR THE REPORTING COMPANY STATEMENT.**

Is the REPORTING COMPANY a proprietorship, partnership, S corporation, corporation, association, joint venture, other?

Is the REPORTING COMPANY a subsidiary of another corporation? Yes No

What is the NAME of the ultimate PARENT company? _____

Tax Agents must have a current letter of agency on file with the Division for each company represented.

INCOME STATEMENT - You must complete this page even if you attach an income statement and balance sheet

ACCOUNT TITLE	Parent Company	Reporting Company System					
	2007	2007	2006	2005	2004	2003	
1 Operating Revenues							
2 Operating Expenses							
3 Depreciation and Amortization							
4 Operating income before taxes	0	0	0	0	0	0	
5 Income taxes on operating income							
6 Net Operating Income	0	0	0	0	0	0	
7 Total other income (deductions)							
8 Income taxes on non-operating income							
9 Interest expenses							
10 Income before extraordinary items							

SIX-YEAR REPORTING COMPANY SYSTEM NET OPERATING PROPERTY

ACCOUNT TITLE		31-Dec-07	31-Dec-06	31-Dec-05	31-Dec-04	31-Dec-03	31-Dec-02
Net Operating Property (Page 4, Line 9, Middle Column)							

BALANCE SHEET - You must complete this page even if you attach a copy of your income statement and balance sheet

	Parent Company	Reporting Company System	Reporting Company Colorado
<u>ASSETS</u>			
1 Historical Cost of Plant in Service			
2 Construction work in progress			
3 Intangibles (goodwill, acq. adjustments, etc.)			
4 Other property and equipment			
5 Property under capital leases			
6 Inventories, materials and supplies (1)			
7 Total Operating Property	\$ -	\$ -	\$ -
8 Accumulated depreciation and amortization			
9 Net Operating Property (Line 7 - 8)	\$ -	\$ -	\$ -
10 Current Assets (less materials and supplies)			
11 Investments and other assets			
12 All other depreciation and amortization			
13 Total Assets	\$ -	\$ -	\$ -
14 Contributions in aid of construction			

PROPERTY UNDER OPERATING LEASES

15 Net book value of leased property	N/A		
16 Original cost of leased property	N/A		
17 Lease payment	N/A		
18 Average age of leased property	N/A		
19 Average remaining life of leased property	N/A		

LIABILITIES AND EQUITY

20 Common stock and paid-in capital			N/A
21 Preferred stock			N/A
22 Retained earnings			N/A
23 Patronage Capital			N/A
24 Long-term debt due after one year			N/A
25 Long-term debt due within one year			N/A
26 Current and accrued liabilities			N/A
27 Total other liabilities			N/A
28 Total Liabilities and Equity	\$ -	\$ -	N/A

(1) Includes inventories held for resale, and materials and supplies held for consumption.

2008 Reporting Form for Dark Fiber located in Colorado

Route: _____ County to County

Type: _____ Fiber / IRU

FIBER CONDUITS IN SERVICE HAVING DARK FIBERS								
COLORADO COUNTY	ACQUISITION COST	NBV	ACCUMULATED DEPRECIATION (MAX AT 90%)	CONDUIT MILEAGE	FIBER MILES	LIT FIBER MILES	DARK FIBER MILES	PERCENTAGE DARK
Grand Total								

DARK FIBER: FIBER CONDUIT(S) THAT HAS NOT BEEN PLACED IN SERVICE SINCE CONSTRUCTION OR ACQUISITION								
COLORADO COUNTY	ACQUISITION COST	NBV		CONDUIT MILEAGE	FIBER MILES	LIT FIBER MILES	DARK FIBER MILES	
Grand Total								

Total Acq. Cost All Fiber: _____ Grand Total of Fiber acquisition costs. Total **must** match amount reported as Other Property on line 4 of page 4 of Annual Statement of Property (ASOP).

Dark Fiber Valuation Procedures and Reporting Form for State Assessed Fixed-Based and Rural Telephone Companies

To recognize obsolescence created by the existence of dark fiber, the Division of Property Taxation (DPT) will begin implementing a new standardized reporting page in its 2008 Annual Statement of Property (ASOP). The dark fiber reporting page must be completely filled out with supporting documentation along with the entire ASOP completed in its entirety for dark fiber obsolescence to be considered.

Procedures:

There are two types of dark fiber that the DPT will be considering for adjustment. This depends on whether the dark fiber(s) exist within a conduit that had fiber previously "lit" (in use) or if the dark fiber(s) were part of a conduit that was constructed new or acquired from another entity and has not been put into service at any time prior to or on the January 1, 2008, assessment date.

If you have any conduit routes that you have constructed or acquired that have been lit, you need to list the separately in the second or lower box of the Fiber Reporting Form above. The net book value of "never-used" fibers will be excluded from the cost approach and rate of return calculations prior to determining a final value.

Definitions:

Dark Fiber: "optical fiber infrastructure, cabling, or repeaters currently in place but not being used in the form of light pulses so the "dark" means no light pulses are being sent."

Fiber-Miles: The total miles of Colorado fiber conduit multiplied by the number of fibers in the conduit.

Pursuant to 39-3-118.5:

Non-Taxable Fiber Assets: If the entire conduit has never been used since being constructed or acquired by the present taxpayer, the conduit is not taxable.

Business Personal Property Exemption: For property tax years commencing on or after January 1, 1996, business personal property shall be exempt from the levy and collection of property tax until such business personal property is first used in the business after acquisition.

Attach additional sheets as needed.

SCHEDULE OF COLORADO DEDUCTIONS FROM OPERATING PROPERTY

COLORADO
NET BOOK
VALUE

1. Locally assessed property (note 1)	
2. Construction work in progress - personal property portion only (note 2)	
3. Licensed vehicles (note 3)	
4. Licensed special mobile machinery (SMM) (note 3)	
5. Inventories, materials and supplies (note 4)	
6. Other Property (note 5)	
	\$ -

Notes

1. Only deductible if included in Operating Property Accounts (page 4) and documented on page 11.
2. Attach details including a schedule with project description, county location, and accumulated cost as of 12-31-07.
3. Licensed vehicles and/or SMM machinery **MUST** be included as operating property on page 4 to be deductible.
4. Includes inventories held for resale, and materials and supplies held for consumption.
5. Attach details, including a schedule with property or project description, historical cost, net book value as of 12-31-07, location, and your reason why it should be deducted from your value. **Otherwise, NO deduction will be allowed.**

APPORTIONMENT TO COLORADO COUNTIES

County	Historic cost of operating property, less historical cost of Colorado deductions	Percent of Total Colo. property	County	Historic cost of operating property, less historical cost of Colorado deductions	Percent of Total Colo. property
Adams		0.0%	Kit Carson		0.0%
Alamosa		0.0%	La Plata		0.0%
Arapahoe		0.0%	Lake		0.0%
Archuleta		0.0%	Larimer		0.0%
Baca		0.0%	Las Animas		0.0%
Bent		0.0%	Lincoln		0.0%
Boulder		0.0%	Logan		0.0%
Broomfield		0.0%	Mesa		0.0%
Chaffee		0.0%	Mineral		0.0%
Cheyenne		0.0%	Moffat		0.0%
Clear Creek		0.0%	Montezuma		0.0%
Conejos		0.0%	Montrose		0.0%
Costilla		0.0%	Morgan		0.0%
Crowley		0.0%	Otero		0.0%
Custer		0.0%	Ouray		0.0%
Delta		0.0%	Park		0.0%
Denver		0.0%	Phillips		0.0%
Dolores		0.0%	Pitkin		0.0%
Douglas		0.0%	Prowers		0.0%
Eagle		0.0%	Pueblo		0.0%
El Paso		0.0%	Rio Blanco		0.0%
Elbert		0.0%	Rio Grande		0.0%
Fremont		0.0%	Routt		0.0%
Garfield		0.0%	Saguache		0.0%
Gilpin		0.0%	San Juan		0.0%
Grand		0.0%	San Miguel		0.0%
Gunnison		0.0%	Sedgwick		0.0%
Hinsdale		0.0%	Summit		0.0%
Huerfano		0.0%	Teller		0.0%
Jackson		0.0%	Washington		0.0%
Jefferson		0.0%	Weld		0.0%
Kiowa		0.0%	Yuma		0.0%
			TOTAL	\$ -	0.0%

COUNTY NAME - _____ (Use a Separate Sheet for Each County)

SCHEDULE OF STATE ASSESSED OWNED OPERATING PROPERTY - REAL ESTATE

This chart is for owned real estate included on the balance sheet and is state assessed. Use page 11 for locally assessed property. List all Colorado operating property (real, not personal) held in fee.

FACILITY NAME, ADDRESS AND/OR LEGAL DESCRIPTION	DATE PURCHASED	PRICE	DEPRECIATED VALUE
TOTAL COUNTY			

SCHEDULE OF STATE ASSESSED LEASED OPERATING PROPERTY - REAL ESTATE

List all Colorado operating property (real, not personal) held in fee by another interest. Indicate if the lessor is a related party.

ADDRESS / LESSOR NAME	DESCRIPTION	NET BOOK VALUE*	ANNUAL PAYMENT	LEASE INCEPTION DATE	LEASE EXPIRATION DATE
TOTAL COUNTY					

Attach additional sheets as necessary.

* Net book value required only if leased property is included on balance sheet.

REPORTING OF NEW CONSTRUCTION COSTS BY PUBLIC UTILITY COMPANIES

Why Reporting of New Construction Costs is Important

New construction plays an important role in both the 5.5 percent property tax limit and the TABOR local growth calculation. New construction also plays a key role in determining the target percentage used in the residential assessment rate calculation.

Section 20 of article X of the Colorado Constitution (**TABOR**) places several limits on the budgets of local and state governments. Two of these limits, the local government fiscal year spending limit and the property tax revenue limit, require the calculation of “local growth.” For non-school taxing entities, “local growth” is the percentage change in the actual value of real property resulting from taxable new construction and other additions minus taxable destroyed property and other deletions. Most local taxing entities, other than school districts and home rule municipalities, are also subject to a statutory limitation found in § 29-1-301, C.R.S. This restriction, called the **5.5 percent property tax revenue limitation**, is similar in concept to the TABOR property tax limit, but it is calculated using a different set of data. If you have additional questions regarding how new construction is incorporated into TABOR or the 5.5 percent revenue limit calculation, please contact the Administrative Resources Section of the Division of Property Taxation at (303)866-2371.

What Constitutes New Construction Costs to be Reported in the Annual Statement of Property?

New construction is defined as the installed net book value of all real and personal property put into service as operating property during the preceding calendar year up to and including December 31.

New construction includes:

- The installed net book value of all property first put into service as operating property as of January 1 of the current assessment year.
- New construction also includes remodels and additions to either real or personal property, provided the remodel or addition costs are capitalized and reported as operating property.

The new construction calculation certified to the counties is affected by economic obsolescence present in the overall operating property. The final calculation is on the first two pages of the final Notice of Valuation (NOV) received annually from the Division of Property Taxation. The new construction value may be zero (0) if it is determined that new personal property was not associated with new real property. In summary, we ask that you report all new construction even though you know or believe there is no associated real property.

Pipelines and electrical transmission systems often span several counties. The pipelines and electrical lines themselves are personal property, but the system might also include real property structures. When a newly constructed system spans several Colorado counties, and it includes a new structure(s) constructed in at least one of the counties, the associated new personal property is itself new construction and shall be apportioned to all counties wherein the property is located. New construction costs that are accrued annually for a multi-year construction, e.g. a power generation facility, should not be reported until the entire project goes into operation. At that time, the full amount of new construction value assigned to the project should be reported as new construction.

How should New Construction Costs be Reported on the Annual Statement of Property (ASOP)?

Each year, new construction costs must be reported for each county in the New Construction section located at the end of the ASOP. Shown on the next page is the section of the ASOP where new construction costs must be reported.

All costs reported must be on a net book value (NBV) basis based on the books and records of the company. Attach additional sheets if necessary.

