



TC99-011

January 27, 1999
Via Overnight Delivery

RECEIVED

JAN 29 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

210 N. Park Ave
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel. 407-740-8575
Fax 407-740-0613
tmi@tminc.com

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

RE: Registration of CenturyTel Long Distance, Inc.

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of the registration request of CenturyTel Long Distance, Inc. for authority to provide intrastate telecommunications services within South Dakota. We are enclosing a check for \$250.00 for the applicable filing fee.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Questions regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to CenturyTel Long Distance, Inc.

Enclosures

TMF/sbm

cc: C. Hamm - CenturyTel
file: CenturyTel - SD
TMS: SD9900

**REGISTRATION OF
CENTURYTEL LONG DISTANCE, INC.**

TC99-011

Pursuant to Rule 20:10:24:02 of the Commission's Telecommunications Services Rules, CenturyTel Long Distance, Inc. ("CenturyTel") submits the following registration information:

1. The name, address and telephone number of the applicant.

CenturyTel Long Distance, Inc.
100 Century Park Drive
Monroe, Louisiana 71203
Telephone: (318) 388-9000
Facsimile: (318) 388-9602

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JAN 29 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

2. The name under which the Applicant will provide these services if different than in subdivision (1) of this section:

Same

3. If the applicant is a corporation:

- (a) The state in which it is incorporated, the date of incorporation and a copy of its certificate of incorporation or, if it is an out-of-state corporation, a copy of its certificate of authority.

CenturyTel Long Distance, Inc. was organized on March 23, 1998, as CenturyTel Solutions, Inc., under the laws of the State of Florida. The Articles of Incorporation were amended on May 6, 1998, changing the corporation name to CenturyTel Long Distance, Inc.

- (b) The location of its principal office, if any, in this state and the name and address of its current registered agent.

Principal office in South Dakota: CenturyTel has no principal offices in South Dakota.

Registered Agent: C T Corporation System
319 South Coteau Street
Pierre, South Dakota 57501

- (c) A copy of its articles of incorporation which includes a list of the names and addresses of the corporate officers and member of the board of directors at the time of incorporation.

See Attachment II.

3. If the applicant is a corporation (continued):

- (d) A list of the names and addresses of the current corporate officers and members of the board of directors.

See Attachment III.

- (e) The names and addresses of the ten common stockholders who own the greatest number of shares of common stock and the number of shares owned by each.

See Attachment III.

- (f) The names, address of any corporation, association, partnership, cooperative or individual holding a five percent or greater ownership or management interest in the applicant corporation. The amount and character of the ownership interest shall be indicated. A copy of any management agreement shall be attached.

See Attachment III.

- (g) The names and addresses of subsidiaries owned or controlled by the applicant.

None.

4. If the applicant is a partnership, the name, title and business address of each partner, both general and limited.

Not applicable.

5. A specific description of the telecommunications services the applicant intends to offer.

CenturyTel's long distance operations in Washington will be provided as a switchless telecommunications reseller. Calls will originate, be switched and terminated over the facilities of other carriers. For direct dialed and toll free long distance services, CenturyTel currently uses the network of Wiltel and other certificated carriers. For travel card services CenturyTel currently uses the network of MCI. CenturyTel will utilize the network of Pacific Applications International Corporation for its debit card services.

Resold telecommunications services offered by CenturyTel include outbound presubscribed and casual calling service, toll free inbound service and travel card service. Services are provided to both residential and business customers. Intrastate service is offered as an add-on to Century's interstate service.

CenturyTel's outbound casual calling service allows customers to place direct dialed calls to interstate and intrastate terminating locations. Customers will be either presubscribed to CenturyTel or utilize the CenturyTel's casual calling access codes. Customers will dial 1+ or the casual calling code, the area code if applicable and the destination telephone number to complete a call.

CenturyTel's toll free service is an inward 800/888 type service. It permits termination of interstate and intrastate calls from diverse geographic locations to Customer local exchange lines or to dedicated access facilities. With toll free service, the Customer is billed for the call rather than the call originator.

CenturyTel's travel card service allows customers to place calls from locations other than their normal place of business or residence. A toll free access number must be dialed to reach the CenturyTel network. A customer-specific authorization code is then dialed in addition to the destination telephone number. Customers may connect to CenturyTel's travel card service from any location which permits the dialing of the company's toll free access number.

Customers may reach its Customer Service department by dialing (800) 658-9028.

6. A detailed statement of the means by which the applicant will provide its services, including the type and quantity of equipment to be used in the operation, the capacity, and the expected use of the equipment.

CenturyTel Long Distance, Inc. ("CenturyTel") is a switchless reseller of interexchange telecommunications services. CenturyTel originates calls via feature group D purchased by CenturyTel from the local exchange carrier. The calls are routed over switched access facilities to the nearest underlying carrier's point of presence. The underlying carrier transports the calls to its switch and terminates calls over its own terminating network (feature group or leased facilities).

CenturyTel has no plans to construct switching or transmission facilities in South Dakota.

7. The geographic areas in which the services are, or will be, offered, including a map describing the service boundaries.

CenturyTel intends to offer its services throughout the state of South Dakota.

8. A current balance sheet and income statement; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; the terms and conditions of service; the access charges and a copy of the applicant's tariff book.

CenturyTel Long Distance, Inc. is providing the 1997 Annual Report and the First Quarter 1998 10Q of its' parent corporation, Century Telephone Enterprises, Inc. as proof of its financial stability for the provision of service within South Dakota.

The terms and conditions of service, as well as all rates and charges are provided in the applicant's proposed tariff in Attachment V.

9. The names and addresses of the applicant's representatives to whom all inquiries should be made regarding complaints and regulatory matters.

For inquiries regarding this application and tariff, contact:

Thomas M. Forte
Technologies Management, Inc.
Consultant to CenturyTel Long Distance, Inc.
P.O. Drawer 200
Winter Park, Florida 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

9. (CONT'D.)

For complaints and on-going regulatory issues:

Ms. Karen Yeske
CenturyTel Long Distance, Inc.
206 Fifth Avenue South
La Crosse, Wisconsin 54601
Toll Free: (800) 658-9028
Facsimile: (608) 796-5873

For all other matters, contact:

Charles Hamm, Manager - Tariffs & Compliance
CenturyTel Long Distance, Inc.
100 Century Park Drive
Monroe, Louisiana 71203
Telephone: (318) 388-9000
Facsimile: (318) 388-9602

10. A detailed description of how the applicant intends to market services, the qualifications of its marketing sales personnel, its target market, whether the applicant engages in any multilevel marketing and copies of any company brochures used to assist in the sale of services.

CenturyTel utilizes telemarketing or direct sales employees to contact and market the company's services to new customers. The company does not utilize any form of multilevel marketing in the sale of its services.

Submitted by:

By


G. Clay Bailey
Vice President of Regulatory Affairs
Century Service Group, Inc.

ATTACHMENT I

AUTHORITY TO OPERATE IN SOUTH DAKOTA

State of South Dakota



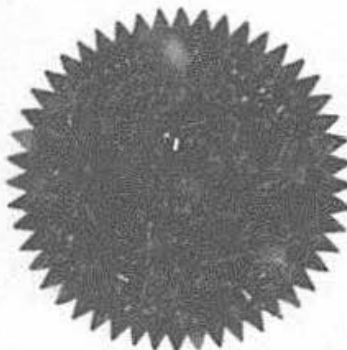
OFFICE OF THE SECRETARY OF STATE

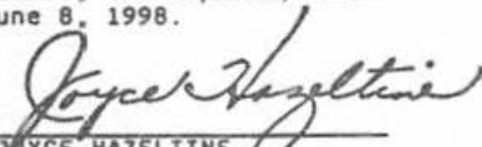
CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of CENTURYTEL LONG DISTANCE, INC. (LA) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state under the name of CENTURYTEL LONG DISTANCE, INC.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this June 8, 1998.




JOYCE HAZELTINE
Secretary of State

SECRETARY OF STATE
STATE CAPITOL
500 E. CAPITOL
PIERRE, S.D. 57501-5077
605-773-4845
FAX (605) 773-4550

FILE NO. _____
RECEIPT NO. _____

RECEIVED
JAN 03 1998

APPLICATION FOR CERTIFICATE OF AUTHORITY

S.D. SEC. OF STATE

Pursuant to the provisions of SDCL 47-8-7, the undersigned corporation hereby applies for a Certificate of Authority to conduct business in the State of South Dakota and for that purpose submits the following statement:

(1) The name of the corporation is CenturyTel Long Distance, Inc.
(Exact corporate name)

(2) If the name of the corporation does not contain the word "corporation", "company", "incorporated" or "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state is

(3) State where incorporated Louisiana Federal Taxpayer ID# 72-1413931

(4) The date of its incorporation is March 23, 1998 and the period of its duration, which may be perpetual, is Perpetual

(5) The address of its principal office in the state or country under the laws of which it is incorporated is

100 Century Park Drive, Monroe, Louisiana Zip Code 71203

mailing address if different from above is: Same

Zip Code _____

(6) The street address, or a statement that there is no street address, of its proposed registered office in the State of South Dakota is c/o C T Corporation System, 319 S. Coteau Zip 57501
and the name of its proposed registered agent in the State of South Dakota at that address is

C T Corporation System

(7) The purposes which it proposes to pursue in the transaction of business in the State of South Dakota are: (state specific purpose) Telephone Communications

(8) The names and respective addresses of its directors and officers are:

Name	Officer Title	Street Address	City	State	Zip
See attached list of directors and					

(9) The aggregate number of shares which it has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number of shares	Class	Series	Par value per share or statement that shares are without par value
<u>100</u>	<u>Common</u>	<u>(No series)</u>	<u>No par value</u>

(10) The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and so on, if any, within a class, is:

Number of shares	Class	Series	Par value per share or statement that shares are without par value
100	Common	(No series)	no par value

(11) The amount of its stated capital is \$ 100.00

Shares issued times par value equals stated capital. In the case of no par value stock, stated capital is the consideration received for the issued shares.

(12) This application is accompanied by a CERTIFICATE OF FACT or a CERTIFICATE OF GOOD STANDING duly acknowledged by the secretary of state or other officer having custody of corporate records in the state or country under whose laws it is incorporated.

(13) That such corporation shall not directly or indirectly combine or make any contract with any incorporated company, foreign or domestic, through their stockholders or the trustees or assigns of such stockholders, or with any copartnership or association of persons, or in any manner whatever to fix the prices, limit the production or regulate the transportation of any product or commodity so as to prevent competition in such prices, production or transportation or to establish excessive prices therefor.

(14) That such corporation, as a consideration of its being permitted to begin or continue doing business within the State of South Dakota, will comply with all the laws of the said State with regard to foreign corporation.

The application must be signed, in the presence of a notary public, by the chairman of the board of directors, or by the president or by another officer.

I DECLARE AND AFFIRM UNDER THE PENALTY OF PERJURY THAT THIS APPLICATION IS IN ALL THINGS, TRUE AND CORRECT.

Dated May 6 19 98

R. Stewart Ewing, Jr.
(Signature) R. Stewart Ewing, Jr.

Vice President
(Title)

State of Louisiana
County of Orachita

On this 6th day of May, 19 98, before me Helen C. Greer
personally appeared R. Stewart Ewing, Jr. known to me, or proved to me, to be
the Vice President of the corporation that is described in and that executed the
within instrument and acknowledged to me that such corporation executed same.

My Commission Expires: Lifelong Commission

Notarial Seal

(Notary Public)

The Consent of Appointment below must be signed by the registered agent listed in number six.

CONSENT OF APPOINTMENT BY THE REGISTERED AGENT

I, C T Corporation System, hereby give my consent to serve as the
(name of registered agent)

registered agent for CenturyTel Long Distance, Inc.

(corporate name)

Dated June 5th 19 98

C T CORPORATION SYSTEM

(signature of registered agent)

Appendix to South Dakota
Application for Certificate of Authority

**Directors and Officers of
CenturyTel Long Distance, Inc.**

1. Kenneth R. Cole, President & CEO and Director
100 Century Park Drive
Monroe, Louisiana 71203
2. R. Stewart Ewing, Jr., Sr. Vice Pres, Controller & Treasurer and
Director
100 Century Park Drive
Monroe, Louisiana 71203
3. Harvey Perry, Sr., Sr. Vice Pres & Asst Secretary
100 Century Park Drive
Monroe, Louisiana 71203
4. Ross Johnson, Vice President and Director
100 Century Park Drive
Monroe, Louisiana 71203
5. Kay Buchart, Secretary
100 Century Park Drive
Monroe, Louisiana 71203
6. Glen F. Post, III, Director
100 Century Park Drive
Monroe, Louisiana 71203
7. Bruce Hanks, Director
100 Century Park Drive
Monroe, Louisiana 71203

STATEMENT

RE: Use of Fictitious Name in Business

The undersigned hereby state(s) that he/they will conduct or operate a business in the state of South Dakota under the firm name and style of CenturyTel

that the main office of said business is at 100 Century Park Drive, Monroe, LA 71203

and that the name, post office address and residence address of each person owning or having an interest in said business are as follows:

Name	Post Office Address	Residence Address
CenturyTel Long Distance, Inc.	P.O. Box 4065, Monroe, La 71211	

Dated this 7th day of May A.D. 19 98

R. Stewart Ewing Jr.
R. Stewart Ewing, Jr. Sr Vice President

STATE OF Louisiana)
COUNTY OF Ouachita) SS
PARISH

See 1 in Addendum

being first duly sworn, says that he/they has/have read the foregoing statement and know(s) the contents thereof and that the same is true.

Subscribed and sworn to before me

this 7th day of May

19 98

[Signature]
Notary Public

R. Stewart Ewing Jr.
See 2 in Addendum

This statement was prepared by See 3 in Addendum, at 1805 Tower Drive, Monroe, LA 71201, Tel (318) 388-4050

Addendum

1. Sig. Name: R. Stewart Ewing, Jr., Sr Vice President
2. Name of Sign.: R. Stewart Ewing, Jr., Sr Vice President
3. Herbert *lobgood, Boles, Boles & Ryan

87-98

RECEIVED
HUGHES COUNTY
REGISTER OF DEEDS
PIERRE, SD

JUN 8 1998
7:39 AM 12:45 PM
7,8,9,10,11,12,13,14,15,16



Nowie Kus

Fee \$5.00 pd

ATTACHMENT II
ARTICLES OF INCORPORATION

UNITED STATES OF AMERICA
State of Louisiana

Box McKeithen

SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that

a copy of an Amendment to the Articles of Incorporation of

CENTURYTEL SOLUTIONS, INC.

Domiciled at MONROE, LOUISIANA, changing the corporate name
to

CENTURYTEL LONG DISTANCE, INC.

Was filed and recorded in this Office on May 6, 1998.

*In testimony whereof, I have hereunto set
my hand and caused the Seal of my Office
to be affixed at the City of Baton Rouge on.*

May 6, 1998
Box McKeithen

BEE 34618110D 34635468

Secretary of State



ARTICLES OF
AMENDMENT TO THE
ARTICLES OF INCORPORATION
OF

CenturyTel Solutions, Inc.

STATE OF LOUISIANA

CenturyTel Solutions, Inc., a Louisiana corporation having its registered office in the Parish of Orleans, hereby certifies to the Secretary of State of Louisiana, that:

I hereby certify that this is a true
and correct copy, as taken from the
original on file in this office.

FIRST: The Articles of Incorporation of this corporation are hereby amended so that article 1 thereof shall read as follows:

The name of the corporation is CenturyTel Long Distance, Inc.

[Signature]
Fox McKeithen
Secretary of State

neb

MM - 6 '98

SECOND: That in lieu of a meeting and vote of shareholders, the shareholders have given written consent to said amendment in accordance with the provisions of R.S. 12:76, La. Rev. Stats., 1950.

IN WITNESS WHEREOF, this instrument has been signed on behalf of CenturyTel Solutions, Inc. by its Senior Vice President and Secretary on this Twenty-Eighth day of April, 1998.

CenturyTel Solutions, Inc.

By *[Signature]*
R. Stewart Ewing, Jr., Senior Vice President

By *[Signature]*
Kay C. Buchart, Secretary

STATE OF LOUISIANA

PARISH OF OUACHITA

BE IT KNOWN that on this 28th day of April, 1998, before me the undersigned, a Notary Public in and for the County and State aforesaid, duly commissioned and qualified, there came and appeared R. Stewart Ewing, Jr., known to me, Notary, and known by me to be the Senior Vice President of CenturyTel Solutions, Inc., who signed the within and foregoing instrument before me and who acknowledged to me, Notary, that he signed, executed, and delivered said instrument in his capacity as Senior Vice President of CenturyTel Solutions, Inc., for the uses and purposes therein set forth and apparent.

IN WITNESS WHEREOF the said appraiser has signed these presents and I have hereunto affixed my official hand and seal, on the day and date first herein above written, after due reading of the whole



NOTARY PUBLIC

UNITED STATES OF AMERICA
State of Louisiana

Jox McKeithen
SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that
a copy of the Articles of Incorporation and Initial Report
of

CENTURYTEL SOLUTIONS, INC.

Domiciled at MONROE, LOUISIANA,

was filed and recorded in this Office on March 23, 1998,

And all fees having been paid as required by law, the
corporation is authorized to transact business in this
State, subject to the restrictions imposed by law, including
the provisions of R.S. Title 12, Chapter 1.

*In testimony whereof, I have hereunto set
my hand and caused the Seal of my Office
to be affixed at the City of Baton Rouge on.*

March 23, 1998
Jox McKeithen

KGO 34618110D

Secretary of State



STATE OF LOUISIANA
Office of the Secretary of State
I hereby certify that this is a true and correct copy,
as taken from the original on file in this office.

J. H. K. [Signature]

For Registration
Secretary of State

Dated

NOV 23 1998

STATE OF LOUISIANA

PARISH OF OUACHITA

**ARTICLES OF INCORPORATION OF
CENTURYTEL SOLUTIONS, INC.**

The undersigned, acting pursuant to the Business Corporation Law of Louisiana, adopts the following Articles of Incorporation.

ARTICLE I

Name

The name of the Corporation is: **CenturyTel Solutions, Inc.**

ARTICLE II

The period of its duration is perpetual.

ARTICLE III

Purpose

The purpose of the Corporation is to engage in any lawful activity for which corporations may be formed under the Business Corporation Law.

ARTICLE IV

Capital

This Corporation has authority to issue an aggregate of 100 shares of capital stock, all of which are designated common stock having no par value per share.

ARTICLE V

Preemptive Rights

Shareholders shall have preemptive rights.

ARTICLE VI

Corporate Action of Shareholders

If a shareholder action or approval is required by law in connection with the amendment of these Articles or any merger, consolidation, transfer of corporate assets or dissolution of or involving the Corporation, such action or approval shall be taken or given only upon the affirmative vote of not less than 65% of the number of shares entitled to vote on the particular question.

ARTICLE VII

Shareholders' Consents

Whenever the affirmative vote of shareholders is required to authorize or constitute corporate action, the consent in writing to such action signed only by shareholders holding that proportion of the total voting power on the question which is required by law or by these Articles of Incorporation, whichever requirement is higher, shall be sufficient for the purpose without necessity for a meeting of shareholders.

ARTICLE VIII

Directors

Section 1. NUMBER OF DIRECTORS. The number of directors of the Corporation shall be such number, not less than two (2) nor greater than seven (7), as shall be designated in the bylaws, or if not so designated, as shall be fixed from time to time by the shareholders.

Section 2. DIRECTORS' PROXIES. Any director absent from a meeting of the Board of Directors or any committee thereof may be represented by any other director or shareholder, who may cast the vote of the absent director according to the written instructions, general or special, of the absent director.

ARTICLE IX

Reversion

Cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholders entitled thereto within one year after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the Corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, shall, at the expiration of such time, revert in full ownership to the Corporation, and the Corporation's obligation to pay such dividend or redemption price or issue such shares, as the case

may be, shall thereupon cease; provided that the Board of Directors may, at any time, for any reason satisfactory to it, but need not, authorize (a) payment of the amount of any cash or property dividend or redemption price or (b) issuance of any shares, ownership of which has reverted to the Corporation pursuant to this Article IX, to the entity who or which would be entitled thereto had such reversion not occurred.

ARTICLE X

Incorporator

The name and post office address of the Incorporator is:

Century Telephone Enterprises, Inc.
100 Century Park Drive
Monroe, LA 71203

WITNESSES:

Kary Burchart

Century Telephone Enterprises, Inc.

BY: Glen F. Post, III
Glen F. Post, III
Chief Executive Officer

Martha Cole

Notary Public
NOTARY PUBLIC

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF OUACHITA

BEFORE ME, the undersigned authority, personally came and appeared Glen F. Post, III, who is duly authorized to sign on behalf of the Corporation and to me known to be the person who signed the foregoing instrument as Incorporator, and who being duly sworn, did acknowledge and declare, in the presence of the two witnesses whose names are subscribed to said instrument, that he signed said instrument as his own free act and deed for the purposes mentioned therein.

IN WITNESS WHEREOF, the said appearers and witnesses and I have hereunto affixed our hands on the 18th day of March, 1998, in Monroe, Ouachita Parish, Louisiana.

WITNESSES:

Kary BushantMarta Cole

Century Telephone Enterprises, Inc
Glen F. Post, III
by: Glen F. Post, III

Stacy Letterson
NOTARY PUBLIC

W. Fox McKeithen
Secretary of State

DOMESTIC BUSINESS CORPORATION INITIAL REPORT

(PLS. 12-25 and 12-101)

1. The name of this corporation is: CenturyTel Solutions, Inc.
2. The location and municipal address (not a P.O. Box only) of this corporation's registered office:

100 Century Park Drive
Monroe, Louisiana 71203

3. The full name and municipal address (not a P.O. Box only) of each of this corporation's registered agent(s) is/are:

CT Corporation System

8550 United Plaza Boulevard, Baton Rouge, LA 70809

4. The names and municipal addresses (not a P.O. Box only) of the first directors are:

Glen F. Post, III 100 Century Park Drive, Monroe, LA 71203

Clark H. Williams 100 Century Park Drive, Monroe, LA 71203

Harvey P. Perry 100 Century Park Drive, Monroe, LA 71203

R. Stewart Eving, Jr. 100 Century Park Drive, Monroe, LA 71203
Incorporator(s) signature(s):

CENTURY TELEPHONE ENTERPRISES, INC

By:

Harvey P. Perry

AGENT'S AFFIDAVIT AND ACKNOWLEDGEMENT OF ACCEPTANCE

I hereby acknowledge and accept the appointment of registered agent for and on behalf of the above named corporation.

Registered agent(s) signature(s):

CT Corporation System

By:

John P. Fitch, Secretary

Sworn to and subscribed before me this _____ day of March, 19 98.

Helen J. Burns
Notary

ATTACHMENT III

OFFICERS, DIRECTORS, STOCKHOLDERS

CENTURYTEL LONG DISTANCE, INC.

CORPORATE OFFICERS/DIRECTORS

Kenneth R. Cole	Chief Executive Officer/ President/ Director
R. Stewart Ewing, Jr.	Senior Vice President/ Controller and Treasurer/ Director
Harvey P. Perry	Senior Vice President and Assistant Secretary
Arvil L. Fowler	Vice President/ Director
Kay C. Buchart	Secretary
Glen F. Post, III	Chairman of the Board of Directors
W. Bruce Hanks	Director

STOCKHOLDERS

CenturyTel Long Distance, Inc. is owned 100% by Century Telephone Enterprises, Inc.

ATTACHMENT IV
FINANCIAL INFORMATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 1997

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Commission file number 1-7784

CENTURY TELEPHONE ENTERPRISES, INC.
(Exact name of Registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

72-0651161
(IRS Employer
Identification No.)

100 Century Park Drive, Monroe, Louisiana
(Address of principal executive offices)

71203
(Zip Code)

Registrant's telephone number, including area code - (318) 388-9000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00	New York Stock Exchange Berlin Stock Exchange
Preference Share Purchase Rights	New York Stock Exchange Berlin Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

As of February 28, 1998, the aggregate market value of voting stock held by non-affiliates (affiliates being for these purposes only directors, executive officers and holders of more than five percent of the Company's outstanding voting securities) was \$3.7 billion. As of February 28, 1998, there were 60,989,911 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Proxy Statement prepared in connection with the 1998 annual meeting of shareholders are incorporated in Part III of this Report.

PART I

Item 1. Business

General. Century Telephone Enterprises, Inc. ("Century") is a regional diversified communications company engaged primarily in providing local exchange telephone services and cellular telephone services. For the year ended December 31, 1997, telephone (local exchange) operations and wireless (cellular) operations provided 59% and 34%, respectively, of the consolidated revenues of Century and its subsidiaries (the "Company"). All of the Company's telephone and cellular operations are conducted within the continental United States and Alaska.

At December 31, 1997, the Company's local exchange telephone subsidiaries operated over 1.2 million telephone access lines, primarily in rural, suburban and small urban areas in 21 states, with the largest customer bases located in Wisconsin, Washington, Alaska, Michigan, Louisiana, Colorado, Ohio, Oregon and Montana. According to published sources, the Company is the tenth largest local exchange telephone company in the United States based on the number of access lines served.

At December 31, 1997, the Company's majority-owned and operated cellular systems served approximately 570,000 customers in 21 Metropolitan Statistical Areas ("MSAs"), primarily concentrated in Michigan, Louisiana, Arkansas, Mississippi, Wisconsin and Texas, and 23 Rural Service Areas ("RSAs"), most of which are in Michigan, Mississippi, Wisconsin, Louisiana and Arkansas. The Company's ownership interest in these markets represented approximately 8.1 million pops (the estimated population of licensed cellular telephone markets multiplied by the Company's proportionate equity interest in the licensed operators thereof). At December 31, 1997, the Company also owned minority equity interests in 12 MSAs and 22 RSAs, representing approximately 2.2 million pops. Of the Company's 10.3 million aggregate pops, approximately 65% are attributable to the Company's MSA interests, with the balance attributable to its RSA interests. Except for five MSAs and four RSAs, all of the cellular systems operated by the Company are operated under wireline licenses. According to data derived from published sources, the Company is the tenth largest cellular telephone company in the United States based on the Company's 10.3 million pops. See "Wireless Operations-Regulation and Competition-Cellular Licensing Process" for more information on MSAs, RSAs and wireline licenses.

The Company also provides long distance, call center, cable television and interactive services in certain local and regional markets, as well as certain printing and related services.

Recent acquisitions and dispositions. On December 1, 1997 the Company acquired Pacific Telecom, Inc. ("PTI") in exchange for \$1.503 billion cash. As a result of the PTI acquisition, the Company acquired (i) over 660,000 telephone access lines in four midwestern states, seven western states and Alaska, (ii) over 88,000 cellular customers in ten markets located in two midwestern states and Alaska, along with minority

equity interests in 12 other cellular markets, and (iii) various wireless, cable television and other communications assets. PTI's aggregate cellular equity interests represent 1.9 million pops. The operations of PTI have been included in the Company's results of operations beginning December 1, 1997.

During late 1997 and early 1998, the Company acquired two security alarm businesses that provide services to approximately 5,900 customers in north central Louisiana, southern Arkansas and northwestern Mississippi.

In December 1997 the Company acquired an additional 76% interest in Wisconsin RSA 8 which is adjacent to the Company's existing cellular operations in southwestern Wisconsin.

During 1997 the Company exchanged its 89% interest in its competitive access subsidiary for approximately 4.3 million shares of publicly traded securities. Approximately 3.8 million shares of such stock were sold in November 1997 for \$203 million and the remaining shares were converted into approximately 1.0 million shares of WorldCom, Inc. in early 1998.

In January 1997 the Company acquired Pecoco, Inc., a provider of local exchange telephone service in four counties in Wisconsin. As a result of the acquisition, the Company acquired (i) more than 7,600 telephone access lines, (ii) a minority interest in two cellular partnerships serving Madison and Milwaukee, Wisconsin, representing approximately 35,000 pops and (iii) certain cable television assets.

For several years prior to 1997, the Company has expanded its operations through an ongoing program of acquisitions. Substantial acquisitions during the last five years include (i) the 1993 acquisition of San Marcos Telephone Company (22,000 telephone access lines and 325,000 pops) and (ii) the 1994 acquisition of Celutel, Inc. (over 1.1 million pops). The Company continually evaluates the possibility of acquiring additional telecommunications assets in exchange for cash, securities or both, and at any given time may be engaged in discussions or negotiations regarding additional acquisitions. Although the Company's primary focus will continue to be on acquiring telephone and wireless interests that are proximate to its properties or that serve a customer base large enough for the Company to operate efficiently, other communications interests may also be acquired.

In March 1998 the Company entered into a definitive agreement to acquire certain local exchange and directory publishing assets from Ameritech for approximately \$225 million. Under such agreement, the Company would acquire, among other things, 85,000 telephone access lines in northern and central Wisconsin. The transaction is expected to close in the fourth quarter of 1998 subject to, among other things, regulatory approvals.

Other. As of December 31, 1997, the Company had approximately 5,700 employees, approximately 1,100 of whom were members of eight different bargaining units represented by the International Brotherhood of Teamsters, the International Brotherhood of Electrical Workers, Communications Workers of America, or the NTS Employee Committee. Relations with employees continue to be generally good.

Century was incorporated under Louisiana law in 1968 to serve as a holding company for several telephone companies acquired over the previous 15 to 20 years. Century's principal executive offices are located at 100 Century Park Drive, Monroe, Louisiana 71203 and its telephone number is (318) 388-9000.

TELEPHONE OPERATIONS

According to published sources, the Company is the tenth largest local exchange telephone company in the United States, based on the more than 1.2 million access lines it served at December 31, 1997. All of the Company's access lines are digitally switched. Through its operating telephone subsidiaries, the Company provides services to predominately rural, suburban and small urban markets in 21 states. The table below sets forth certain information with respect to the Company's access lines as of December 31, 1997 and 1996, and illustrates the substantial impact the PTI acquisition had on the Company's telephone operations:

State	December 31, 1997		December 31, 1996	
	Number of access lines	Percent of access lines	Number of access lines	Percent of access lines
Wisconsin	245,091	20%	105,252	21%
Washington	166,611	14	-	-
Alaska	124,869	10	-	-
Michigan	104,440	9	88,483	18
Louisiana	94,432	8	92,677	18
Colorado	81,206	7	7,420	1
Ohio	77,987	7	75,103	15
Oregon	71,544	6	-	-
Montana	57,390	5	-	-
Arkansas	42,193	4	40,673	8
Texas	41,852	4	38,327	8
Minnesota	29,029	2	-	-
Tennessee	24,578	2	23,507	5
Mississippi	17,839	2	16,211	3
Idaho	5,746	-	4,162	1
New Mexico	5,559	-	5,168	1
Indiana	4,975	-	4,827	1
Wyoming	4,447	-	-	-
Iowa	1,801	-	189	-
Arizona	1,624	-	1,563	-
Nevada	437	-	-	-
	1,203,650	100%	503,562	100%

As indicated in the following table, the Company has experienced growth in its telephone operations over the past several years, a substantial portion of which was attributable to the acquisition of PTI and other telephone companies and to the expansion of services:

	Year ended or as of December 31,				
	1997	1996	1995	1994	1993
	(Dollars in thousands)				
Access lines	1,203,650	503,562	480,757	454,963	434,691
% Residential	74%	77	78	79	80
% Business	26%	23	22	21	20
Operating revenues	\$ 530,597	451,538	419,242	391,265	350,330
Capital expenditures	\$ 115,854	110,147	136,006	152,336	131,180

Future growth in telephone operations is expected to be derived from (i) acquiring additional telephone companies, (ii) providing service to new customers, (iii) increasing network usage and (iv) providing additional services made possible by advances in technology and changes in regulation. For information on developing competitive trends, see "Regulation and Competition."

In connection with its acquisition of PTI, the Company has reorganized its telephone operations into three operating regions, including a new western region headquartered in Vancouver, Washington. Substantially all of the new western region is comprised of local exchange companies ("LECs"), located in seven western states and Alaska, which were acquired in the acquisition of PTI. As soon as practical, the Company plans to offer long distance, Internet and certain other services in most of the local exchange markets acquired in the PTI acquisition.

Services

The Company's local exchange telephone subsidiaries derive revenue from providing (i) local telephone services, (ii) network access services and (iii) other related services. The following table reflects the percentage of telephone operating revenues derived from these respective services:

	1997	1996	1995
Local service	27.8%	26.9	26.6
Network access	60.2	61.2	61.7
Other	12.0	11.9	11.7
	100.0%	100.0	100.0

Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. Internal access line growth during 1997, 1996 and 1995 was 4.4%, 4.3% and 4.4%, respectively. The Company believes that access line growth in the future will benefit from population growth in its service areas, acquisitions and the increase in the number of households

maintaining more than one access line. The Company markets local Internet access in 340 communities in 12 states, which the Company believes has led to an increase in orders for second lines.

Network access revenues primarily relate to services provided by the Company to long distance carriers and other customers in connection with the use of the Company's facilities to originate and terminate into state and intrastate long distance telephone calls. Access charges to long distance carriers and other customers are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's intrastate network access revenues are based on access charges filed directly with the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other LECs administered by the National Exchange Carrier Association ("NECA").

Certain of the Company's intrastate network access revenues are derived through access charges billed by the Company to intrastate long distance carriers and other LEC customers. Such intrastate network access charges are based on access tariffs, which are subject to state regulatory commission approval. Additionally, certain of the Company's intrastate network access revenues, along with intrastate long distance revenues, are derived through revenue sharing arrangements with other LECs.

The installation of digital switches and related software has been an important component of the Company's growth strategy because it allows the Company to offer enhanced services (such as call forwarding, conference calling, caller identification, selective call ringing and call waiting) and to thereby increase utilization of existing access lines. In 1997 the Company continued to expand its list of premium services (such as voice mail and Internet access) offered in certain service areas and aggressively marketed these services.

The Company is installing fiber optic cable in certain of its high traffic routes and provides alternative routing of telephone service over fiber optic cable networks in several strategic operating areas. At December 31, 1997, the Company's telephone subsidiaries had over 5,100 miles of fiber optic cable in use, of which approximately 2,000 miles were acquired in the PTT acquisition.

Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for long distance companies, (iii) participating in the publication of local directories and (iv) providing Internet access. At the end of 1997, the Company offered Internet access in telephone markets representing 61% of its access lines. Certain large communications companies for which the Company currently provides billing and collection services continue to indicate their desire to reduce their billing and collection expenses, which may result in future reductions of the Company's billing and collection revenues.

For further information on the regulation of the Company's revenues, see "Regulation and Competition."

Federal Financing Programs

Certain of the Company's telephone subsidiaries receive long-term financing from the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB"). The RUS has made long-term loans to telephone companies since 1949 for the purpose of improving telephone service in rural areas. The RUS continues to make new loans at interest rates that range from 5% to 7% based on borrower qualifications and the cost of funds to the United States government. The RTB, established in 1971, makes long-term loans at interest rates based on its average cost of funds as determined by statutory formula (such rates ranged from 5.98% to 6.54% for the fiscal year ended September 30, 1997), and in some cases makes loans concurrently with RUS loans. Most of the Company's telephone plant is pledged or mortgaged to secure obligations of the Company's telephone subsidiaries to the RUS and RTB. The Company's telephone subsidiaries which have borrowed from government agencies generally may not loan or advance any funds to Century, but may pay dividends if certain financial covenants are met.

For additional information regarding the Company's financing, see the Company's consolidated financial statements included in Item 8 herein.

Regulation and Competition

Traditionally, LECs have operated as regulated monopolies. Consequently, the majority of the Company's telephone operations have traditionally been regulated extensively by various state regulatory agencies (generally called public service commissions or public utility commissions) and by the FCC. As discussed in greater detail below, passage of the Telecommunications Act of 1996 (the "1996 Act"), coupled with state legislative and regulatory initiatives and technological changes, has fundamentally altered the telephone industry by reducing the regulation of LECs and permitting competition in each segment of the telephone industry. Although Century anticipates that these trends towards reduced regulation and increased competition will continue, it is difficult to determine the form or degree of future regulation and competition in the Company's service areas.

State regulation. The local service rates and intrastate access charges of substantially all of the Company's telephone subsidiaries are regulated by state regulatory commissions. Most of such commissions have traditionally regulated pricing through "rate of return" regulation that focuses on authorized levels of earnings by LECs. Most of these commissions also (i) regulate the purchase and sale

of LECs, (ii) prescribe depreciation rates and certain accounting procedures and (iii) regulate various other matters, including certain service standards and operating procedures.

In recent years, state legislatures and regulatory commissions having jurisdiction over the Company's telephone subsidiaries in several states in which the Company has substantial operations have either begun to reduce the regulation of LECs or have announced their intention to do so, and it is expected that this trend will continue. This reduced regulatory oversight of certain of the Company's telephone operations may allow the Company to offer new and competitive services faster than under the traditional regulatory process. Coincident with these efforts, legislative, regulatory and technological changes have introduced competition into the local exchange industry. See "Developments Affecting Competition."

Substantially all of the state regulatory commissions have statutory authority, the specific limits of which vary, to initiate and conduct earnings reviews of the LECs that they regulate. As part of the movement towards deregulation, several states are moving away from traditional rate of return regulation towards price cap regulation and incentive regulation (which are similar to the FCC regulations discussed below), and are actively encouraging larger LECs to adopt these newer forms of price regulation. The continuation of this trend may lead to fewer earnings reviews in the future. Currently, however, most of the Company's LECs continue to be regulated under rate of return regulation.

During 1995 the Louisiana Public Service Commission ("LPSC") adopted a new regulatory plan for independent telephone companies in Louisiana. For additional information, see "Regulation and Competition" in Item 7 herein. In 1997 the LPSC adopted a consumer Price Protection Plan (the "Louisiana Plan"), effective July 1997, which impacts all of the Company's telephone subsidiaries operating in Louisiana. The new form of regulation will focus on price and quality of service. Under the Louisiana Plan, the Company's Louisiana telephone subsidiaries' local rates will be frozen for a period of three years and access rates will be frozen for a period of two years. Although the Louisiana Plan has no specified term, the LPSC is required to review it by mid-2000. The Company's Louisiana telephone subsidiaries have the option to propose a new plan at any time if the LPSC determines that (i) effective competition exists or (ii) unforeseen events threaten the subsidiary's ability to provide adequate service or impair its financial health.

The Company's telephone operations in Wisconsin that were acquired in the December 1997 acquisition of PTI have been regulated under an alternative regulation plan (the "Wisconsin Plan") since June 1996. The Wisconsin Plan has a five-year term and includes a provision that allows the Company's subsidiary covered by such plan to adjust rates within specified parameters if certain quality-of-service and infrastructure-development commitments are met. The Wisconsin Plan also includes initiatives designed to promote competition.

The Michigan Public Service Commission regulates the Company's Michigan telephone subsidiaries pursuant to the parameters established by the Michigan Telecommunications Act of 1995 ("MTA"). The MTA focuses on price and quality of service as opposed to traditional methods of regulation.

FCC regulation. The FCC regulates the interstate services provided by the Company's telephone subsidiaries primarily by regulating the interstate access charges that are billed to long distance companies and other LEC customers by the Company for use of its local network in connection with the origination and termination of interstate telephone calls. Additionally, the FCC has prescribed certain rules and regulations for telephone companies, including regulations regarding the use of radio frequencies; a uniform system of accounts; and rules regarding the separation of costs between jurisdictions and, ultimately, between interstate services.

Effective January 1, 1991, the FCC adopted price-cap regulation relating to interstate access rates for the Regional Bell Operating Companies ("RBOCs") and GTE Corporation. An annual opportunity to elect price-cap regulation is available for other LECs. Under price-cap regulation, limits imposed on a company's interstate rates will be adjusted periodically to reflect inflation, productivity improvement and changes in certain non-controllable costs. In May 1993 the FCC adopted an optional incentive regulatory plan for LECs not subject to price-cap regulation. A LEC electing the optional incentive regulatory plan would, among other things, file tariffs based primarily on historical costs and not be allowed to participate in the relevant NECA pooling arrangements. The Company has not elected price-cap regulation or the optional incentive regulatory plan, but will continue to evaluate its options on a periodic basis. Either election, if made by the Company, would have to be applicable to all of the Company's telephone subsidiaries. The authorized interstate access rate of return for the Company's telephone subsidiaries is 11.25%, which is the authorized rate established by the FCC for LECs not governed by price-cap regulation or the optional incentive regulatory plan.

In February 1996 the FCC sought public comments on whether it should initiate a rate of return repricing proceeding for LECs that are subject to rate of return regulation for interstate access revenues. The Company is unaware of any significant developments in this proceeding.

In an access charge reform order adopted in May 1997, the FCC changed its system of interstate access charges to make them compatible with the deregulatory framework established by the 1996 Act. Such changes are primarily applicable to price-cap companies. The Company's telephone subsidiaries determine interstate revenues under rate of return regulation and are, therefore, only minimally impacted by the access charge reform order. The FCC has indicated, however, that a separate access charge reform proceeding would be initiated for rate of return companies.

In October 1997 the FCC issued a Notice of Proposed Rulemaking which would, among other things, create a federal-state joint board to review jurisdictional separations procedures through which the costs of regulated telecommunications services are allocated to the interstate and intrastate jurisdictions.

High-cost support funds, revenue sharing arrangements and related matters. A significant number of the Company's telephone subsidiaries recover a portion of their costs under federal and state cost recovery mechanisms that traditionally have allowed LECs serving small communities and rural areas to provide communications services reasonably comparable to those available in urban areas and at reasonably comparable prices.

The 1996 Act authorized the establishment of new federal and state universal service funds to provide continued support to eligible telecommunications carriers. In May 1997 the FCC adopted an order on universal service, as mandated by the 1996 Act. In the order, the FCC ruled that rural telephone companies which are designated eligible telecommunications carriers will continue to receive universal service funding. Each of the Company's LECs has been so designated by its respective state regulatory agency. As a result, the Company's LECs will continue to receive payments under the federal support mechanisms currently in effect until the FCC adopts funding support mechanisms based on forward-looking economic costs, which it is required to do, but no earlier than January 2001. Although the Company anticipates that it may experience a reduction in its federal support revenues at some point in the future, management believes it is premature to assess or estimate the ultimate impact thereof. During 1997 and 1996 the Company's telephone subsidiaries received \$65.4 million (of which \$4.6 million was applicable to the PTT properties) and \$49.3 million, respectively, from the Federal Universal Service Fund.

As part of its universal service order, the FCC also established a new program to provide up to \$2.25 billion of discounted telecommunications services annually to schools and libraries, commencing January 1998. In addition, the FCC established a \$400 million annual fund to provide discounted telecommunications services for rural health care providers. All communications carriers providing interstate telecommunications services, including the Company's LECs and its cellular and long distance operations, are required to contribute to these programs. In December 1997 the FCC, while reserving the right to adjust such amounts if demand increases, modified the amounts to be collected during the first six months of 1998 to no more than \$625 million for schools and libraries and no more than \$50 million for rural health care providers. The FCC has stated that local exchange telephone companies will recover their funding contributions in their rates for interstate services. The Company currently estimates that the contribution by its cellular and long distance operations for 1998 will approximate \$1.5 million.

Some of the Company's telephone subsidiaries operate in states where traditional cost recovery mechanisms, including rate structures, are under evaluation or have been modified. See "-State

Regulation." There can be no assurance that these states will continue to provide for cost recovery at current levels.

Substantially all of the Company's LECs concur with the common line tariffs and certain of the Company's LECs concur with the traffic sensitive tariffs filed by the NECA; such LECs participate in the access revenue sharing arrangements administered by the NECA for interstate services. All of the interstate network access revenues of the Company's LECs are based on access charges, cost separation studies or special settlement arrangements. See "Services."

Certain long distance carriers continue to request that certain of the Company's LECs reduce interstate access tariffed rates. There is no assurance that these requests will not result in decreased access revenues.

Developments affecting competition. The communications industry is currently undergoing fundamental changes which may have a significant impact on the future operations and financial performance of all communications companies. Primarily as a result of legislative and regulatory initiatives and technological changes, competition has been introduced and encouraged in each sector of the telephone industry, including, most recently, the local exchange sector. As a result, the number of companies offering competitive services has increased.

As indicated above, in February 1996 Congress enacted the 1996 Act, which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. The 1996 Act imposes several duties on a LEC if it receives a specific request from another entity which seeks to connect with or provide services using the LEC's network. In addition, each incumbent LEC is obligated to (i) negotiate interconnection agreements in good faith, (ii) provide "unbundled" access to all aspects of the LEC's network, (iii) offer resale of its telecommunications services at wholesale rates and (iv) permit competitors to collocate its physical plant on the LEC's property, or provide virtual collocation if physical collocation is not practicable. Although the 1996 Act provides certain exemptions for rural LECs such as those operated by the Company, the FCC's August 1996 order implementing most of the 1996 Act's interconnection provisions placed the burden of proving the continuing availability of these exemptions on rural LECs. In July 1997 the U.S. Court of Appeals for the Eighth Circuit overturned several provisions of the FCC's August 1996 interconnection order, including the rules placing the burden of proof on rural LECs to retain their rural exemption. This decision has been appealed to the United States Supreme Court. States are permitted to adopt laws or regulations that provide for greater competition than is mandated under the 1996 Act. Management believes that competition in its telephone service areas will ultimately increase as a result of the 1996 Act, although the form and degree of competition cannot be ascertained until such time as the FCC (and, in certain instances, state regulatory commissions) adopts final and nonappealable implementing regulations.

Substantially all of the 21 states in which the Company provides telephone services have taken legislative or regulatory steps to further introduce competition into the LEC business. Largely as a result thereof, several competitive access providers originally organized to provide redundancy or access services have begun, during the past few years, to provide competitive local exchange services, principally in larger urban areas. Moreover, several well-capitalized long distance, cable television and electric utility companies, along with several start-up companies, have also begun to provide competitive local exchange services or announced their intention to do so, and wireless companies and other emerging technology companies are expected to explore their opportunities in this market. While the Company is aware of only a few companies that have requested authorization to provide local exchange service in the Company's service areas, the Company expects to face additional competition in the future from competitive providers, especially in its operating areas located near larger urban areas.

In addition to receiving services directly from companies competing with incumbent LECs, long distance companies and other users of toll service are expected to increasingly seek other means to bypass LECs' switching services and local distribution facilities. Certain interexchange carriers provide services which allow users to divert their traffic from LECs' usage-sensitive services to their flat-rate services. In addition, users or long distance companies may construct, modify or lease facilities to transmit traffic directly from a user to a long distance company. Cable television companies, in particular, may be able to modify their networks to partially or completely bypass the Company's local network. Moreover, users may choose to use wireless services to bypass LECs' switching services. Although certain of the Company's telephone subsidiaries have experienced a loss of traffic to such bypass, the Company believes that the impact of such loss on revenues has not been significant.

Historically, cellular telephone services have complemented traditional LEC services. However, the Company anticipates that existing and emerging wireless technologies will increasingly compete with LEC services. Technological and regulatory developments in cellular telephone, personal communications services, digital microwave, coaxial cable, fiber optics, local-multipoint-distribution services and other wired and wireless technologies are expected to further permit the development of alternatives to traditional landline services. For further information on certain of these developments, see "Wireless Operations - Regulation and Competition."

To the extent that the telephone industry increasingly experiences competition, the size and resources of each respective competitor may increasingly influence its prospects. Many companies currently providing or planning to provide competitive communication services have substantially greater financial and marketing resources than the Company, and several are not subject to the same regulatory constraints as the Company.

The Company anticipates that the traditional operations of LECs will be increasingly impacted by continued technological developments as well as legislative and regulatory initiatives affecting the ability of LECs to provide new services and the capability of cable television companies, long distance companies, competitive local exchange providers and others to provide competitive LEC services. Competition relating to services traditionally provided solely by LECs is expected to initially affect large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company operates. The Company intends to actively monitor these developments, to observe the effect of emerging competitive trends in initial competitive markets and to continue to evaluate new business opportunities that may arise out of future technological, legislative and regulatory developments.

The Company anticipates that regulatory changes and competitive pressures may result in future revenue reductions in its telephone operations. However, the Company anticipates that such reductions may be minimized by increases in revenues attributable to the continued demand for enhanced services and new product offerings. While the Company expects its telephone revenues to continue to grow, its internal telephone revenue growth rate may slow during upcoming periods.

WIRELESS OPERATIONS

At December 31, 1997, the Company's cellular holdings represented approximately 10.3 million pops, of which 65% were applicable to MSAs and 35% were RSA pops. According to data derived from published sources, the Company is the tenth largest cellular telephone company in the United States based on the Company's 10.3 million pops.

Immediately prior to the Company's acquisition of PTI in December 1997, the Company's ratio of owned cellular pops to telephone access lines was 15:1. As a result of the Company's acquisition of the PTI properties, the Company's ratio of owned cellular pops to telephone access lines has decreased to 8:1. Certain of the Company's cellular markets overlap some of the Company's telephone service areas.

Cellular Industry

The cellular telephone industry has been in existence for approximately 15 years in the United States. The industry has grown significantly during this period and cellular service is now available in substantially all areas of the United States. According to the Cellular Telecommunications Industry Association, at June 1997 there were estimated to be over 48 million cellular customers across the United States.

Cellular telephone service is capable of high-quality, high-capacity communications to and from vehicle-mounted and hand-held telephones. Cellular systems, if properly designed and equipped, are

capable of handling thousands of calls at any given time and are capable of providing service to tens of thousands of subscribers in a market.

Until recently, substantially all radio transmissions of cellular systems were conducted on an analog basis. Technological developments involving the application of digital radio technology offer certain advantages over analog technologies, including expanding the capacity of mobile communications systems, improving voice clarity, permitting the introduction of new services, and making such systems more private. Providers of certain services competitive with cellular have incorporated digital technology into their operations. In recent years most major cellular carriers have installed digital cellular voice transmission facilities in certain of their systems, principally in larger markets. Digital service is now operational in ten of the Company's MSA markets and the Company plans to significantly expand the marketing of such service during 1998. See "-Regulation and Competition-Developments Affecting Wireless Competition."

Construction and Maintenance

The construction and maintenance of cellular systems is capital intensive. Although all of the Company's MSA and RSA systems are operational, the Company has continued to add cell sites to increase coverage, provide additional capacity, expand areas where hand-held cellular phones may be used and improve the quality of these systems. In 1997 the Company completed construction of 49 cell sites in markets operated by the Company and added 155 cell sites through acquisitions. At December 31, 1997, the Company operated 558 cell sites in its majority-owned markets.

During the last few years the Company upgraded certain portions of its cellular systems to be capable of providing digital service. Such service became operational in certain markets during 1996 and 1997 using the TDMA digital standard and the Company plans to install digital voice transmission facilities in other markets in 1998. See "-Regulation and Competition-Developments Affecting Wireless Competition." Capital expenditures related to majority-owned and operated cellular systems totaled approximately \$39 million in 1997. Due partially to previously planned projects carried over from 1997 and the PTI acquisition, such capital expenditures for 1998 are anticipated to be approximately \$90 million.

Strategy

The Company's business development strategy for its cellular telephone operations is to secure operating control of service areas that are geographically clustered. Clustered cellular systems aid the Company's marketing efforts and provide various operating and service advantages. Approximately 43% of the Company's pops in markets operated by the Company are in a single, contiguous cluster of eight MSAs

and nine RSAs in Michigan; another 17% are in a cluster of five MSAs and seven RSAs in northern and central Louisiana, southern Arkansas and eastern Texas. See "The Company's Cellular Interests."

Another component of the Company's strategy for cellular operations includes capturing revenues from roaming service. Roaming service revenues are derived from calls made in one cellular service area by subscribers from other service areas. Roaming service is made possible by technical standards requiring that cellular telephones be functionally compatible with the cellular systems in all United States market areas. The Company charges premium rates (compared to rates charged to the Company's customers) for roaming service provided to most non-Company customers. The Company's Michigan cellular properties include a significant portion of the interstate highway corridor between Chicago and Detroit. Its Louisiana properties include an east-west interstate highway and a north-south interstate highway which intersect in its Louisiana cellular service area. Its Mississippi properties include two east-west interstate highways and two north-south interstate highways. See "Services, Customers and System Usage."

Marketing

The Company markets its cellular services through several distribution channels, including its direct sales force, retail outlets owned by the Company and independent agents. At December 31, 1997, the Company's cellular sales force consisted of approximately 375 sales employees, which generated approximately one-half of the Company's new subscribers in 1997, and approximately 525 independent agents. Each sales employee and independent agent solicits cellular customers exclusively for the Company. Company sales employees are compensated by salary and commission and independent sales agents are paid commissions. The Company advertises its services through various means, including direct mail, billboard, magazine, radio, television and newspaper advertisements.

The sales and marketing costs of obtaining new subscribers include advertising and a direct expense applicable to most new subscribers, either in the form of a commission payment to an agent or a salary/incentive payment to a direct sales person. In addition, the Company discounts the cost of cellular telephone equipment, and periodically runs promotions which provide some amount of initial activation, access or airtime free to new subscribers. The average cost of acquiring each new customer (\$280 in 1997) remains one of the largest expenses in conducting the Company's cellular operations.

Services, Customers and System Usage

There are a number of different types of cellular telephones, all of which are currently compatible with cellular systems nationwide. The Company sells a full range of vehicle-mounted, transportable, and hand-held portable cellular telephones.

The Company charges its subscribers for access to its systems, for minutes of use and for enhanced services, such as voice mail. A subscriber may purchase certain of these services separately or may purchase rate plans which bundle these services in different ways and are designed to fit different calling patterns. While the Company historically has typically charged its customers separately for custom-calling features, air time in excess of the packaged amount, and toll calls, it currently offers plans which include features such as unlimited toll calls and unlimited weekend calling in certain calling areas. Custom-calling features provided by the Company include call-for-waiting, call-waiting, three-way calling and no-answer transfer. The Company offers voice message service in many of its markets. In the Company's markets where digital service is operational, customers can subscribe to caller ID and other digital enhancements.

Cellular customers come from a wide range of occupations. They typically include a large proportion of individuals who work outside of their office, such as employees in the construction, real estate, wholesale and retail distribution businesses, and professionals. More customers are selecting portable and other transportable cellular telephones as these units become more compact and fully featured, as well as more attractively priced. The Company's average monthly cellular service revenue per customer declined to \$61 in 1997 from \$63 in 1996 and \$66 in 1995. The Company's average service revenue per customer is expected to decline in 1998 as a result of the PTT acquisition (due to PTT's historically lower average monthly service revenue per customer). Such average revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated and (ii) as competitive pressures from current and future wireless communications providers intensify. See "Regulation and Competition."

Most cellular systems allow a customer to place or receive a call in a cellular service area away from the customer's home market area. The Company has entered into "roaming agreements" with operators of other cellular systems covering virtually all markets in the United States; such agreements offer the Company's customers the opportunity to roam in these markets. Also, a customer of a participating non-Company system traveling in a market operated by the Company where this arrangement is in effect is able to automatically make calls on the Company's system. The charge to a non-Company customer for this service is typically at premium rates, and is billed by the Company to the customer's home system, which then bills the customer. In most instances, based on competitive factors and financial considerations, the Company charges an amount to its customers that is equal to or lower than the amount actually charged by the servicing cellular carrier for roaming. The Company anticipates that competitive factors and industry consolidation may place further pressure on charging premium roaming rates. For additional information on roaming revenue, see "Strategy."

Roaming fraud, a cellular industry problem, occurs when cellular telephone equipment is programmed to conceal the true identity and location of the user. The Company and the industry have implemented extensive fraud control processes in an attempt to minimize roaming fraud.

Churn rate (the average percentage of cellular customers that terminate service each month) is an industry-wide concern. A significant portion of the churn in the Company's markets is due to the Company disconnecting service to cellular customers for nonpayment of their bills. In addition, the Company faces substantial competition from the other cellular provider in certain of its markets and has begun to face competition from PCS providers in a few of its markets. The Company's churn rate was 2.31% in 1997 and 2.37% in 1996. The Company is attempting to lower its churn rate by increasing its proactive customer service efforts and through the implementation of additional customer retention programs.

During recent years, the Company's cellular subsidiaries experienced strong subscriber growth in the fourth quarter, primarily due to holiday season sales.

The following table summarizes, among other things, certain information about the Company's customers and market penetration:

	Year ended or at December 31,		
	1997	1996	1995
Majority-owned and operated MSA and RSA systems (Note 1):			
Cellular systems operated	44	34	33
Cell sites	558	354	277
Population of systems operated (Note 2)	9,008,219	7,097,568	6,877,598
Customers (Note 3):			
At beginning of period	368,233	290,075	211,710
Additions	193,623	165,377	139,836
Net acquisitions/dispositions	123,600	4,850	8,699
Disconnections, net of reconnects	115,473	92,069	70,170
At end of period	569,983	368,233	290,075
Market penetration at end of period (Note 4)	6.3%	5.2	4.2
Churn rate (Note 5)	2.31%	2.37	2.42
Average monthly cellular service revenue per customer			
	\$ 61	63	66
Construction expenditures (in thousands)			
	\$ 39,102	83,679	41,990
All operated MSA and RSA systems (Note 6):			
Cellular systems operated	50	38	37
Cell sites	656	413	324
Population of systems operated (Note 2)	10,124,759	7,946,442	7,721,569
Customers at end of period (Note 7)	632,446	407,400	313,430
Market penetration at end of period (Note 8)	6.2%	5.1	4.1
Churn rate (Note 5)	2.33%	2.32	2.39

Notes:

1. Represents the number of systems in which the Company owned at least a 50% interest. The revenues and expenses of these cellular markets, all of which are operated by the Company, are included in the Company's consolidated operating revenues and operating expenses.
2. Based on independent third-party population estimates for each respective year.
3. Represents the approximate number of revenue-generating cellular telephones served by the cellular systems referred to in note 1.
4. Computed by dividing the number of customers at the end of the period by the total population of systems referred to in note 1.
5. Represents the average percentage of customers that are disconnected on a monthly basis.
6. Represents the total number of systems that the Company operated, including systems in which it does not own a majority interest.
7. Represents the approximate number of revenue-generating cellular telephones served by the cellular systems referred to in note 6.
8. Computed by dividing the number of customers at the end of the period by the total population of systems referred to in note 6.

The Company's Cellular Interests

The Company obtained the right to provide cellular service through (i) the FCC's licensing process described below, under which it received interests in wireline licenses, and (ii) its acquisition program, under which it has acquired interests in both wireline and non-wireline licenses. The table below sets forth certain information with respect to the interests in cellular systems that the Company owned as of December 31, 1997:

	1997 population (Note 1)	Ownership percentage	The Company's pops at 12/31/97	Other cellular operator (Note 2)
Majority-owned and operated MSAs				
Pine Bluff, AR	82,616	100.00%	82,616	SBC
Texasoma, AR/TX	137,665	89.00	122,522	AT&T
Alexandria, LA	144,523	100.00	144,523	Centennial
Monroe, LA	147,753	87.00	128,545	AT&T
Savoyport, LA	380,333	87.00	330,890	AT&T
Beale Creek, MI	193,965	97.00	188,146	Centennial
Benton Harbor, MI	161,421	97.00	156,578	Centennial
Grand Rapids, MI	758,622	97.00	735,863	AirTouch
Jackson, MI	155,167	97.00	150,512	Centennial
Kalamazoo, MI	305,743	97.00	296,571	Centennial
Lansing-E. Lansing, MI	509,507	97.00	494,222	AirTouch
Muskegon, MI	190,153	97.00	184,448	AirTouch
Saginaw-Bay City-Midland, MI	403,413	91.70	369,930	AirTouch

Majority-owned and operated MSAs (continued)

Biloxi-Gulfport, MS (Note 4)	230,242	96.45	222,071	Cellular South
Jackson, MS (Note 4)	424,152	88.31	374,587	MCTA
Pascagoula, MS (Note 4)	129,421	89.05	115,248	Cellular South
Brownsville-Harlingen, TX (Note 4)	321,534	78.74	253,173	SBC
McAllen-Edinburg-Mission, TX (Note 4)	508,926	69.50	353,691	SBC
Appleton-Onishkosh-Neenah, WI	498,367	98.85	492,624	C-I Southern Wisconsin and Northern Illinois
Eau Claire, WI	143,834	55.50	79,828	Price Cellular
LaCrosse, WI	102,819	95.00	97,678	U. S. Cellular
	5,930,176		5,374,266	

Minority-owned MSAs (Note 3)

Little Rock, AR	552,830	36.00%	199,019
Lafayette, LA	261,276	49.00	128,025
Detroit, MI	4,618,871	3.20	147,711
Flint, MI	509,418	3.20	16,291
Rochester, MN	113,681	2.93	3,331
Austin, TX	987,525	35.00	345,634
Dallas-Ft. Worth, TX	4,548,203	0.50	22,741
Sherman-Denison, TX	101,516	0.50	508
Green Bay/Brown County, WI	215,185	20.11	43,274
Madison, WI	700,610	9.78	68,513
Milwaukee, WI	1,979,672	17.96	355,608
Wausau, WI	122,436	1.00	1,224
	14,711,223		1,331,879
Total MSAs	20,641,399		6,706,145

Operated RSAs

Alaska 1 (Note 4)	128,044	100.00%	128,044	Mactel
Alaska 3	74,427	100.00	74,427	Mercury
Arkansas 2	86,426	82.00	70,869	SBC
Arkansas 3	103,692	82.00	85,027	SBC
Arkansas 11	66,783	89.00	59,437	SBC
Arkansas 12	187,065	80.00	149,652	SBC
Louisiana 1	113,313	87.00	98,582	AT&T
Louisiana 2	116,256	87.00	101,143	AT&T
Louisiana 3 B2	95,283	87.00	82,896	Centennial
Louisiana 4	72,909	100.00	72,909	Centennial
Michigan 1	198,058	100.00	198,058	Price Cellular
Michigan 2	112,864	100.00	112,864	RFB
Michigan 3	161,448	42.84	69,165	Unitel
Michigan 4	133,783	100.00	133,783	RFB
Michigan 5	159,061	42.84	68,142	Unitel
Michigan 6	139,515	98.00	136,725	Centennial
Michigan 7	240,993	56.07	135,126	Centennial
Michigan 8	100,094	97.00	97,091	Allegan Cellular
Michigan 9	298,548	43.38	129,510	Centennial
Mississippi 2 (Note 4)	247,820	100.00	247,820	Bell South Mobility
Mississippi 6 (Note 4)	183,383	100.00	183,383	Cellular South
Mississippi 7 (Note 4)	181,267	100.00	181,267	MCTA

Operated RSAs (continued)

Texas 7 BG	57,934	89.00	51,561	AT&T
Wisconsin 1	111,767	42.21	47,174	Price Cellular
Wisconsin 2	83,963	99.00	85,103	Price Cellular
Wisconsin 5	95,526	-	-	Price Cellular
Wisconsin 6	116,043	57.14	66,310	U.S. Cellular
Wisconsin 7	290,190	22.70	65,878	U.S. Cellular
Wisconsin 8	236,128	82.00	193,625	U.S. Cellular
	4,194,583		3,125,571	

Non-operated RSAs (Note 3)

Arizona 2	257,751	21.30%	54,891
Michigan 10	136,216	26.00	35,416
Minnesota 7	171,922	2.93	5,037
Minnesota 8	67,915	2.93	1,990
Minnesota 9	134,921	2.93	3,953
Minnesota 10	220,358	2.93	6,750
Minnesota 11	206,149	2.93	6,040
New Mexico 4W	139,598	35.71	49,856
Oregon 2	74,465	22.00	16,382
Oregon 3	151,017	15.97	24,121
Oregon 6	195,630	37.50	73,361
Texas 16	330,324	9.60	31,711
Washington 5	59,476	8.47	5,039
Washington 8	136,337	7.36	10,028
Wisconsin 3	141,685	42.86	60,722
Wisconsin 4	119,513	30.03	35,887
Wisconsin 10	129,653	22.50	29,172
	2,682,926		450,356
Total RSAs	6,877,509		3,575,927
	27,518,908		10,282,072

Notes:

1. Based on 1997 independent third-party population estimates.
2. Information provided to the best of the Company's knowledge.
3. Markets not operated by the Company.
4. Represents a non-wireline interest.

Operations

A substantial number of the cellular systems in MSAs operated by the Company are owned by limited partnerships in which the Company is a general partner ("MSA Partnerships"). Most of these partnerships are governed by partnership agreements with similar terms, including, among other things, customary provisions concerning capital contributions, sharing of profits and losses, and dissolution and termination of the partnership. Most of these partnership agreements vest complete operational control of the partnership with the general partner. The general partner typically has the power to manage, supervise and conduct the affairs of the partnership, make all decisions appropriate in connection with the business purposes of the partnership, and incur obligations and execute agreements on behalf of the partnership. The

general partner also may make decisions regarding the time and amount of cash contributions and distributions, and the nature, timing and extent of construction, without the consent of the other partners. The Company owns more than 50% of all of the MSA Partnerships.

A substantial number of the cellular systems in RSAs operated by the Company are also owned by limited or general partnerships in which the Company is either the general or managing partner (the "RSA Partnerships"). These partnerships are governed by partnership agreements with varying terms and provisions. In many of these partnerships, the noncontrolling partners have the right to vote on major issues such as the annual budget and system design. In a few of these partnerships, the Company's management position is for a limited term (similar to a management contract) and the other partners in the partnership have the right to change managers, with or without cause. The Company owns less than 50% of some of the RSA Partnerships.

The partnership agreements for both the MSA Partnerships and RSA Partnerships generally contain provisions granting all partners a right of first refusal in the event a partner desires to transfer a partnership interest. This restriction on transfer can under certain circumstances make these partnership interests more difficult to sell to a third party.

Revenue

The following table reflects the major revenue categories for the Company's wireless operations as a percentage of wireless operating revenues in 1997, 1996 and 1995.

	1997	1996	1995
Cellular access fees and toll revenues	78.2%	79.7	79.5
Cellular roaming	20.0	18.6	17.7
Equipment sales	1.8	1.7	2.8
	100.0%	100.0	100.0

For further information on these revenue categories, see "Services, Customers and System Usage."

Regulation and Competition

As discussed below, the FCC and various state public utility commissions regulate, among other things, the licensing, construction, operation, interconnection arrangements, sale and acquisition of cellular telephone systems.

Competition between cellular providers in each market is conducted principally on the basis of services and enhancements offered, the technical quality and coverage of the system, quality and responsiveness of customer service, and price. Competition may be intense. For a listing of the other cellular operator in cellular markets operated by the Company, see "The Company's Cellular Interests."

START

OF

RETAKE

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Under applicable law, the Company is required to permit the reselling of its services. In certain larger markets and in certain market segments, competition from resellers may be significant. There is also substantial competition for sales agents. Certain of the Company's competitors have substantially greater assets and resources than the Company.

Cellular licensing process. The term "MSA" means a Metropolitan Statistical Area for which the FCC has granted a cellular operating license. The term "RSA" means a Rural Service Area for which the FCC has granted a cellular operating license. During the 1980's and early 1990's, the FCC awarded two 10-year licenses to provide cellular service in each market. Initially, one license was reserved for companies offering local telephone service in the market (the wireline carrier) and one license was available for firms unaffiliated with the local telephone company (the non-wireline carrier). Since mid-1986, the FCC has permitted telephone companies or their affiliates to acquire control of non-wireline licenses in markets in which they do not hold interests in the wireline license. The FCC has issued a decision that grants a renewal expectancy during the license renewal period to incumbent licensees that substantially comply with the terms and conditions of their cellular authorizations and the FCC's regulations. The licenses for the MSA markets operated by the Company were initially granted between 1984 and 1987, and licenses for operated RSAs were initially granted between 1989 and 1991. Thus far, the Company has received 10-year extensions of all of its licenses that have become subject to renewal since their original grant dates.

The completion of an acquisition involving the transfer of control of a cellular system requires prior FCC approval and, in certain cases, receipt of other federal and state regulatory approvals. The acquisition of a minority interest generally does not require FCC approval. Whenever FCC approval is required, any interested party may file a petition to dismiss or deny the application for approval of the proposed transfer.

In addition to regulation by the FCC, cellular systems are subject to certain Federal Aviation Administration tower height regulations concerning the siting and construction of cellular transmitter towers and antennas.

Cellular operators are also subject to state and local regulation in some instances. Although the FCC has pre-empted the states from exercising jurisdiction in the areas of licensing, technical standards and network structure, certain states require cellular operators to be certified. In addition, some state authorities regulate certain aspects of a cellular operator's business, including certain aspects of pricing, the resale of long distance service to its customers, the technical arrangements and charges for interconnection with the landline network, and the transfer of interests in cellular systems. The siting and construction of the cellular facilities may also be subject to state or local zoning, land use and other local regulations.

END

OF

RETAKE

Developments affecting wireless competition. Competition in the cellular industry has increased due to continued and rapid technological advances in the communications field, coupled with legislative and regulatory changes.

Several recent FCC initiatives have resulted in the allocation of additional radio spectrum or the issuance of licenses for emerging mobile communications technologies that are competitive with the Company's cellular and telephone operations, including personal communication services ("PCS"). Although there is no universally recognized definition of PCS, the term is generally used to refer to wireless services to be provided by licensees operating in the 1850 MHz to 1990 MHz radio frequency band using microcells and high-capacity digital technology. In 1996 and early 1997 the FCC auctioned up to six PCS licenses per market. Two 30MHz frequency blocks were awarded for each of the 51 Rand McNally Major Trading Areas ("MTAs"), while one 30MHz and three 10MHz frequency blocks were awarded for each of the 493 Rand McNally Basic Trading Areas ("BTAs").

PCS technology permits PCS operators to offer wireless data, image and multimedia services. The largest PCS providers commenced initial operations in late 1996 and increased their operations in 1997. These providers have initially focused on larger markets, and have generally marketed PCS as being a competitive service to cellular. Thus far the Company has experienced PCS competition in only a few of its cellular markets. The extent to which PCS will offer services in the Company's markets that are complementary or competitive with cellular services is uncertain, and is expected to be influenced by continuing developments in PCS and cellular technologies.

In addition to PCS, users and potential users of cellular systems may find their communication needs satisfied by other current and developing technologies. Several years ago the FCC authorized the licensees of certain specialized mobile radio service ("SMR") systems (which historically have generally been used by taxicabs and tow truck operators) to configure their systems into digital networks that operate in a manner similar to cellular systems. Such systems are commonly referred to as enhanced specialized mobile radio service ("ESMR") systems. The Company believes that ESMR systems are operating in a few of its cellular markets. One well-established ESMR provider has constructed a nationwide digital mobile communications system to compete with cellular systems. Other similar communication services that have the technical capability to handle wireless telephone calls may provide competition in certain markets, although these services currently lack the subscriber capacity of cellular systems. Paging or beeper services that feature text message and data display as well as tones may be adequate for potential subscribers who do not need to communicate with the caller. Mobile satellite systems, in which transmissions are between mobile units and satellites, may ultimately be successful in obtaining market share from cellular systems that communicate directly to land-based stations.

Recently, several large cellular providers have merged with other companies or formed joint ventures. Several of these joint ventures pooled their resources to purchase PCS licenses and to develop the associated markets. Many current or potential competitors of the Company have substantially greater financial and marketing resources than the Company.

Although it is uncertain how PCS, SMR, ESMR, mobile satellites and other emerging technologies will ultimately affect the Company, the Company anticipates that it will face increased competition in some of its markets in the near term. However, management believes that providing digital services and applying new microcellular technologies should permit its cellular systems to provide services comparable with the emerging technologies described above, although no assurances can be given that this will happen or that future technological advances or legislative or regulatory changes will not create additional sources of competition.

OTHER OPERATIONS

The Company provides long distance, call center, cable television and interactive services in certain local and regional markets, as well as certain printing and related services. The results of these operations, which accounted for 7.0% and 2.4%, respectively, of the Company's consolidated revenues and operating income during 1997, are reflected for financial reporting purposes in the "Other operations" section in operating income.

Long distance. In 1996 the Company began marketing long distance service in all of its equal access telephone operating areas. At December 31, 1997, the Company provided long distance services to approximately 172,000 customers. Although the Company owns and operates long distance switches in LaCrosse, Wisconsin and San Marcos, Texas, it anticipates that most of its future long distance service revenues will be provided by reselling service purchased from other facilities-based long distance providers. The Company intends to continue to expand its long distance business, principally through reselling arrangements.

Call center. The Company provides certain operator services for retail and wholesale markets. The retail market consists primarily of the hospitality and payphone industries. The wholesale market consists of other independent telephone companies and interexchange carriers.

PCS. In early 1997 the Company was awarded 12 PCS licenses, 11 of which are in Michigan, in connection with the FCC's auctions of 10MHz PCS licenses. The licenses cover areas with a population of approximately 4.0 million. As a result of the PTI acquisition, the Company acquired PCS licenses that cover areas with a population of approximately 4.1 million. Such licenses should allow the Company to provide PCS as a fixed wireless local loop alternative to the LEC's service in the areas covered by the PCS.

licenses. Approximately \$20 million of the Company's 1998 capital expenditure budget is for development of certain of the Company's PCS networks.

Other. The Company, through one or more of its subsidiaries, provides audiotext services; printing, database management and direct mail services; cable television services; and security alarm services. The Company also holds minority equity investments in certain communications companies.

Certain service subsidiaries of the company provide installation and maintenance services, materials and supplies, and managerial, technical and accounting services to the telephone and wireless operating subsidiaries. In addition, Century provides and bills management services to subsidiaries and in certain instances makes interest-bearing advances to finance construction of plant and purchases of equipment. These transactions are recorded by the Company's regulated telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of Century and its subsidiaries. Such intercompany profit is reflected in operating income in the "Other operations" segment.

FORWARD-LOOKING STATEMENTS

This report on Form 10-K and other documents filed by the Company under the federal securities laws include, and future oral or written statements of the Company and its management may include, certain forward-looking statements, including without limitation statements with respect to the Company's anticipated future operating and financial performance (including the impact of pending acquisitions), financial position and liquidity, growth opportunities and growth rates, business and competitive outlook, investment and expenditure plans, pricing plans, strategic alternatives, business strategies, and other similar statements of expectations or objectives that are highlighted by words such as "expects," "anticipates," "intends," "plans," "believes," "projects," "seeks," "estimates," "should," and "may," and variations thereof and similar expressions. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. These uncertainties include but are not limited to those set forth below:

- the effects of ongoing deregulation in the telecommunications industry as a result of the 1996 Act and other similar federal and state legislation and federal and state regulations enacted thereunder, including without limitation (i) greater than anticipated competition in the Company's predominately rural local exchange telephone markets resulting therefrom, (ii) greater than anticipated reductions in revenues received from the Universal Service Fund or other current or future federal and state support funds designed to compensate LECs that provide services in high-cost markets, (iii) the final outcome of

regulatory and judicial proceedings with respect to interconnection agreements and access charge reforms and (iv) future state regulatory actions taken in response to the 1996 Act.

- the effects of greater than anticipated competition from PCS, SMR, ESMR, satellite or other wireless companies, including without limitation competition requiring new pricing or marketing strategies or new product offerings, and the attendant risk that the Company will not be able to respond on a timely or profitable basis.

- possible changes in the demand for the Company's products and services, including without limitation (i) lower than anticipated demand for premium telephone services or for additional access lines per household, (ii) lower than anticipated demand for wireless telephone services, whether caused by changes in economic conditions, technology, competition, health concerns or otherwise, and (iii) reduced demand for the Company's access or billing and collection services.

- the Company's ability to successfully introduce new offerings on a timely and cost-effective basis, including without limitation the Company's ability to (i) expand successfully its long distance and Internet offerings to new markets (including those acquired in December 1997 in the PTI acquisition or to be acquired in connection with future acquisitions), (ii) offer bundled service packages on terms attractive to its customers and (iii) successfully initiate PCS services in its licensed markets.

- the risks inherent in rapid technological change, including without limitation (i) the lack of assurance that the Company's ongoing wireless network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks, (ii) technological developments that could make the Company's analog and digital wireless networks uncompetitive or obsolete, such as the risk that the Time Division Multiple Access technology used by the Company will be uncompetitive with Code Division Multiple Access or other digital technologies, and (iii) the risk that technologies will not be developed by the Company on a timely or cost-effective basis or perform according to expectations.

- regulatory limits on the Company's ability to change its prices for telephone services in response to competitive pressures.

- the Company's ability to effectively manage its growth, including without limitation the Company's ability to (i) integrate the operations of PTI acquired in December 1997 into the Company's operations, (ii) achieve projected economies of scale and cost savings, (iii) meet pro forma cash flow projections developed by management in valuing newly-acquired businesses and (iv) implement necessary internal controls and retain and attract key personnel.

- any difficulties in the Company's ability to expand through additional acquisitions, whether caused by financing constraints, a decrease in the pool of attractive target companies, or competition for acquisitions from other interested buyers.

- higher than anticipated wireless operating costs due to churn or to fraudulent uses of the Company's networks.

- the lack of assurance that the Company can compete effectively against better-capitalized competitors.

- the future unavailability of SFAS 71 to the Company's telephone subsidiaries.

- the effects of more general factors, including without limitation:

- changes in general industry and market conditions and growth rates

- changes in interest rates or other general national, regional or local economic conditions

- changes in legislation, regulation or public policy, including changes in federal rural financing programs

- unanticipated increases in capital, operating or administrative costs, or the impact of new business opportunities requiring significant up-front investments

- the continued availability of financing in amounts, and on terms and conditions, necessary to support the Company's operations

- changes in the Company's relationships with vendors

- changes in the Company's senior debt ratings

- unfavorable outcomes of regulatory or legal proceedings, including rate proceedings

- changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles.

For additional information, see the description of the Company's business included above, as well as Item 7 to this report. Due to these uncertainties, you are cautioned not to place undue reliance upon the Company's forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update or revise any of its forward-looking statements for any reason.

OTHER MATTERS

The Company has certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 1997 have not been material and the Company currently has no reason to believe that such costs will become material.

For additional information concerning the business and properties of the Company, see notes 2, 3, 6, and 18 of Notes to Consolidated Financial Statements set forth in Item 8 elsewhere herein.

Item 2. Properties.

The Company's properties consist principally of (i) telephone lines, central office equipment, telephone instruments and related equipment, and land and buildings related to telephone operations, and (ii) switching and cell site equipment related to cellular telephone operations. As of December 31, 1997 and 1996, the Company's gross property, plant and equipment of approximately \$3.8 billion and \$1.7 billion, respectively, consisted of the following:

	December 31,	
	1997	1996
Telephone operations		
Cable and wire	47.9%	43.1
Central office equipment	27.9	23.1
General support	6.7	6.1
Information origination/termination equipment	1.7	1.6
Construction in progress	1.4	2.3
Other	.2	.3
	85.8	76.5
Wireless operations		
Cell site	7.4	12.1
General support	1.7	2.8
Construction in progress	.1	.9
Other	.6	.2
	9.8	16.0
Other	4.4	7.5
	100.0%	100.0

"Cable and wire" facilities consist primarily of buried cable and aerial cable, poles, wire, conduit and drops. "Central office equipment" consists primarily of switching equipment, circuit equipment and related facilities. "General support" consists primarily of land, buildings, tools, furnishings, fixtures, motor vehicles and work equipment. "Information origination/termination equipment" consists primarily of premise equipment (private branch exchanges and telephones) for official company use. "Cell site" consists primarily of radio frequency channel equipment, switching equipment and towers. "Construction in

progress" includes property of the foregoing categories that has not been placed in service because it is still under construction.

Most of the properties of the Company's telephone subsidiaries are subject to mortgages securing the debt of such companies. The Company owns substantially all of the central office buildings, local administrative buildings, warehouses, and storage facilities used in its telephone operations. The Company leases most of the offices used in its cellular operations; certain of its transmitter sites are leased while others are owned by the Company. For further information on the location and type of the Company's properties, see the descriptions of the Company's telephone and wireless operations in Item 1.

Item 3. Legal Proceedings.

From time to time, the Company is involved in litigation incidental to its business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. Currently, there are no material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Executive Officers of the Registrant

Information concerning Executive Officers, set forth at Item 10 in Part III hereof, is incorporated in Part I of this Report by reference.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Century's common stock is listed on the New York Stock Exchange and is traded under the symbol CTL. The following table sets forth the high and low sale prices, along with the quarterly dividends, for each of the quarters indicated (adjusted to reflect the March 1998 three-for-two stock split):

	Sale prices		Dividend per common share
	High	Low	
1996:			
First quarter	\$ 23-5/8	20-7/8	.06
Second quarter	\$ 22-7/8	20-1/4	.06
Third quarter	\$ 23	20-3/8	.06
Fourth quarter	\$ 23	19	.06
1997:			
First quarter	\$ 22-5/16	19-3/16	.0617
Second quarter	\$ 22-9/16	19	.0617
Third quarter	\$ 29-5/16	22-1/16	.0617
Fourth quarter	\$ 33-5/8	27-5/16	.0617

Common stock dividends during 1996 and 1997 were paid each quarter. As of February 28, 1998, there were approximately 6,250 stockholders of record of Century's common stock.

Item 6. Selected Financial Data.

The following table presents certain selected consolidated financial data as of and for each of the years ended in the five-year period ended December 31, 1997:

Selected Income Statement Data

	Year ended December 31,				
	1997	1996	1995	1994	1993
	(Dollars, except per share amounts, and shares expressed in thousands)				
Operating revenues					
Telephone	\$ 530,597	451,538	419,242	391,265	350,330
Wireless	307,742	250,243	197,494	150,802	84,712
Other	63,182	47,896	28,104	22,534	20,633
Total operating revenues	\$ 901,521	749,677	644,840	564,601	455,675
Operating income					
Telephone	\$ 173,285	155,183	143,527	137,992	114,902
Wireless	88,081	67,914	57,009	31,443	9,906
Other	6,404	199	2,383	3,371	3,201
Total operating income	\$ 267,770	223,296	202,919	172,806	128,009

Selected Income Statement Data, continued

	Year ended December 31,				
	1997	1996	1995	1994	1993
	(Dollars, except per share amounts, and shares expressed in thousands)				
Net income	\$ 255,978	129,077	114,776	100,238	69,004
Diluted earnings per share *	\$ 2.80	1.43	1.31	1.21	.88
Dividends per common share *	\$.247	.24	.22	.213	.207
Average diluted shares outstanding *	91,608	90,653	88,304	86,828	83,369

* Adjusted to reflect the March 1998 three-for-two stock split

In the fourth quarter of 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share." Earnings per share amounts for prior periods have been restated to conform with SFAS 128.

Selected Balance Sheet Data

	December 31,				
	1997	1996	1995	1994	1993
	(Dollars in thousands)				
Net property, plant and equipment	\$ 2,258,563	1,149,012	1,047,808	947,131	827,776
Excess cost of net assets acquired, net	\$ 1,767,352	532,410	493,655	441,436	297,158
Total assets	\$ 4,709,401	2,028,505	1,862,421	1,643,253	1,319,390
Long-term debt	\$ 2,609,541	625,930	622,904	518,603	364,433
Stockholders' equity	\$ 1,300,272	1,028,153	888,424	650,236	513,768

The following table presents certain selected consolidated operating data as of the end of each of the years in the five-year period ended December 31, 1997:

	Year ended December 31,				
	1997	1996	1995	1994	1993
Telephone access lines	1,203,650	503,562	480,757	454,963	434,691
Cellular units in service in majority-owned markets	569,983	368,233	290,075	211,710	116,484

See Items 1 and 2 in Part I and notes 1, 2 and 6 of Notes to Consolidated Financial Statements set forth in Item 8 elsewhere herein for additional information.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

OVERVIEW

Century Telephone Enterprises, Inc. is a regional diversified communications company engaged primarily in providing local exchange telephone services and cellular telephone services. Century Telephone Enterprises, Inc. and its subsidiaries (the "Company") significantly expanded its operations by acquiring Pacific Telecom, Inc. ("PTI") on December 1, 1997 in exchange for \$1.503 billion cash. As a result of the acquisition, the Company acquired (i) over 660,000 telephone access lines, (ii) over 88,000 cellular subscribers and (iii) various wireless, cable television and other communications assets. The operations of PTI are included in the Company's results of operations beginning December 1, 1997. See Major Acquisition and Note 2 of Notes to Consolidated Financial Statements for additional information.

During the three years ended December 31, 1997, the Company has acquired various other telephone and cellular operations, the impact of which has not been material to the financial position and results of operations of the Company.

In May 1997 the Company sold its majority-owned competitive access subsidiary to Brooks Fiber Properties, Inc. ("Brooks") in exchange for approximately 4.3 million shares of Brooks' common stock. In November 1997 the Company sold approximately 3.8 million shares of such stock. See Gain on Sales of Assets for additional information.

Year ended December 31,	1997	1996	1995
	(Dollars, except per share amounts, and shares in thousands)		
Operating income			
Telephone	\$ 173,285	155,183	143,527
Wireless	88,081	67,914	57,009
Other	6,404	199	2,383
Interest expense	267,770	223,296	202,919
Income from unconsolidated cellular entities	(56,474)	(44,662)	(43,615)
Gain on sales of assets, net	27,794	26,952	20,084
Minority interest	169,640	815	6,782
Other income and expense	(5,498)	(4,675)	(8,084)
Income tax expense	5,109	3,916	4,982
	(152,363)	(74,565)	(68,292)
Net income	\$ 255,978	129,077	114,776
Diluted earnings per share*	\$ 2.80	1.43	1.31
Average diluted shares outstanding*	91,608	90,653	88,304

* Adjusted to reflect stock split. See Note 20 of Notes to Consolidated Financial Statements.

The net income of the Company for 1997 increased to \$256.0 million from \$129.1 million during 1996 and \$114.8 million during 1995. Diluted earnings per share for 1997 increased to \$2.80 from \$1.43 during 1996 and \$1.31 during 1995. Excluding gain on sales of assets, the Company's net income (and diluted earnings per share) for 1997, 1996 and 1995 was \$149.6 million (\$1.64), \$128.6 million (\$1.42), and \$112.2 million (\$1.28), respectively.

The Company's 1997 operating income was \$267.8 million, an increase of \$44.5 million (19.9%) over 1996 operating income of \$223.3 million. During 1997 the operating income of the Company's telephone and wireless segments increased \$18.1 million (11.7%) and \$20.2 million (29.7%), respectively, while the operating income of the Company's other operations increased \$6.2 million. The Company's operating income during 1995 was \$202.9 million.

The Company's wireless operations reflect the operations of the cellular entities in which the Company has a majority ownership interest. For additional information concerning the minority interest owners' share of the income of such entities and the Company's share of earnings from cellular entities in

which it has less than a majority interest, see Cellular Operations and Income From Unconsolidated Cellular Entities.

Contributions to operating revenues and operating income by the Company's telephone, wireless, and other operations for each of the years in the three-year period ended December 31, 1997 were as follows:

Year ended December 31,	1997	1996	1995
Operating revenues			
Telephone operations	58.9%	60.2	65.0
Wireless operations	34.1%	33.4	30.6
Other operations	7.0%	6.4	4.4
Operating income			
Telephone operations	64.7%	69.5	70.7
Wireless operations	32.9%	30.4	28.1
Other operations	2.4%	.1	1.2

As indicated by the chart above, the percentage of the Company's total operating revenues and operating income contributed by its wireless operations has increased over the past few years. Immediately prior to the Company's acquisition of PTI in December 1997, the Company's ratio of owned cellular pops (the population of licensed cellular telephone markets multiplied by the Company's proportionate equity interests in the licensed operators thereof) to telephone access lines was 15:1. As a result of the Company's acquisition of the PTI properties, the Company's ratio of owned cellular pops to telephone access lines has decreased to 8:1.

In addition to historical information, management's discussion and analysis includes certain forward-looking statements regarding events and financial trends that may affect the Company's future operating results and financial position. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: the effects of ongoing deregulation in the telecommunications industry; the potential effects of greater than anticipated competition in the Company's markets; possible changes in the demand for the Company's products and services; the Company's ability to successfully introduce new product offerings on a timely and cost-effective basis; the risks inherent in rapid technological change; the Company's ability to effectively manage its growth, including integrating the newly-acquired operations of PTI into the Company's operations; and the effects of more general factors such as changes in general market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in detail in Item 1. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

TELEPHONE OPERATIONS

Prior to December 1997 the Company conducted its telephone operations in rural, suburban and small urban communities in 14 states. Subsequent to the PTI acquisition on December 1, 1997, the Company provides local exchange telephone service in similar communities in 21 states. As of December 31, 1997, approximately 83% of the Company's telephone access lines were in Wisconsin, Washington, Alaska, Michigan, Louisiana, Colorado, Ohio, Oregon and Montana. The operating revenues, expenses and income of the Company's telephone operations for 1997, 1996 and 1995 are summarized below.

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Operating revenues			
Local service	\$ 147,589	121,728	111,629
Network access	319,301	276,123	258,462
Other	63,707	53,687	49,151
	530,597	451,538	419,242
Operating expenses			
Plant operations	110,220	90,083	86,789
Customer operations	50,819	43,413	38,768
Corporate and other	80,551	67,066	63,834
Depreciation and amortization	115,722	95,793	86,324
	357,312	296,355	275,715
Operating income	\$ 173,285	155,183	143,527

Local Service Revenues

Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. The \$25.9 million (21.2%) increase in such revenues in 1997 included \$17.4 million from properties acquired, of which \$15.0 million was from the PTI properties; \$5.6 million due to the increase in the number of customer access lines; and \$2.8 million due to the provision of custom calling features. An increase in access lines contributed \$6.2 million to the 1996 increase of \$10.1 million; \$3.0 million of the 1996 increase was due to the provision of custom calling features. Internal access line growth during 1997, 1996 and 1995 was 4.4%, 4.3% and 4.4%, respectively.

Network Access Revenues

Network access revenues are primarily derived from charges to long distance companies and other customers for access to the Company's local exchange carrier ("LEC") networks in connection with the completion of long distance telephone calls. These access charges are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's interstate network access revenues are based on access charges filed directly with the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other LECs administered by the National Exchange Carrier Association.

Intrastate network access revenues are based on access charges or are derived under revenue sharing arrangements with other LECs.

Network access revenues increased \$43.2 million (15.6%) in 1997 and \$17.7 million (6.8%) in 1996 due to the following factors:

	1997 increase (decrease)	1996 increase (decrease)
	(Dollars in thousands)	
PTI acquisition	\$ 26,040	-
Increased recovery from the federal Universal Service Fund ("USF")	11,314	7,532
Increased minutes of use	5,033	5,432
Acquisitions, excluding PTI	3,465	726
Partial recovery of increased operating costs through revenue sharing arrangements with other telephone companies and return on rate base	2,454	4,063
Other, net	(5,128)	(92)
	<u>\$ 43,178</u>	<u>17,661</u>

Included in "Other, net" in 1997 and 1996 were reductions of \$3.8 million and \$1.7 million, respectively, in access revenues due to the previously announced reductions in intrastate switched access rates mandated by the Louisiana Public Service Commission ("LPSC") which were phased in from July 1995 through July 1997. As a result of the July 1997 rate reduction being in effect for a full twelve months during 1998, such access revenues for 1998 will be reduced approximately \$1.8 million from 1997 levels. Included in "Other, net" in 1996 was approximately \$2.3 million of revenue increases associated with a change in the methodology applied in the network access revenue billing process.

Other Revenues

Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring ("CPE services"), (ii) providing billing and collection services for long distance carriers, (iii) participating in the publication of local directories and (iv) providing Internet access. The PTI properties contributed \$4.6 million to the \$10.0 million increase in other revenues in 1997. Exclusive of PTI, revenues from CPE services increased \$3.5 million; \$2.5 million of the 1997 increase was attributable to the provision of Internet access to a larger number of customers. Revenues from CPE services and the provision of Internet access contributed \$3.2 million and \$1.4 million, respectively, to the \$4.5 million increase in other revenues in 1996. Billing and collection revenues decreased \$1.0 million and \$606,000 in 1997 and 1996, respectively.

Operating Expenses

Plant operations expenses during 1997 and 1996 increased \$20.1 million (22.4%) and \$3.3 million (3.8%), respectively. Expenses incurred by the PTT properties in December 1997 were \$12.0 million. Exclusive of PTT, expenses incurred in connection with providing Internet access to a larger number of customers contributed \$3.5 million to the 1997 increase and other acquisitions accounted for \$1.8 million of such increase. Expenses incurred in the provision of Internet access contributed approximately \$2.2 million to the 1996 increase.

Customer operations, corporate, and other expenses increased \$20.9 million (18.9%) in 1997, of which \$11.2 million was incurred by the PTT properties and, exclusive of PTT, \$1.7 million was due to an increase in marketing expenses. Exclusive of PTT and marketing expenses, expenses incurred in the provision of CPE services were up \$1.4 million; operating taxes increased \$1.6 million in 1997. Marketing expenses contributed \$2.0 million to the 1996 increase of \$7.9 million (7.7%) in customer operations, corporate, and other expenses. Exclusive of marketing expenses, expenses incurred in the provision of CPE services increased \$1.9 million in 1996 and operating taxes increased \$1.5 million.

Depreciation and amortization increased \$19.9 million (20.8%) and \$9.5 million (11.0%) in 1997 and 1996, respectively. Approximately \$11.4 million of the 1997 increase was applicable to acquiring and operating PTT, of which \$1.5 million represented amortization of goodwill. \$1.7 million of the 1997 increase was applicable to other acquisitions. Exclusive of acquisitions, depreciation expense included nonrecurring additional depreciation charges approved by regulators in certain jurisdictions which aggregated \$4.4 million in 1997 and \$8.2 million in 1996. In addition, the Company obtained increased depreciation rates in certain jurisdictions which increased depreciation expense by \$4.4 million in 1997. The remaining increases in depreciation and amortization in 1997 and 1996 were due to higher levels of plant in service. The composite depreciation rate for the Company's regulated telephone properties, including the additional depreciation charges, was 7.4% for 1997 and 7.5% for 1996 and 1995.

Other

The Company anticipates that regulatory changes and competitive pressures may result in future revenue reductions in its telephone operations. However, the Company anticipates that such reductions may be minimized by increases in revenues attributable to the continued demand for enhanced services and new product offerings. While the Company expects its telephone revenues to continue to grow, its internal telephone revenue growth rate may slow during upcoming periods.

For additional information regarding certain matters that have impacted or may impact the Company's telephone operations, see Regulation and Competition.

CELLULAR OPERATIONS AND INCOME FROM UNCONSOLIDATED CELLULAR ENTITIES

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Operating income - wireless operations	\$ 88,081	67,914	57,009
Minority interest	(6,916)	(7,062)	(8,084)
Income from unconsolidated cellular entities	27,794	26,952	20,084
	\$ 108,959	87,804	69,009

The Company's wireless operations reflect 100% of the results of operations of the cellular entities in which the Company has a majority ownership interest. The minority interest owners' share of the income of such entities is reflected in the Company's Consolidated Statements of Income as an expense in "Minority interest." See Minority Interest for additional information. The Company's share of earnings from the cellular entities in which it has less than a majority interest is accounted for using the equity method and is reflected in the Company's Consolidated Statements of Income in "Income from unconsolidated cellular entities." See Income from Unconsolidated Cellular Entities for additional information.

WIRELESS OPERATIONS

Substantially all of the Company's cellular customers are located in Michigan, Louisiana, Wisconsin, Mississippi, Texas and Arkansas. The operating revenues, expenses and income of the Company's wireless operations for 1997, 1996 and 1995 are summarized below.

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Operating revenues			
Service revenues	\$ 302,156	246,037	191,953
Equipment sales	5,586	4,206	5,541
	307,742	250,243	197,494
Operating expenses			
Cost of equipment sold	14,576	12,771	10,235
System operations	47,572	36,301	25,902
General, administrative and customer service	62,258	52,891	39,471
Sales and marketing	54,128	46,793	39,450
Depreciation and amortization	41,127	33,573	25,427
	219,661	182,329	140,485
Operating income	\$ 88,081	67,914	57,009

Operating Revenues

Cellular service revenues include monthly service fees for providing access and airtime to customers, service fees for providing airtime to other carriers' customers roaming through the Company's service areas, and toll revenue. Cellular service revenues during 1997 increased to \$302.2 million from \$246.0 million in 1996 and \$192.0 million in 1995.

The 1997 and 1996 increases in cellular service revenues were primarily attributable to the increases in cellular customers due to increased demand for wireless services and acquisitions. Cellular units in service in the Company's majority-owned markets increased to 569,983 as of December 31, 1997 from 368,233 as of December 31, 1996 and 290,075 as of December 31, 1995. Included in the 1997 and 1996 increases were 123,600 and 4,850, respectively, of units added through acquisitions, including 88,245 acquired in the PTI acquisition in December 1997. Exclusive of acquisitions, access and usage revenues increased \$29.6 million (16.9%) in 1997 and \$33.9 million (25.6%) in 1996 and roaming and toll revenues increased \$16.6 million (25.1%) and \$11.8 million (24.2%) in 1997 and 1996, respectively. Acquisitions contributed \$11.8 million and \$7.8 million to the increase in cellular service revenues in 1997 and 1996, respectively.

The average monthly cellular service revenue per customer declined to \$61 in 1997 from \$63 in 1996 and \$66 in 1995. It has been an industry-wide trend that early subscribers have normally been the heaviest users and that a higher percentage of new subscribers tend to be lower usage customers. The average monthly service revenue per customer is expected to decline in 1998 as a result of the PTI acquisition (due to PTI's historically lower average monthly service revenue per customer) and may further decline (i) as market penetration increases and additional lower usage customers are activated and (ii) as competitive pressures from current and future wireless communications providers intensify. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, all of which are likely to result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate cellular usage by promoting the availability of certain enhanced services and by improving the quality of its service through the construction of additional cell sites and other enhancements to its system.

Operating Expenses

The \$11.3 million (31.0%) increase in system operations expenses in 1997 included a \$4.7 million increase in the amounts paid to other carriers for cellular service provided to the Company's customers who roam in the other carriers' service areas (net of the amounts the Company bills its customers therefor), and a \$974,000 increase in expenses associated with cellular fraud. Expenses incurred by properties acquired were \$2.8 million. The remainder of the increase in system operations expenses in 1997 resulted primarily from the operation of more cell sites.

The Company operated 558 cell sites at December 31, 1997 in entities in which it had a majority interest, compared to 354 at December 31, 1996 and 277 at December 31, 1995. In 1997 and 1996, 155 cell sites and eight cell sites, respectively, were added through acquisitions.

System operations expenses increased \$10.4 million (40.1%) in 1996 primarily due to a \$4.0 million increase in the amounts paid to other carriers for cellular service provided to the Company's customers who roam in the "w" carriers' service areas (net of the amounts the Company bills its customers therefor), and a \$1.8 million increase in expenses associated with cellular fraud. The remainder of the increase in system operations expenses in 1996 resulted primarily from the operation of new cell sites.

Approximately \$3.0 million of the \$9.4 million (17.7%) increase in general, administrative and customer service expenses in 1997 was applicable to operations acquired. Most of the remainder of the 1997 increase was related to increased expenses resulting from a larger customer base. Customer service and retention costs increased \$2.4 million and billing costs were \$2.4 million higher. Of the \$13.4 million (34.0%) increase in general, administrative and customer service expenses in 1996, \$5.5 million was due to an increase in customer service and retention costs; \$2.2 million was due to an increase in the provision for doubtful accounts; \$1.3 million was due to an increase in billing costs; and \$3.9 million was due to increased general office expenses.

Churn rate (the percentage of cellular customers that terminate service) is an industry-wide concern. The Company faces substantial competition from the other cellular provider in certain of its markets and has begun to face competition from PCS providers in a few of its markets. A significant portion of the churn in the Company's cellular markets is due to the Company disconnecting service to customers for nonpayment. The Company's average monthly churn rate was 2.31% in 1997 and 2.37% in 1996.

During 1997 and 1996, sales and marketing expenses increased \$7.3 million (15.7%) and \$7.3 million (18.6%), respectively. The 1997 increase included a \$4.9 million increase in costs incurred in selling products and services in retail locations, including Company-owned stores. Approximately \$2.8 million of the 1997 increase was applicable to operations acquired. Approximately \$3.7 million of the 1996 increase was due to an increase in advertising and sales promotion expenses. The 1996 increase also included a \$2.8 million increase in costs of operating retail locations.

Depreciation and amortization increased \$7.6 million (22.5%) in 1997 and \$8.1 million (32.0%) in 1996 due primarily to higher levels of plant in service. In 1997 and 1996, \$2.1 million and \$1.7 million, respectively, of the increase was applicable to operations acquired.

Other

For additional information regarding certain matters that have impacted or may impact the Company's wireless operations, see Regulation and Competition.

OTHER OPERATIONS

Other operations include the results of operations of subsidiaries of the Company which are not included in the telephone or wireless segments including, but not limited to, the Company's competitive access subsidiary (which was sold to Brooks in May 1997) and the Company's non-regulated long distance and call center operations. The operating revenues, expenses and income of the Company's other operations for 1997, 1996 and 1995 are summarized below.

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Operating revenues			
Long distance	\$ 36,550	28,894	15,980
Call center	14,285	8,832	6,129
Competitive access	2,499	2,730	634
Other	9,848	7,440	5,361
	63,182	47,896	28,104
Operating expenses			
Cost of sales and operating expenses	54,132	45,042	23,702
Depreciation and amortization	2,646	2,655	2,019
	56,778	47,697	25,721
Operating income	\$ 6,404	199	2,383

Of the \$15.3 million (31.9%) increase in operating revenues in 1997, \$13.1 million was applicable to the long distance and call center operations. An increase in operating expenses of \$11.7 million incurred by the long distance and call center operations in 1997 was partially offset by a decrease of \$4.1 million in operating expenses incurred by the Company's competitive access subsidiary. The operating loss of the Company's competitive access subsidiary in 1997 (prior to its sale) was \$2.4 million compared to \$6.2 million in 1996.

In 1996, \$15.6 million of the \$19.8 million increase in operating revenues was due to the long distance and call center operations. Of the \$22.0 million increase in operating expenses in 1996, \$13.8 million was incurred by the long distance and call center operations and \$4.7 million was applicable to the Company's competitive access subsidiary.

Certain of the Company's service subsidiaries provide managerial, operational, technical and accounting services, along with materials and supplies, to the Company's telephone subsidiaries. In accordance with regulatory accounting, intercompany profit on transactions with regulated affiliates has not been

eliminated in connection with consolidating the results of operations of the Company. When the regulated operations of the Company no longer qualify for the application of Statement of Financial Accounting

Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation," such intercompany profit will be eliminated in subsequent financial statements, the primary result of which will be a decrease in operating expenses applicable to the Company's telephone operations and an increase in operating expenses applicable to the Company's other operations segment. The amount of intercompany profit with regulated affiliates which was not eliminated was approximately \$8.9 million, \$7.7 million and \$8.0 million in 1997, 1996 and 1995, respectively. For additional information applicable to SFAS 71, see Regulation and Competition - Other Matters.

INTEREST EXPENSE

Interest expense increased \$11.8 million (26.4%) in 1997, primarily due to \$7.2 million of interest expense on the borrowings used to fund the PTI acquisition and \$3.5 million of interest expense applicable to PTI's debt.

For additional information, see Liquidity and Capital Resources - Financing Activities and Note 6 of Notes to Consolidated Financial Statements.

INCOME FROM UNCONSOLIDATED CELLULAR ENTITIES

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, increased \$842,000 (3.1%) during 1997 and \$6.9 million (34.2%) during 1996. The improvement in profitability in 1997 of most of the cellular entities in which the Company owns less than a majority interest was substantially offset by a \$2.4 million decrease in the Company's portion of the profits of a partnership in which the Company has a significant ownership interest.

GAIN ON SALES OF ASSETS

During 1997 the Company sold its majority-owned competitive access subsidiary to Brooks in exchange for approximately 4.3 million shares of Brooks' common stock. The Company recorded a pre-tax gain in the second quarter of 1997 of approximately \$71 million (\$46 million after-tax; \$.50 per diluted share). In November 1997, the Company sold approximately 3.8 million shares of Brooks' stock and recorded a pre-tax gain of approximately \$108 million (\$66 million after-tax; \$.73 per diluted share).

MINORITY INTEREST

Minority interest is the expense recorded by the Company to reflect the minority interest owners' share of the earnings of the Company's majority-owned and operated cellular entities and majority-owned subsidiaries. Decreases in minority interest of \$1.2 million in 1997 and \$1.4 million in 1996 were due to the effect of the Company's acquisition, during the second quarter of 1996, of an additional 25% interest in a Louisiana cellular partnership which decreased the minority interest owners' share of such partnership. In addition, minority interest decreased \$756,000 during 1997 as a result of allocating thereto a portion of the loss of the Company's majority-owned competitive access subsidiary to the minority shareholders. In 1996, no portion of the loss of such subsidiary was allocated to minority interest. Such decreases were substantially offset by increased minority interest expense due to increased profitability of the Company's majority-owned and operated cellular entities.

OTHER INCOME AND EXPENSE

Other income and expense during 1997 was \$5.1 million compared to \$3.9 million during 1996 and \$5.0 million in 1995. The first quarter of 1996 included a nonrecurring charge of \$1.1 million which related to the Company's withdrawal of its investment in an entity formed to bid on Personal Communications Services ("PCS") licenses after such entity withdrew from the federal auction in 1996.

INCOME TAX EXPENSE

The Company's effective income tax rate was 37.3%, 36.6% and 37.3% in 1997, 1996 and 1995, respectively. For additional information, see Note 10 of Notes to Consolidated Financial Statements.

MAJOR ACQUISITION

On December 1, 1997, the Company acquired PTI in exchange for \$1.503 billion cash. To finance the acquisition, the Company borrowed \$1.288 billion under its \$1.6 billion senior unsecured credit facility with NationsBank of Texas, N.A. and a syndicate of other lenders. This debt matures in five years and carries floating-rate interest based upon London InterBank Offered Rates for short-term periods. As of December 31, 1997, the weighted average interest rate of this debt was 6.17%. The Company paid the remainder of the PTI acquisition price with available cash, most of which consisted of the proceeds of the sale of Brooks' common stock in November 1997. As indicated below under Liquidity and Capital Resources - Financing Activities, the Company repaid approximately \$758 million of this acquisition indebtedness with the net proceeds of a public offering of senior debt securities in January 1998.

As a result of the acquisition, the Company acquired (i) over 660,000 telephone access lines located in four midwestern states, seven western states and Alaska, (ii) over 88,000 cellular subscribers in two midwestern

states and Alaska and (iii) various wireless, cable television and other communications assets. For additional information, see Note 2 of Notes to Consolidated Financial Statements.

ACCOUNTING PRONOUNCEMENTS

In December 1997 the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share." SFAS 128 established requirements for the computation of basic earnings per share and diluted earnings per share. The Company previously reported primary earnings per share of \$1.43 and \$1.31 for 1996 and 1995, respectively, and fully diluted earnings per share of \$1.43 and \$1.30 for 1996 and 1995, respectively, in accordance with the provisions of Accounting Principles Board Opinion No. 15, "Earnings per Share."

INFLATION

The effects of increased costs historically have been mitigated by the ability to recover certain costs applicable to the Company's regulated telephone operations through the rate-making process. As operating expenses in the Company's nonregulated lines of business increase as a result of inflation, the Company, to the extent permitted by competition, recovers the costs by increasing prices for its services and equipment. While the rate-making process does not permit the Company to immediately recover the costs of replacing its physical plant, the Company has historically been able to recapture these costs over time. Possible future regulatory changes may alter the Company's ability to recover increased costs in its regulated operations. For additional information regarding the current regulatory environment, see Regulation and Competition.

YEAR 2000

The Company believes that it has identified each of its computer systems that will require modifications to enable it to perform satisfactorily on and after January 1, 2000. The financial impact of making such modifications to the Company's systems is not expected to be material to the Company's consolidated financial position or results of operations. In addition, the Company is currently corresponding with vendors that provide products and systems to the Company in order to determine if such products or systems will be required to be upgraded or replaced. Although management believes the Company has an adequate program in place to address the year 2000 issue, the costs of upgrades to, or replacements of, its purchased products or systems has not been determined and there can be no assurance that the program will ultimately be successful.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, the Company relies on cash provided by operations to provide a substantial portion of its cash needs. The Company's operations have historically provided a stable source of cash flow which has helped the Company continue its long-term program of capital improvements.

Operating Activities

Net cash provided by operating activities was \$297.3 million, \$264.7 million and \$215.7 million in 1997, 1996 and 1995, respectively. The Company's accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of those years. For additional information relating to the telephone operations, wireless operations, and other operations of the Company, see Results of Operations.

Investing Activities

Net cash used in investing activities was \$1.503 billion, \$241.8 million and \$227.8 million in 1997, 1996 and 1995, respectively. Cash used for acquisitions was \$1.544 billion during 1997, compared to \$46.3 million in 1996 and \$22.1 million in 1995. See Results of Operations - Major Acquisition for additional information. Capital expenditures for 1997 were \$115.9 million for telephone operations, \$39.1 million for wireless operations and \$26.3 million for corporate and other operations. Capital expenditures during 1996 and 1995 were \$222.9 million and \$196.6 million, respectively. Proceeds from the sale of Brooks' common stock were \$202.7 million in 1997. The \$241.8 million of net cash used in investing activities in 1996 was net of the reimbursement of \$18.9 million related to the Company's withdrawal of its equity investment in an entity formed for the purpose of participating in the FCC auction of 30MHz PCS licenses.

Financing Activities

Net cash provided by financing activities was \$1.223 billion during 1997, of which \$1.288 billion was related to the acquisition of PTI. See Results of Operations - Major Acquisition for additional information. Net cash used in financing activities was \$23.0 million during 1996 and net cash provided by financing activities was \$13.5 million during 1995. Exclusive of amounts borrowed to fund the PTI acquisition, net payments of debt were \$54.7 million during 1997 compared to \$11.6 million during 1996. In November 1995 the Company issued \$150 million of senior notes under its \$400 million shelf registration statement. The net proceeds were used to reduce the Company's borrowings under its credit facilities.

In December 1997, after giving consideration to the PTI acquisition, Standard & Poor's assigned Century's senior unsecured debt a rating of BBB+ and Moody's reaffirmed its rating of Baa1.

In December 1997 the Company filed a shelf registration statement with the United States Securities and Exchange Commission registering \$1.5 billion of senior unsecured debt securities, preferred stock, common stock and warrants, under which the Company issued \$665 million of senior debt securities in January 1998 concurrent with the issuance of the remaining \$100 million under its \$400 million shelf registration statement. The net proceeds of approximately \$758 million (excluding payment obligations of approximately \$39 million related to interest rate hedging effected in connection with the offering) were used to reduce the bank acquisition indebtedness incurred by the Company in connection with its December 1997 acquisition of PTI. The Company's effective weighted average cost of funds for its \$765 million debt issuance is 7.15%, after giving consideration to the payment obligations mentioned above.

Other

Budgeted capital expenditures for 1998 total \$220 million for telephone operations, \$90 million for wireless operations and \$40 million for corporate and other operations. The Company anticipates that capital expenditures in its telephone operations will continue to include the installation of fiber optic cable and the upgrading of its plant and equipment, including its digital switches, to provide enhanced services. Capital expenditures in the wireless operations are expected to continue to focus on constructing additional cell sites (which will provide additional capacity and expanded areas where hand-held cellular phones may be used) and providing digital service.

In early 1997 the Company was awarded 12 PCS licenses in connection with the FCC's D and E block auctions of 10MHz PCS licenses. The licenses cover areas with a population of approximately four million; the Company's investment in the licenses was \$4.6 million. As a result of the PTI acquisition, the Company acquired PCS licenses that cover areas with a population of approximately 4.1 million. Approximately \$20 million of the 1998 capital expenditure budget for corporate and other operations is for development of the Company's PCS networks.

The Company will continue its long-term strategy of pursuing the acquisition of attractive communications properties in exchange for cash, securities or both, and may require additional financing in connection therewith. Approximately 2.7 million shares of Century common stock and 200,000 shares of Century preferred stock remain available for future issuance in connection with acquisitions under an acquisition shelf registration statement.

As of December 31, 1997, the Company's telephone subsidiaries had available for use \$140.9 million of commitments for long-term financing from the Rural Utilities Service and the Company had \$351.1

million of underwritten committed bank lines of credit. The Company also has access to debt and equity capital markets, including its shelf registration statements mentioned above.

Common stockholders' equity as a percentage of total capitalization was 32.6% and 60.8% at December 31, 1997 and 1996, respectively. As of November 30, 1997 (immediately prior to the PTT acquisition), common stockholders' equity as a percentage of total capitalization was 68.5%.

REGULATION AND COMPETITION

The communications industry continues to undergo various fundamental regulatory, competitive and technological changes that make it difficult to determine the form or degree of future regulation and competition affecting the Company's telephone and wireless operations. These changes may have a significant impact on the future financial performance of all communications companies.

Events Affecting the Communications Industry

In February 1996 the United States Congress enacted the Telecommunications Act of 1996 (the "1996 Act"), which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. Although the 1996 Act provides certain exemptions for rural LECs such as those operated by the Company, the FCC's August 1996 order implementing most of the 1996 Act's interconnection provisions placed the burden of proving the continuing availability of these exemptions on rural LECs. In July 1997 the U.S. Court of Appeals for the Eighth Circuit overturned several provisions of the FCC's August 1996 interconnection order, including the rules placing the burden of proof on rural LECs to retain their rural exemption. This decision has been appealed to the United States Supreme Court.

Prior to and since the enactment of the 1996 Act, the FCC and a number of state legislative and regulatory bodies have taken steps to foster local exchange competition. Coincident with this recent movement toward increased competition has been the gradual reduction of regulatory oversight of LECs. These cumulative changes have led to the continued growth of various companies providing services that compete with LEC's services. Wireless services are also expected to increasingly compete with LECs.

The 1996 Act authorized the establishment of federal and state universal service funds to provide support to eligible telecommunications carriers. In May 1997 the FCC adopted an order on universal service, as mandated by the 1996 Act. In the order, the FCC ruled that rural telephone companies which are designated eligible telecommunications carriers will continue to receive universal service funding. Each of the Company's LECs has been so designated by its respective state regulatory agency. As a result, the Company's LECs will continue to receive payments under the federal support mechanisms currently in

effect until the FCC adopts funding support mechanisms based on forward-looking economic costs, which it is required to do, but no earlier than January 2001.

As part of its universal service order, the FCC also established a new program to provide up to \$2.25 billion of discounted telecommunications services annually to schools and libraries, commencing January 1998. In addition, the FCC established a \$400 million annual fund to provide discounted telecommunications services for rural health care providers. All communications carriers providing interstate telecommunications services, including the Company's LECs and its cellular and long distance operations, are required to contribute to these programs. In December 1997 the FCC, while reserving the right to adjust such amounts if demand increases, modified the amounts to be collected during the first six months of 1998 to no more than \$625 million for schools and libraries and no more than \$50 million for rural health care providers. The FCC has stated that local exchange telephone companies will recover their funding contributions in their rates for interstate services. The Company currently estimates that the contribution by its cellular and long distance operations for 1998 will approximate \$3.5 million.

In an access charge reform order adopted in May 1997, the FCC changed its system of interstate access charges to make them compatible with the deregulatory framework established by the 1996 Act. Such changes are primarily applicable to price-cap companies. The Company's telephone subsidiaries determine interstate revenues under rate of return regulation and are, therefore, only minimally impacted by the access charge reform order. The FCC stated that a separate access charge reform proceeding would be initiated for rate of return companies.

Numerous petitions for reconsideration or clarification have been filed with the FCC regarding the universal service and access charge reform orders discussed above.

In October 1997 the FCC issued a Notice of Proposed Rulemaking which would, among other things, create a federal-state joint board to review jurisdictional separation procedures through which the costs of regulated telecommunications services are allocated to the interstate and intrastate jurisdictions.

In recent years, the FCC has allocated additional frequency spectrum for wireless technologies that compete or are expected to compete with cellular, including PCS and mobile satellite services. Recently, several major PCS companies began providing services competitive with cellular in selected larger markets, although thus far the Company has experienced competition from PCS companies in only a few of its markets. The FCC has also authorized certain specialized mobile radio service licenses to configure their systems so as to operate in a manner similar to cellular systems.

In February 1996 the FCC sought public comments on whether it should initiate a rate of return prescription proceeding for LECs that are subject to rate of return regulation for interstate access revenues. The Company is unaware of any significant developments in this proceeding.

Competition to provide traditional telephone or wireless services is expected to initially affect large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company's operations are located. The Company does not believe such competition is likely to materially affect it in the near term. The Company further believes that it may benefit from having the opportunity to observe the effects of these developments in large urban markets. The Company will continue to monitor ongoing changes in regulation, competition and technology and consider which developments provide the most favorable opportunities for the Company to pursue.

Recent Events Affecting the Company

As mentioned above in Events Affecting the Communications Industry, in May 1997 the FCC adopted an order on universal service. During 1997 the Company's revenues from the USF increased approximately \$16.1 million (of which \$4.6 million was applicable to the PTT properties) to \$65.4 million after increasing \$7.5 million during 1996. Although the Company anticipates that it may experience a reduction in its federal support revenues at some point in the future, management believes it is premature to assess or estimate the ultimate impact thereof. There can be no assurance, however, that such impact will not be material.

During the last few years, several states in which the Company has substantial operations took legislative or regulatory steps to further introduce competition into the LEC business. While the Company is aware of only a few companies which have requested authorization to provide local exchange service in the Company's service areas, it is anticipated that similar action may be taken by others in the future.

In June 1997 the LPSC adopted a Consumer Price Protection Plan (the "Plan"), effective July 1997, which impacts all of the Company's telephone subsidiaries operating in Louisiana. The new form of regulation will focus primarily on price and quality of service. Under the Plan, the Company's Louisiana telephone subsidiaries' local rates will be frozen for a period of three years and access rates will be frozen for a period of two years. Although the Plan has no specified term, the LPSC is required to review it by mid-2000. The Company's Louisiana telephone subsidiaries have the option to propose a new plan at any time if the LPSC determines that (i) effective competition exists or (ii) unforeseen events threaten the subsidiary's ability to provide adequate service or impair its financial health.

During 1995 the LPSC adopted a regulatory plan for independent telephone companies in Louisiana. Under this plan, the Company's access revenues were reduced \$3.8 million in 1997 and \$1.7 million in

1996, and the Company anticipates that its access revenues will be further reduced by approximately \$1.8 million in 1998. See Results of Operations - Telephone Operations for additional information.

Certain long distance carriers continue to request that the Company reduce intrastate access tariffed rates for certain of its telephone subsidiaries. There is no assurance that these requests will not result in reduced intrastate access revenues in the future.

Other Matters

The Company's regulated telephone operations are subject to the provisions of SFAS 71, under which the Company is required to account for the economic effects of the rate-making process, including the recognition of depreciation of plant and equipment over lives approved by regulators. The ongoing applicability of SFAS 71 to the Company's regulated telephone operations is being monitored due to the changing regulatory, competitive and legislative environments. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required will result in a material, extraordinary, noncash charge against earnings. While the amount of such charge cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between \$250 million and \$300 million. See Note 11 of Notes to Consolidated Financial Statements for additional information.

The Company has certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 1997 have not been material, and the Company currently has no reason to believe that such costs will become material.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable for 1997.

Item 8. Financial Statements and Supplementary Data

Report of Management

The Shareholder:
Century Telephone Enterprises, Inc.:

Management has prepared and is responsible for the Company's consolidated financial statements. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts determined using our best judgments and estimates with consideration given to materiality.

The Company maintains internal control systems and related policies and procedures designed to provide reasonable assurance that the accounting records accurately reflect business transactions and that the transactions are in accordance with management's authorization. The design, monitoring and revision of the systems of internal control involve, among other things, our judgment with respect to the relative cost and expected benefits of specific control measures. Additionally, the Company maintains an internal auditing function which independently evaluates the effectiveness of internal controls, policies and procedures and formally reports on the adequacy and effectiveness thereof.

The Company's consolidated financial statements have been audited by KPMG Peat Marwick LLP, independent certified public accountants, who have expressed their opinion with respect to the fairness of the consolidated financial statements. Their audit was conducted in accordance with generally accepted auditing standards, which includes the consideration of the Company's internal controls to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

The Audit Committee of the Board of Directors is composed of directors who are not officers or employees of the Company. The Committee meets periodically with the independent certified public accountants, internal auditors and management. The Committee considers the audit scope and discusses internal control, financial and reporting matters. Both the independent and internal auditors have free access to the Committee.

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Senior Vice President and Chief Financial Officer

Independent Auditors' Report

The Board of Directors

Century Telephone Enterprises, Inc.:

We have audited the consolidated financial statements of Century Telephone Enterprises, Inc. and subsidiaries as listed in Item 14a(i). In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedules as listed in Item 14a(ii). These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 Century Telephone Enterprises, Inc. and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG Peat Marwick LLP

KPMG PEAT MARWICK LLP

Shreveport, Louisiana

January 28, 1998, except as to the third paragraph of Note 20 which is as of February 25, 1998.

CENTURY TELEPHONE ENTERPRISES, INC.
Consolidated Statements of Income

	Year ended December 31,		
	1997	1996	1995
	(Dollars in thousands, except per share amounts)		
OPERATING REVENUES			
Telephone	\$ 530,597	451,538	419,242
Wireless	307,742	250,243	197,494
Other	63,182	47,896	28,104
Total operating revenues	901,521	749,677	644,840
OPERATING EXPENSES			
Cost of sales and operating expenses	474,256	394,360	328,151
Depreciation and amortization	159,495	132,021	113,770
Total operating expenses	633,751	526,381	441,921
OPERATING INCOME	267,770	223,296	202,919
OTHER INCOME (EXPENSE)			
Gain on sales of assets, net	169,640	815	6,782
Interest expense	(56,474)	(44,662)	(43,615)
Income from unconsolidated cellular entities	27,794	26,952	20,084
Minority interest	(5,498)	(6,675)	(8,084)
Other income and expense	5,109	3,916	4,982
Total other income (expense)	140,571	(19,654)	(19,851)
INCOME BEFORE INCOME TAX EXPENSE	408,341	203,642	183,068
Income tax expense	152,363	74,565	68,292
NET INCOME	\$ 255,978	129,077	114,776
BASIC EARNINGS PER SHARE*	\$ 2.84	1.45	1.33
DILUTED EARNINGS PER SHARE*	\$ 2.80	1.43	1.31
DIVIDENDS PER COMMON SHARE*	\$.247	.24	.22

*Adjusted to reflect stock split. See Note 20.

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
Consolidated Balance Sheets

	December 31,	
	1997	1996
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 26,017	8,402
Accounts receivable		
Customers, less allowance of \$5,954 and \$3,327	143,613	60,181
Other	83,659	26,263
Materials and supplies, at average cost	21,994	8,222
Other	8,197	6,166
Total current assets	283,480	109,234
NET PROPERTY, PLANT AND EQUIPMENT	2,258,563	1,149,012
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired, less accumulated amortization of \$84,132 and \$67,061	1,767,352	532,410
Other	400,006	237,849
Total investments and other assets	2,167,358	770,259
TOTAL ASSETS	\$ 4,709,401	2,028,505
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 55,244	19,919
Accounts payable	83,378	60,548
Accrued expenses and other current liabilities		
Salaries and benefits	38,225	20,224
Taxes	74,898	13,913
Interest	20,821	5,581
Other	25,229	8,837
Advance billings and customer deposits	24,213	15,122
Total current liabilities	322,008	144,144
LONG-TERM DEBT	2,609,541	625,930
DEFERRED CREDITS AND OTHER LIABILITIES	477,580	230,278
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, authorized		
175,000,000 shares, issued and outstanding		
91,103,674* and 59,858,540 shares	91,104	59,859
Paid-in capital	469,586	474,607
Unrealized holding gain on investments, net of taxes	11,893	-
Retained earnings	728,033	494,726
Unearned ESOP shares	(8,450)	(11,080)
Preferred stock - non-redeemable	8,106	10,041
Total stockholders' equity	1,300,272	1,028,153
TOTAL LIABILITIES AND EQUITY	\$ 4,709,401	2,028,505

*Adjusted to reflect stock split. See Note 20.
See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
Consolidated Statements of Cash Flows

	Year ended December 31,		
	1997	1996	1995
	(Dollars in thousands)		
OPERATING ACTIVITIES			
Net income	\$ 255,978	129,077	114,776
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	159,495	132,021	113,770
Income from unconsolidated cellular entities	(27,794)	(26,952)	(20,084)
Minority interest	5,498	6,675	8,084
Deferred income taxes	16,230	7,935	9,563
Gain on sales of assets	(169,640)	(815)	(6,782)
Changes in current assets and current liabilities:			
Accounts receivable	7,649	(4,353)	(8,949)
Accounts payable	(25,440)	5,103	2,656
Other accrued taxes	58,205	1,285	(4,134)
Other current assets and other current liabilities, net	7,263	6,220	(4,413)
Increase in other noncurrent liabilities	2,173	4,305	5,754
Other, net	7,702	4,151	5,497
Net cash provided by operating activities	297,319	264,652	215,738
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(1,543,814)	(46,327)	(22,130)
Payments for property, plant and equipment	(181,225)	(222,885)	(196,592)
Investment in unconsolidated personal communications services entity	-	18,900	(20,000)
Investments in unconsolidated cellular entities	(810)	(744)	(8,013)
Distributions from unconsolidated cellular entities	16,825	15,648	4,957
Proceeds from sales of assets	202,705	-	19,953
Purchase of life insurance investment	(12,962)	(5,944)	(6,418)
Note receivable	22,500	1,667	833
Other, net	(6,346)	(2,106)	(396)
Net cash used in investing activities	(1,503,127)	(241,791)	(227,806)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	1,312,546	59,649	203,987
Payments of long-term debt	(79,203)	(57,021)	(18,377)
Notes payable, net	-	(14,199)	(158,000)
Proceeds from issuance of common stock	14,156	10,089	6,522
Cash dividends	(22,671)	(21,775)	(19,351)
Other, net	(1,405)	258	(1,327)
Net cash provided by (used in) financing activities	1,223,423	(22,999)	13,454
Net increase (decrease) in cash and cash equivalents	17,615	(138)	1,386
Cash and cash equivalents at beginning of year	8,402	8,540	7,154
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 26,017	\$ 8,402	\$ 8,540

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
Consolidated Statements of Stockholders' Equity

Year ended December 31,	1997	1996	1995
	(Dollars and shares in thousands)		
COMMON STOCK			
Balance at beginning of year	\$ 59,859	59,114	53,574
Issuance of common stock for acquisitions	75	257	577
Conversion of convertible securities into common stock	237	33	4,541
Issuance of common stock through dividend reinvestment, incentive and benefit plans	565	455	422
Three-for-two stock split	30,368	-	-
Balance at end of year	91,104	59,859	59,114
PAID-IN CAPITAL			
Balance at beginning of year	474,607	453,584	319,235
Issuance of common stock for acquisitions	3,241	8,201	15,981
Conversion of convertible securities into common stock	4,998	163	108,601
Issuance of common stock through dividend reinvestment, incentive and benefit plans	13,591	9,676	6,100
Amortization of unearned compensation and other	3,517	2,983	3,667
Three-for-two stock split	(30,368)	-	-
Balance at end of year	469,586	474,607	453,584
UNREALIZED HOLDING GAIN ON INVESTMENTS, NET OF TAXES			
Balance at beginning of year	-	-	-
Change in unrealized holding gain on investments, net of taxes	11,893	-	-
Balance at end of year	11,893	-	-
RETAINED EARNINGS			
Balance at beginning of year	494,726	387,424	291,999
Net income	255,978	129,077	114,776
Cash dividends declared			
Common stock - \$.247, \$.24 and \$.22 per share*	(22,211)	(21,355)	(19,228)
Preferred stock	(460)	(420)	(123)
Balance at end of year	728,033	494,726	387,424
UNEARNED ESOP SHARES			
Balance at beginning of year	(11,080)	(13,960)	(16,840)
Release of ESOP shares	2,630	2,880	2,880
Balance at end of year	(8,450)	(11,080)	(13,960)
PREFERRED STOCK - NON-REDEEMABLE			
Balance at beginning of year	10,041	2,262	2,268
Issuance of preferred stock for acquisitions	-	7,975	-
Conversion of preferred stock into common stock	(1,935)	(196)	(6)
Balance at end of year	8,106	10,041	2,262
TOTAL STOCKHOLDERS' EQUITY	\$ 1,300,272	1,028,153	888,424
COMMON SHARES OUTSTANDING			
Balance at beginning of year	59,859	59,114	53,574
Issuance of common stock for acquisitions	75	257	577
Conversion of convertible securities into common stock	237	33	4,541
Issuance of common stock through dividend reinvestment, incentive and benefit plans	565	455	422
Three-for-two stock split	30,368	-	-
Balance at end of year	91,104	59,859	59,114

* Adjusted to reflect stock split. See Note 20.

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
Notes to Consolidated Financial Statements
December 31, 1997

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation - The consolidated financial statements of Century Telephone Enterprises, Inc. and its subsidiaries (the "Company") include the accounts of Century Telephone Enterprises, Inc. ("Century") and its majority-owned subsidiaries and partnerships. The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation." Investments in cellular entities where the Company does not own a majority interest are accounted for using the equity method of accounting.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition - Revenues are recognized when earned. Certain of the Company's telephone subsidiaries participate in revenue sharing arrangements with other telephone companies for interstate revenue and for certain intrastate revenue. Such sharing arrangements are funded by toll revenue and/or access charges within state jurisdictions and by access charges in the interstate market. Revenues earned through the various sharing arrangements are initially recorded based on the Company's estimates.

Property, plant and equipment - Telephone plant is stated substantially at original cost of construction. Normal retirements of telephone property are charged against accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. Renewals and betterments of plant and equipment are capitalized while repairs, as well as renewals of minor items, are charged to operating expense. Depreciation of telephone properties is provided on the straight line method, using class or overall group rates acceptable to the regulatory authorities; such rates range from 1.8% to 25%.

Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized. Depreciation of such property is provided on the straight line method over estimated service lives ranging from three to 30 years.

Impairment of long-lived assets and excess cost of net assets acquired (goodwill) - In 1996 the Company adopted Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the

Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS 121 established accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used, and for long-lived assets and certain identifiable intangibles to be disposed of. The carrying value of long-lived assets, including allocated goodwill, is reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that such carrying value may not be recoverable, by assessing the recoverability of such carrying value through estimated undiscounted future net cash flows expected to be generated by the assets or the acquired business. The adoption of SFAS 121 did not affect the Company's consolidated financial position or results of operations. The excess cost of net assets acquired of substantially all of the Company's acquisitions accounted for as purchases is being amortized over forty years.

Affiliated transactions - Certain service subsidiaries of Century provide installation and maintenance services, materials and supplies, and managerial, technical and accounting services to subsidiaries. In addition, Century provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. These transactions are recorded by the Company's telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of Century and its subsidiaries. Intercompany profit on transactions with nonregulated affiliates has been eliminated.

Income taxes - Century files a consolidated federal income tax return with its eligible subsidiaries. The Company uses the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are established for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Investment tax credits related to telephone plant have been deferred and are being amortized as a reduction of federal income tax expense over the estimated useful lives of the assets giving rise to the credits.

Derivative financial instruments - Beginning in late 1997, the Company entered into certain interest rate hedge contracts in anticipation of a public debt issuance, utilizing such hedge contracts to manage interest rate exposure. The hedge contracts are treated as off-balance sheet financial instruments. Gains and losses related to hedges of anticipated transactions are deferred and amortized as interest expense over the life of the underlying debt issuance. The Company does not utilize derivative financial instruments for trading or other speculative purposes.

Earnings per share - During 1997 the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share." SFAS 128 established requirements for the computation of basic earnings per share and diluted earnings per share and was effective for financial statements issued for

periods ending after December 15, 1997. Earnings per share amounts for prior periods have been restated to conform with SFAS 128.

Stock compensation - During 1996 the Company adopted Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation." As allowed by SFAS 123, the Company accounts for employee stock compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

Cash equivalents - The Company considers short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Reclassifications - Certain amounts previously reported for prior years have been reclassified to conform with the 1997 presentation.

(2) MAJOR ACQUISITION

On December 1, 1997, Century acquired Pacific Telecom, Inc. ("PTI") in exchange for \$1.503 billion cash. To finance the acquisition, which was accounted for as a purchase, Century borrowed \$1.288 billion under its \$1.6 billion senior unsecured credit facility dated August 28, 1997 with NationsBank of Texas, N.A. and a syndicate of other lenders. This debt matures in five years and carries floating-rate interest based upon London InterBank Offered Rates for short-term periods. The weighted average interest rate of this debt as of December 31, 1997 was 6.17%. Century paid the remainder of the PTI acquisition price with available cash.

As a result of the acquisition, the Company acquired (i) telephone access lines located in four midwestern states, seven western states and Alaska, (ii) cellular subscribers in two midwestern states and Alaska and (iii) various wireless, cable television and other communications assets.

The purchase price will be allocated to the assets and liabilities of PTI based on their estimated fair value. As of December 31, 1997, a preliminary allocation of the purchase price was made. Such allocation will be refined and finalized, primarily as it relates to noncurrent assets and liabilities, during 1998.

The following pro forma information represents the consolidated results of operations of the Company as if the PTI acquisition had been consummated as of January 1, 1997 and 1996.

Year ended December 31,	1997	1996
	(Dollars in thousands, except per share amounts) (unaudited)	
Operating revenues	\$ 1,392,268	1,245,036
Net income	256,992	120,632
Diluted earnings per share	2.81	1.34

The pro forma information is not necessarily indicative of the operating results that would have occurred if the PTI acquisition had been consummated as of January 1 of each respective period, nor is it necessarily indicative of future operating results. The actual results of operations of PTI are included in the Company's consolidated financial statements only from the date of acquisition.

(3) PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment at December 31, 1997 and 1996 was composed of the following:

December 31,	1997	1996
	(Dollars in thousands)	
Telephone, at original cost		
Cable and wire	\$ 1,843,002	726,340
Central office	1,070,477	389,259
General support	256,203	102,667
Information origination/termination	65,304	27,881
Construction in progress	53,382	38,981
Other	7,492	5,161
	3,295,860	1,290,289
Accumulated depreciation	(1,375,835)	(417,497)
	1,920,025	872,792
Wireless, at cost		
Cell site	284,599	203,879
General support	66,400	47,138
Construction in progress	5,555	15,716
Other	23,664	2,656
	380,218	269,389
Accumulated depreciation	(133,357)	(75,666)
	246,861	193,723
Corporate and other, at cost		
General support	148,883	94,042
Other	20,537	31,973
	169,420	126,015
Accumulated depreciation	(77,743)	(43,518)
	91,677	82,497
Net property, plant and equipment	\$ 2,258,563	1,149,012

Depreciation expense was \$142.6 million, \$118.9 million and \$102.1 million in 1997, 1996 and 1995, respectively. The composite depreciation rate for telephone properties was 7.4% for 1997 and 7.5% for 1996 and 1995.

(4) INVESTMENTS AND OTHER ASSETS

Investments and other assets at December 31, 1997 and 1996 were composed of the following:

December 31,	1997	1996
	(Dollars in thousands)	
Excess cost of net assets acquired, less accumulated amortization	\$ 1,767,352	532,410
Investments in unconsolidated cellular entities	189,363	99,212
Cash surrender value of life insurance contracts, net	78,658	61,750
Marketable equity securities	40,570	8,478
<u>Goodwill</u>	<u>91,415</u>	<u>68,402</u>
	<u>\$ 2,167,358</u>	<u>770,259</u>

As a result of the purchase of PTI, the Company recorded approximately \$1.2 billion of excess cost of net assets acquired.

Goodwill amortization of \$16.6 million, \$12.8 million and \$11.4 million for 1997, 1996 and 1995, respectively, is included in "Depreciation and amortization" in the Company's Consolidated Statements of Income.

The Company's investments in marketable equity securities are classified as available for sale and are reported at fair value with unrealized holding gains and losses reported, net of taxes, as a separate component of stockholders' equity. As of December 31, 1997, gross unrealized holding gains of the Company's marketable equity securities were \$18.3 million.

(5) INVESTMENTS IN UNCONSOLIDATED CELLULAR ENTITIES

The Company's share of earnings from cellular entities in which it does not own a majority interest was \$29.4 million, \$28.2 million and \$21.4 million in 1997, 1996 and 1995, respectively, and is included, net of \$1.6 million, \$1.3 million and \$1.3 million of amortization of goodwill attributable to such investments, in

"Income from unconsolidated cellular entities" in the Company's Consolidated Statements of Income. Over 70% of the 1997 income from unconsolidated cellular entities was attributable to the following investments.

	Ownership interest
Alltel Cellular Associates of Arkansas Limited Partnership	36%
Lafayette MSA Limited Partnership	49%
GTE Mobilnet of Austin Limited Partnership	35%
Detroit SMSA Limited Partnership	3%
Michigan RSA #9 Limited Partnership	43%
New Mexico 4 - Santa Fe RSA West Limited Partnership	36%

The following summarizes the unaudited combined assets, liabilities and equity, and the unaudited combined results of operations, of the cellular entities in which the Company's investments (as of December 31, 1997 and 1996) were accounted for by the equity method.

December 31,	1997	1996
	(Dollars in thousands)	
	(unaudited)	
Assets		
Current assets	\$ 322,863	286,197
Property and other noncurrent assets	767,123	603,204
	<u>\$ 1,089,986</u>	<u>\$ 889,401</u>

Liabilities and equity		
Current liabilities	\$ 157,492	108,525
Noncurrent liabilities	25,413	24,564
Equity	907,081	756,312
	<u>\$ 1,089,986</u>	<u>\$ 889,401</u>

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
	(unaudited)		
Results of operations			
Revenues	\$ 1,277,524	985,788	743,779
Operating income	\$ 419,246	338,554	266,355
Net income	<u>\$ 395,990</u>	<u>339,040</u>	<u>268,967</u>

At December 31, 1997, \$52.6 million of the Company's consolidated retained earnings represented undistributed earnings of unconsolidated cellular entities.

(6) LONG-TERM DEBT

December 31,	1997	1996
	(Dollars in thousands)	
Century		
6.17%* Senior Credit Facility, due 2002	\$ 1,535,000	-
8.25% senior notes, series B, due 2024	100,000	100,000
7.2% senior notes, series D, due 2025	100,000	100,000
7.0%* notes payable to banks, due 2000	30,000	62,500
7.75% senior notes, series A, due 2004	50,000	50,000
6.55% senior notes, series C, due 2005	50,000	50,000
9.4% senior notes, due through 2003	21,200	25,800
6.9%* Employee Stock Ownership Plan commitment, due in installments through 2004	8,450	11,080
9.9%* notes, due in installments through 2006	304	417
Total Century	1,894,954	399,797
Subsidiaries		
First mortgage debt		
6.0%* notes, payable to agencies of the United States government and cooperative lending associations, due in installments through 2027	348,971	208,920
7.9% notes, due through 2002	5,969	-
6.1% bonds	-	1,775
Other debt		
7.5%* unsecured medium-term notes, due through 2008	360,678	-
7.4%* notes, due in installments through 2020	40,805	18,112
6.5% note, due in installments through 2001	12,040	14,605
8.2%* capital lease obligations, due in 1998	1,368	2,640
Total subsidiaries	769,831	246,052
Total long-term debt	2,664,785	645,849
Less current maturities	55,244	19,919
Long-term debt, excluding current maturities	\$ 2,609,541	625,930

* weighted average interest rate at December 31, 1997

The approximate annual debt maturities for the five years subsequent to December 31, 1997 are as follows: 1998 - \$55.2 million; 1999 - \$44.8 million; 2000 - \$52.9 million; 2001 - \$72.4 million; and 2002 - \$702.5 million.

Short-term borrowings of \$30.0 million at December 31, 1997 were classified as long-term debt on the accompanying balance sheet as the Company had available an aggregate of \$351.0 million under long-term revolving facilities.

Certain of the Company's loan agreements contain various restrictions, among which are limitations regarding issuance of additional debt, payment of cash dividends, reacquisition of the Company's capital

stock and other matters. At December 31, 1997, all of the consolidated retained earnings reflected on the balance sheet was available for the declaration of dividends.

The transfer of funds from certain consolidated subsidiaries to Century is restricted by various loan agreements. Subsidiaries which have loans from government agencies and cooperative lending associations, or have issued first mortgage bonds, generally may not loan or advance any funds to Century, but may pay dividends if certain financial ratios are met. At December 31, 1997, restricted net assets of subsidiaries were \$344.2 million. Subsidiaries' retained earnings in excess of amounts restricted by debt covenants totaled \$684.2 million.

Most of the Company's telephone property, plant and equipment is pledged to secure the long-term debt of subsidiaries.

In August 1997 Century entered into a \$1.6 billion senior unsecured revolving credit facility (the "Senior Credit Facility") with NationsBank of Texas, N.A. and a syndicate of other lenders. Such Senior Credit Facility was initially utilized to finance a substantial portion of the purchase price of PTL. See Note 2 for additional information. At December 31, 1997, the Senior Credit Facility had an outstanding balance of \$1.535 billion. This debt matures in five years and carries floating-rate interest based upon London Interbank Offered Rates for short-term periods.

In December 1997 the Company filed a shelf registration statement with the United States Securities and Exchange Commission registering \$1.5 billion of senior unsecured debt securities, preferred stock, common stock, and warrants, under which the Company issued \$665.0 million of senior debt securities in January 1998. The Company concurrently issued the remaining \$100.0 million of senior debt securities under its prior shelf registration statement. See Note 20 for additional information.

Century's telephone subsidiaries had approximately \$140.9 million in commitments for long-term financing from the Rural Utilities Service available at December 31, 1997. Approximately \$351.1 million of additional borrowings were available to the Company through committed lines of credit with various banks.

(7) DEFERRED CREDITS AND OTHER LIABILITIES

Deferred credits and other liabilities at December 31, 1997 and 1996 were composed of the following:

December 31,	1997	1996
	(Dollars in thousands)	
Deferred federal and state income taxes	\$ 272,290	111,110
Accrued postretirement benefit costs	99,429	48,515
Minority interest	47,695	32,460
Regulatory liability - income taxes	22,856	22,575
Deferred investment tax credits	6,355	3,882
Other	28,955	11,736
	<u>\$ 477,580</u>	<u>230,278</u>

(8) POSTRETIREMENT BENEFITS

The Company sponsors defined benefit health care plans that provide postretirement medical, life and dental benefits to substantially all retired full-time employees.

Net periodic postretirement benefit cost for 1997, 1996 and 1995 included the following components:

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Service cost	\$ 2,578	2,354	1,769
Interest cost	5,047	4,212	3,972
Actual return on plan assets	(458)	-	-
Amortization of unrecognized actuarial losses (gains)	292	475	(50)
Amortization of unrecognized prior service cost	121	121	121
Net periodic postretirement benefit cost	<u>\$ 7,580</u>	<u>7,162</u>	<u>5,812</u>

The following table sets forth the amounts recognized as liabilities for postretirement benefits in the Company's consolidated balance sheets at December 31, 1997 and 1996.

December 31,	1997	1996
	(Dollars in thousands)	
Accumulated postretirement benefit obligation		
Retirees and retirees' dependents	\$ 74,148	25,105
Fully eligible active plan participants	22,045	10,512
Other active plan participants	56,439	23,540
Accumulated postretirement benefit obligation	<u>52,632</u>	<u>59,157</u>
Plan assets, primarily listed stocks and bonds	(34,618)	-
Unrecognized prior service cost	(1,182)	(1,303)
Unrecognized net loss	(14,622)	(6,986)
Accrued postretirement benefit costs	<u>\$ 102,210</u>	<u>\$0,868</u>

For calculation purposes, the ultimate health care cost rate was assumed to range from 4.5% to 6%. If the assumed health care cost rate had been increased by one percentage point in each year, the accumulated postretirement benefit obligation as of December 31, 1997 would have increased \$9.0 million and the net periodic postretirement benefit cost for the year ended December 31, 1997 would have increased \$483,000.

The postretirement benefit plan assumed in connection with the PTI acquisition had plan assets of \$34.6 million as of December 31, 1997.

The discount rates used in determining the accumulated postretirement benefit obligation as of December 31, 1997 and 1996 were 7.0% and 7.75%, respectively.

(9) **STOCKHOLDERS' EQUITY**

Common stock - At December 31, 1997, unissued shares of Century common stock were reserved as follows:

December 31,	1997
	(in thousands)
Incentive compensation program	4,951
Acquisitions	3,414
Employee stock purchase plan	759
Conversion of convertible preferred stock	341
Other employee benefit plans	1,929
	<u>11,394</u>

Under Century's Articles of Incorporation each share of common stock beneficially owned continuously by the same person since May 30, 1987 generally entitles the holder thereof to ten votes per share. All other shares entitle the holder to one vote per share. At December 31, 1997, the holders of 11.6 million shares of common stock were entitled to ten votes per share. See Note 20 for additional information concerning a stock split in early 1998.

Preferred stock - As of December 31, 1997, Century had 2.0 million shares of preferred stock, \$25 per value per share, authorized. At December 31, 1997 and 1996, there were 324,238 and 401,629 shares, respectively, of outstanding preferred stock. Holders of outstanding Century preferred stock are entitled to receive cumulative dividends, receive preferential distributions equal to \$25 per share plus unpaid dividends upon Century's liquidation and vote as a single class with the holders of common stock.

Shareholders' Rights Plan - In 1996 the Board of Directors declared a dividend of one preference share purchase right for each common share outstanding. Such rights become exercisable if and when a potential acquirer takes certain steps to acquire 15% or more of Century's common stock. Upon the occurrence of such an acquisition, each right held by shareholders other than the acquirer may be exercised to receive that number of shares of common stock or other securities of Century (or, in certain situations, the acquiring company) which at the time of such transaction will have a market value of two times the exercise price of the right.

(10) INCOME TAXES

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1997 and 1996 were as follows:

December 31,	1997	1996
	(Dollars in thousands)	
Deferred tax assets		
Postrretirement benefit costs	\$ 35,826	16,790
Regulatory support	15,681	-
Net operating loss carryforwards of an acquired subsidiary	8,013	8,367
Regulatory liability	8,000	7,901
Long-term debt	3,957	-
Deferred compensation	2,994	2,435
Other employee benefits	5,207	4,393
Other	8,788	3,362
Gross deferred tax assets	88,546	43,248
Less valuation allowance	(8,013)	(8,367)
Net deferred tax assets	80,533	34,881
Deferred tax liabilities		
Property, plant and equipment, primarily due to depreciation differences	(303,500)	(129,123)
Excess cost of net assets acquired	(7,177)	(6,112)
Assets to be sold	(3,382)	-
Marketable equity securities	(11,840)	(2,167)
Intercompany profits	(3,112)	(3,338)
Other	(23,812)	(5,251)
Gross deferred tax liabilities	(352,823)	(145,991)
Net deferred tax liability	\$ (272,290)	(111,110)

Income tax expense for the years ended December 31, 1997, 1996 and 1995 was as follows:

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Federal			
Current	\$ 122,861	60,530	53,554
Deferred	14,768	7,390	9,021
State			
Current	13,72	6,100	5,175
Deferred	1,462	545	542
	\$ 152,363	74,565	68,292

Income tax expense was allocated as follows:

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Net tax expense in the consolidated statements of income	\$ 152,363	74,565	68,292
Stockholders' equity, primarily for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	(2,554)	(1,866)	(2,354)
	<u>\$ 149,809</u>	<u>72,699</u>	<u>65,938</u>

The following is a reconciliation from the statutory federal income tax rate to the Company's effective income tax rate:

Year ended December 31,	1997	1996	1995
	(Percentage of pre-tax income)		
Statutory federal income tax rate	35.0%	35.0	35.0
State income taxes, net of federal income tax benefits	2.3	2.1	2.0
Associations of nondeductible excess cost of net assets acquired	1.1	1.8	1.8
Associations of investment tax credits	(.4)	(1.1)	(1.3)
Associations of regulatory liability	(.5)	(.9)	(1.0)
Other, net	(2)	(3)	.8
Effective income tax rate	<u>37.3%</u>	<u>36.6</u>	<u>37.3</u>

(11) ACCOUNTING FOR THE EFFECTS OF REGULATION

The Company's regulated subsidiary operations are subject to the provisions of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation." Actions of a regulator can provide measurable assurance of the existence of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71.

The Company's consolidated balance sheet as of December 31, 1997 included regulatory assets of approximately \$7.0 million and regulatory liabilities of approximately \$22.9 million exclusive of (i) property, plant and equipment, (ii) accumulated depreciation and (iii) deferred income taxes and deferred investment tax credits associated with regulatory assets and liabilities. The \$7.0 million of regulatory assets included assets established in connection with postretirement benefits (\$1.4 million), income taxes (\$2.6 million) and deferred financing costs (\$2.8 million). The \$22.9 million of regulatory liabilities was established in connection with the adoption of Statement of Financial Accounting Standards No. 109, "Accounting For Income Taxes." Net deferred income tax assets related to the regulatory assets and liabilities quantified above were \$5.5 million.

Property, plant and equipment of the Company's regulated telephone operations has been depreciated using generally the straight line method over lives approved by regulators. Such depreciable lives have generally exceeded the depreciable lives used by nonregulated entities. In addition, in accordance with regulatory accounting, retirements of regulated telephone property have been charged to accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. These accounting policies have resulted in accumulated depreciation being significantly less than if the Company's telephone operations had not been regulated.

Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises -

Accounting for the Discontinuance of Application of FASB Statement No. 71," specifies the accounting required when an enterprise ceases to meet the criteria for application of SFAS 71. SFAS 101 requires the elimination of the effects of any actions of regulators that have been recognized as assets and liabilities in accordance with SFAS 71 but would not have been recognized as assets and liabilities by enterprises in general, along with an adjustment of certain accumulated depreciation accounts to reflect the difference between recorded depreciation and the amount of depreciation that would have been recorded had the Company's telephone operations not been subject to rate regulation. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for enterprises in general. Deferred tax liabilities and deferred investment tax credits will be impacted based on the change in the temporary differences for property, plant and equipment and accumulated depreciation.

The ongoing applicability of SFAS 71 to the Company's regulated telephone operations is being monitored due to the changing regulatory, competitive and legislative environments, and it is possible that changes in regulation, legislation or competition or in the demand for regulated services or products could result in the Company's telephone operations no longer being subject to SFAS 71 in the near future. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required will result in a material, noncash charge against earnings which will be reported as an extraordinary item. While the effect of implementing SFAS 101 cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between \$250 million and \$300 million. For regulatory purposes, the accounting and reporting of the Company's telephone subsidiaries will not be affected by the discontinued application of FAS 71.

(12) EARNINGS PER SHARE

Basic earnings per share amounts are determined on the basis of the weighted average number of common shares outstanding during the year. Diluted earnings per share give effect to all potential dilutive common shares that were outstanding during the period. See Note 20 for additional information concerning a stock split in early 1998.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

Year ended December 31,	1997	1996	1995
	(Dollars, except per share amounts, and shares in thousands)		
Income (Numerator):			
Net income	\$ 255,978	129,077	114,776
Dividends applicable to preferred stock	(460)	(420)	(123)
Net income applicable to common stock for computing basic earnings per share	255,518	128,657	114,653
Dividends applicable to preferred stock	460	420	123
Interest on convertible securities, net of taxes	480	579	714
Net income as adjusted for purposes of computing diluted earnings per share	\$ 256,458	129,656	115,490
Shares (Denominator)*:			
Weighted average number of shares outstanding during period	90,425	89,432	87,000
Employee Stock Ownership Plan shares not committed to be released	(435)	(495)	(559)
Weighted average number of shares outstanding during period for computing basic earnings per share	89,990	88,934	86,441
Incremental common shares attributable to dilutive securities:			
Conversion of preferred stock	441	459	309
Conversion of convertible securities	676	846	1,134
Shares issuable under stock option plan	501	414	420
Number of shares as adjusted for purposes of computing diluted earnings per share	91,608	90,653	88,304
Basic earnings per share*	\$ 2.84	1.45	1.33
Diluted earnings per share*	\$ 2.80	1.43	1.31

*Adjusted to reflect stock split.

The weighted average number of options to purchase shares of common stock that were excluded from the computation of diluted earnings per share because the exercise price of the option was greater than the average market price of the common stock was 732,000, 944,000, and 616,000 for 1997, 1996 and 1995, respectively.

(13) STOCK OPTION PROGRAM

Century has an incentive compensation program which allows the Board of Directors, through a subcommittee to the Compensation Committee, to grant incentives to employees in any one or a combination of the following forms: incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. As of December 31, 1997, Century had reserved 5.0 million shares of common stock which may be issued under the incentive compensation program.

Under the program, options have been granted to employees at a price either equal to or exceeding the then-current market price and all of the options expire ten years after the date of grant.

During 1997 the Company granted 862,606 options (the "1997 Options") at market price. The weighted average fair value of each of the 1997 Options was estimated as of the date of grant to be \$8.52 using an option-pricing model with the following assumptions: dividend yield - .8%; expected volatility - 25%; risk-free interest rate - 6.5%; and expected option life - eight years.

During 1995 the Company granted 951,047 options (the "1995 Options") above market price. The weighted-average fair value of each of the 1995 Options was estimated as of the date of grant to be \$6.62 using an option-pricing model with the following assumptions: dividend yield - 1.1%; expected volatility - 25%; risk-free interest rate - 6.5%; and expected option life - eight years.

Stock option transactions during 1997, 1996 and 1995 were as follows:

	Number of options	Average price
Outstanding December 31, 1994	3,410,200	\$ 14.42
Exercised	(408,450)	6.75
Granted	951,047	24.10
Outstanding December 31, 1995	3,952,797	16.97
Exercised	(438,604)	12.48
Forfeited	(18,826)	19.51
Outstanding December 31, 1996	3,495,367	18.17
Exercised	(592,782)	15.27
Granted	862,606	20.26
Forfeited	(25,904)	20.09
Outstanding December 31, 1997	3,739,287	19.09
Exercisable December 31, 1996	3,476,617	18.17
Exercisable December 31, 1997	3,141,688	18.88

The following tables summarize certain information about Century's stock options at December 31, 1997.

Options outstanding			
Range of exercise prices	Number of options	Weighted average remaining contractual life outstanding	Weighted average exercise price
\$ 5.90-10.67	27,681	.8 years	\$ 10.56
12.50-18.45	2,004,660	4.0	16.45
20.00-26.46	1,706,946	8.1	23.62
5.90-26.46	3,739,287	6.3	19.09

Range of exercise prices	Options exercisable	
	Number of options exercisable	Weighted average exercise price
\$ 5.90-10.67	27,681	\$ 10.56
12.50-18.45	2,004,660	16.45
20.25-26.46	<u>1,109,347</u>	24.25
5.90-26.46	<u>3,141,688</u>	18.88

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its program. Accordingly, no compensation cost has been recognized for the program. If compensation cost for Century's program had been determined consistent with SFAS 123 for the 1997 Options and the 1995 Options, the Company's net income and earnings per share on a pro forma basis for 1997, 1996 and 1995 would have been as follows:

Year ended December 31,	1997	1996	1995
	(Dollars in thousands, except per share amounts)		
Net income			
As reported	\$ 255,978	129,077	114,776
Pro forma	\$ 252,773	129,077	110,813
Diluted earnings per share			
As reported	\$ 2.80	1.43	1.31
Pro forma	\$ 2.76	1.43	1.26

(14) SALES OF ASSETS

In May 1997 the Company sold its majority-owned competitive access subsidiary to Brooks Fiber Properties, Inc. ("Brooks") in exchange for approximately 4.3 million shares of Brooks' common stock. The Company recorded a pre-tax gain of approximately \$71 million (\$46 million after-tax; \$.50 per diluted share). In November 1997 the Company sold approximately 3.8 million shares of Brooks' common stock for \$202.7 million cash and recorded a pre-tax gain of approximately \$108 million (\$66 million after-tax; \$.73 per diluted share).

In the first quarter of 1995 the Company sold, for an aggregate of \$17.9 million cash, its ownership interests in certain cellular Rural Service Areas located primarily in western states and three Metropolitan Statistical Areas in the midwest. These transactions resulted in a pre-tax gain of \$5.9 million (\$2.0 million after-tax; \$.02 per diluted share).

(15) RETIREMENT AND SAVINGS PLANS

Century sponsors an Outside Directors' Retirement Plan and a Supplemental Executive Retirement Plan to provide directors and officers, respectively, with supplemental retirement, death and disability benefits. In addition, the bargaining unit employees of a subsidiary are provided benefits under a defined benefit pension plan and substantially all of the employees of PTI are covered under a separate defined benefit pension plan.

The following table sets forth the combined plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1997 and 1996.

December 31,	1997	1996
		(In thousands)
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ (165,103)	(19,550)
Accumulated benefit obligation	\$ (174,860)	(19,588)
Projected benefit obligation	\$ (200,354)	(20,473)
Plan assets at fair value, primarily listed stocks and bonds	237,618	22,158
Plan assets in excess of projected benefit obligation	37,064	1,685
Unrecognized net loss (gain)	(37,731)	1
Unrecognized net (asset) obligation being recognized over 4-20 years	(1,550)	2,519
(Accrued) prepaid pension cost	\$ (2,217)	4,205

Net periodic pension cost for 1997, 1996 and 1995 included the following components:

Year ended December 31,	1997	1996	1995
		(In thousands)	
Service cost	\$ 793	466	339
Interest cost	2,508	1,382	1,324
Actual return on plan assets	(5,715)	(2,273)	(3,200)
Net amortization and deferral	2,459	933	2,465
Net periodic pension cost	\$ 45	508	928

Assumptions used in accounting for the pension plans as of December 1997 and 1996 were:

	1997	1996
Discount rates	7.0%	7.75
Expected long-term rate of return on assets	8.0-10.0%	8.0

Century sponsors an Employee Stock Bonus Plan ("ESBP") and an Employee Stock Ownership Plan ("ESOP"). These plans cover most employees with one year of service with the Company and are funded by Company contributions determined annually by the Board of Directors.

The Company contributed \$2.8 million, \$1.9 million and \$1.6 million to the ESBP during 1997, 1996 and 1995, respectively. At December 31, 1997, the ESBP owned 5.1 million shares of Century common stock.

The Company's contributions to the ESOP approximate the ESOP's debt service less dividends received by the ESOP applicable to unallocated shares. The ESOP shares initially were pledged as collateral for its debt. As the debt is repaid, shares are released from collateral based on the percentage of principal payment to outstanding debt before applying the principal payment. As of each year end, such released shares are allocated to active employees.

The ESOP had outstanding debt of \$2.0 million at December 31, 1997 which was applicable to shares purchased prior to 1993. Interest incurred by the ESOP on debt applicable to such shares was \$274,000, \$430,000 and \$580,000 in 1997, 1996, and 1995, respectively. The Company contributed and expensed \$1.8 million, \$2.1 million and \$2.3 million during 1997, 1996 and 1995, respectively, with respect to such shares. Dividends on unallocated ESOP shares used for debt service by the ESOP were \$126,000 in 1997, \$189,000 in 1996 and \$170,000 in 1995. ESOP shares as of December 31, 1997 and 1996 which were purchased prior to 1993 were as follows:

December 31,	1997	1996
	(In thousands)	
Allocated shares	2,198	2,168
Unreleased shares	213	441
	<u>2,411</u>	<u>2,609</u>

The Company accounts for shares purchased subsequent to December 31, 1992 in accordance with Statement of Position 93-6 ("SOP 93-6"). Accordingly, as shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares and the shares become outstanding for earnings per share computations. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as a reduction of debt. ESOP compensation expense applicable to shares purchased subsequent to 1992 was \$1.5 million for 1997, \$1.4 million for 1996 and \$1.3 million for 1995. The fair value of unreleased ESOP shares accounted for under SOP 93-6 was \$13.5 million and \$9.7 million at December 31, 1997 and December 31, 1996, respectively. ESOP shares purchased subsequent to 1992 totaled 625,275, of which 218,845 were allocated and 406,430 were unreleased as of December 31, 1997.

Century also sponsors a qualified profit sharing plan pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plan") which is available to substantially all employees of the Company. The Company's matching contributions to the 401(k) Plan were \$2.8 million in 1997, \$2.3 million in 1996 and \$2.4 million in 1995.

(16) SUPPLEMENTAL CASH FLOW DISCLOSURES

The Company paid interest of \$48.8 million, \$45.1 million and \$45.8 million during 1997, 1996 and 1995, respectively. Income taxes paid were \$79.3 million in 1997, \$64.1 million in 1996 and \$62.4 million in 1995.

In addition to the acquisition of PTI, Century has consummated the acquisitions of various telephone and cellular operations, along with certain other assets, during the three years ended December 31, 1997. In connection with these acquisitions, the following assets were acquired, liabilities assumed, and common and preferred stock issued:

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Property, plant and equipment	\$ 1,106,558	4,963	16,949
Excess cost of net assets acquired	1,204,284	53,220	70,124
Other investments	119,356	-	2,804
Notes payable	(199,824)	-	(14,199)
Long-term debt	(527,937)	(3,273)	(38,147)
Deferred credits and other liabilities	(246,196)	(171)	(1,880)
Other assets and liabilities, excluding cash and cash equivalents	90,889	8,021	3,037
Common stock issued	(3,316)	(8,458)	(16,558)
Preferred stock issued	-	(7,975)	-
Decrease in cash due to acquisitions	\$ 1,543,814	46,327	22,130

In May 1997 the Company sold its majority-owned competitive access subsidiary in exchange for approximately 4.3 million shares of publicly-traded common stock. In November 1997 approximately 85% of such stock was sold. See Note 14 for additional information. In addition, Century has consummated the disposition of various cellular operations, along with certain other assets, during the three years ended December 31, 1997. In connection with these dispositions, the following assets were sold, liabilities eliminated, assets received and gain recognized:

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Property, plant and equipment	\$ (7,481)	900	(4,399)
Excess cost of net assets acquired	(597)	-	(4,494)
Marketable equity securities	13,795	-	-
Other assets and liabilities, excluding cash and cash equivalents	(7,782)	(85)	(4,278)
Gain on sales of assets	(169,640)	(315)	(6,782)
Increase in cash due to dispositions	\$ (202,705)	-	(19,953)

In February 1995 Century's \$115.0 million of outstanding 6% convertible debentures were converted into Century common stock by the debenture holders at a conversion price of \$16.89 per share.

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of certain of the Company's financial instruments at December 31, 1997 and 1996.

	Carrying amount	Fair value	
	(Dollars in thousands)		
<u>December 31, 1997</u>			
Financial assets			
Investments			
Marketable equity securities	\$ 40,570	40,570	(2)
Other	\$ 22,455	24,036	(1)
Financial liabilities			
Long-term debt (including current maturities)	\$ 2,664,785	2,677,348	(3)
Other	\$ 24,213	24,213	(1)
Off-balance sheet financial instruments			
Interest rate hedge contracts	\$ -	(16,061)	(4)
<u>December 31, 1996</u>			
Financial assets			
Investments			
Note receivable (including current portion)	\$ 22,500	22,500	(1)
Marketable equity securities	\$ 8,478	7,959	(2)
Other	\$ 16,362	16,362	(1)
Financial liabilities			
Long-term debt (including current maturities)	\$ 645,849	649,756	(3)
Other	\$ 15,122	15,122	(1)

(1) Fair value was estimated by the Company.

(2) Fair value was based on quoted market prices.

(3) Fair value was estimated by discounting the scheduled payment streams to present value based upon rates currently offered to the Company for similar debt.

(4) Fair value represents the estimated amounts the Company would have to pay to settle these contracts.

Cash and cash equivalents, accounts receivable, notes payable, accounts payable and accrued expenses -

The carrying amount approximates the fair value due to the short maturity of these instruments.

From October 1997 through December 1997, the Company entered into nine interest rate hedge contracts for an aggregate notional amount of \$800 million in anticipation of a public debt issuance. In early January 1998, the Company entered into two additional hedge contracts for notional amounts of \$100

million each. On January 15, 1998, the Company issued a total of \$765 million of senior notes and debentures under its shelf registration statements. See Note 20 for additional information.

(18) BUSINESS SEGMENTS

The Company is engaged primarily in providing local exchange telephone services and cellular telephone services.

The Company's telephone operations are conducted in rural, suburban and small urban communities in 21 states. Approximately 85% of the Company's telephone access lines are in Wisconsin, Washington, Alaska, Michigan, Louisiana, Colorado, Ohio, Oregon and Montana.

The Company's wireless operations reflect the operations of the cellular entities in which the Company has a majority ownership interest. The Company's cellular customers are located primarily in Michigan, Louisiana, Wisconsin, Mississippi, Texas and Arkansas.

	Operating revenues	Depreciation and amortization	Operating income
	(Dollars in thousands)		
<u>Year ended December 31, 1997</u>			
Telephone	\$ 530,597	115,722	173,285
Wireless	307,742	41,127	88,081
Other	75,817	2,646	6,404
Eliminations	(12,635)	-	-
<u>Total</u>	<u>\$ 901,521</u>	<u>159,495</u>	<u>267,770</u>
<u>Year ended December 31, 1996</u>			
Telephone	\$ 451,538	95,793	155,183
Wireless	250,243	33,573	67,914
Other	59,561	2,655	199
Eliminations	(11,665)	-	-
<u>Total</u>	<u>\$ 749,677</u>	<u>132,021</u>	<u>223,296</u>
<u>Year ended December 31, 1995</u>			
Telephone	\$ 419,242	86,324	143,527
Wireless	197,494	25,427	57,009
Other	39,580	2,019	2,383
Eliminations	(11,476)	-	-
<u>Total</u>	<u>\$ 644,840</u>	<u>113,770</u>	<u>202,919</u>

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Operating income	\$ 267,770	223,296	202,919
Gain on sales of assets, net	169,640	815	6,782
Interest expense	(56,474)	(44,662)	(43,615)
Income from unconsolidated cellular entities	27,794	26,952	20,084
Minority interest	(5,498)	(6,675)	(8,084)
Other income and expense	5,109	3,916	4,982
Income before income tax expense	\$ 408,341	203,642	183,068

Year ended December 31,	1997	1996	1995
	(Dollars in thousands)		
Capital expenditures			
Telephone	\$ 115,854	110,147	136,006
Wireless	39,102	83,679	41,990
Corporate and other	26,269	29,059	18,596
Total	\$ 181,225	222,885	196,592
Identifiable assets			
Telephone	\$ 3,379,376	1,174,317	1,114,827
Wireless	989,729	644,587	547,260
General corporate	181,413	95,545	109,096
Other	158,883	114,056	91,238
Total assets	\$ 4,709,401	2,028,505	1,862,421

Other accounts receivable are primarily amounts due from various long distance carriers, principally AT&T, and several large local exchange operating companies.

(19) COMMITMENTS AND CONTINGENCIES

Construction expenditures and investments in vehicles, buildings and other work equipment during 1998 are estimated to be \$220 million for telephone operations, \$90 million for wireless operations and \$40 million for corporate and other operations.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

(20) SUBSEQUENT EVENTS

Debt Issuance - On January 15, 1998, Century issued \$100 million of 7-year, 6.15% senior notes (Series E); \$240 million of 10-year, 6.3% senior notes (Series F); and \$425 million of 30-year, 6.875% debentures (Series G) under its shelf registration statements. The net proceeds of approximately \$758 million (excluding payment obligations of approximately \$39 million related to interest rate hedging

effected in connection with the offering) were used to reduce the Senior Credit Facility indebtedness incurred by the Company in connection with the acquisition of PTI. In addition, the Senior Credit Facility's committed amount was reduced from \$1.6 billion to \$880 million in accordance with its terms.

In mid-January 1998, the Company settled numerous hedge contracts that had been entered into in anticipation of the debt issuances. The amounts paid by the Company upon settlement of the hedge contracts aggregated \$39 million. Such payment obligations will be amortized as interest expense over the life of the underlying debt instruments. The effective weighted average interest rate of the above-mentioned debt (after giving consideration to the payment obligations) is 7.15%.

Stock split - On February 25, 1998, Century's Board of Directors declared a three-for-two common stock split effected as a 50% stock dividend in March 1998. All per share data included in this report has been restated to reflect this stock split. An amount equal to the par value of the additional common shares issued pursuant to the stock split has been reflected as a transfer from paid-in-capital to common stock on the consolidated financial statements for 1997.

CENTURY TELEPHONE ENTERPRISES, INC.
Consolidated Quarterly Income Information

	First quarter	Second quarter	Third quarter	Fourth quarter
	(Dollars in thousands, except per share amounts) (unaudited)			
1997				
Operating revenues	\$ 198,985	210,576	218,351	273,609
Operating income	\$ 57,698	62,405	69,815	77,852
Net income	\$ 33,135	83,176	41,433	98,234
Diluted earnings per share*	\$.37	.91	.45	1.06
1996				
Operating revenues	\$ 175,814	186,538	193,096	194,229
Operating income	\$ 55,515	57,697	59,016	51,068
Net income	\$ 29,665	32,941	36,350	30,121
Diluted earnings per share*	\$.33	.36	.40	.33

* Adjusted to reflect stock split. See Note 20 of Notes to Consolidated Financial Statements.

Diluted earnings per share for the second quarter and fourth quarter of 1997 included \$.50 and \$.66 per share, respectively, of gain on sales of assets. The fourth quarter of 1997 includes one month of results of operations of Pacific Telecom, Inc.

In the fourth quarter of 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share." Earnings per share amounts for prior periods have been restated

to conform with SFAS 128. The Company previously reported fully diluted earnings per share in accordance with the provisions of Accounting Principles Board Opinion No. 15, "Earnings per Share," as follows:

	First quarter	Second quarter	Third quarter	Fourth quarter
	(unaudited)			
1997*	\$.37	.91	.45	N/A
1996*	.33	.36	.40	.33

* Adjusted to reflect stock split. See Note 20 of Notes to Consolidated Financial Statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The name, age and office(s) held by each of the Registrant's executive officers are shown below. Each of the executive officers listed below serves at the pleasure of the Board of Directors, except Mr. Williams who has entered into an employment agreement with the Registrant. The agreement's initial term has lapsed, but the agreement remains in effect from year to year, subject to the right of Mr. Williams or the Company to terminate such agreement.

<u>Name</u>	<u>Age</u>	<u>Office(s) held with Century</u>
Clarke M. Williams	76	Chairman of the Board of Directors
Glen F. Post, III	45	Vice Chairman of the Board of Directors, President and Chief Executive Officer
David D. Cole	40	President - Wireless Group
Kenneth R. Cole	50	President - Telephone Group
R. Stewart Ewing, Jr.	46	Senior Vice President and Chief Financial Officer
W. Bruce Hanks	43	Senior Vice President - Corporate Development and Strategy
Harvey P. Perry	53	Senior Vice President, General Counsel and Secretary

Each of the Registrant's executive officers has served as an officer of the Registrant and/or one or more of its subsidiaries in varying capacities for more than the past five years. Mr. David D. Cole has served as President - Wireless Group since October 1996 and as Vice President from 1990 to 1996. Mr. Kenneth R. Cole has served as President - Telephone Group since January 1995 and as Vice President from 1983 to 1994. Mr. Hanks has served as Senior Vice President - Corporate Development and Strategy since October 1996 and as President - Telecommunications Services or a comparable position from 1989 to 1996.

The balance of the information required by Item 10 is incorporated by reference to the Registrant's definitive proxy statement relating to its 1998 annual meeting of stockholders (the "Proxy Statement"), which Proxy Statement will be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference to the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by Item 12 is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

The information required by Item 13 is incorporated by reference to the Proxy Statement.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

a. Financial Statements

(i) Consolidated Financial Statements:

Independent Auditors' Report on Consolidated Financial
Statements and Financial Statement Schedules

Consolidated Statements of Income for the years ended
December 31, 1997, 1996 and 1995

Consolidated Balance Sheets - December 31, 1997 and 1996

Consolidated Statements of Cash Flows for the years
ended December 31, 1997, 1996 and 1995

Consolidated Statements of Stockholders' Equity for the
years ended December 31, 1997, 1996 and 1995

Notes to Consolidated Financial Statements

Consolidated Quarterly Income Information (unaudited)

(ii) Schedules:*

I Condensed Financial Information of Registrant

II Valuation and Qualifying Accounts

* Those schedules not listed above are omitted as not
applicable or not required.

b. Reports on Form 8-K.

(i) The following item was reported in a Form 8-K filed December 1, 1997.

Item 5. Other Events - News release announcing completion of the acquisition of
Pacific Telecom, Inc.

(ii) The following items were reported in a Form 8-K filed December 11, 1997.

Item 2. Acquisition or Disposition of Assets - Acquisition of Pacific Telecom,
Inc.

START

OF

RETAKE

Consolidated Statements of Income for the years ended
December 31, 1997, 1996 and 1995

Consolidated Balance Sheets - December 31, 1997 and 1996

Consolidated Statements of Cash Flows for the years
ended December 31, 1997, 1996 and 1995

Consolidated Statements of Stockholders' Equity for the
years ended December 31, 1997, 1996 and 1995

Notes to Consolidated Financial Statements

Consolidated Quarterly Income Information (unaudited)

(ii) Schedules:*

I Condensed Financial Information of Registrant

II Valuation and Qualifying Accounts

* Those schedules not listed above are omitted as not
applicable or not required.

b. Reports on Form 8-K.

(i) The following item was reported in a Form 8-K filed December 1, 1997.

Item 5. Other Events - News release announcing completion of the acquisition of
Pacific Telecom, Inc.

(ii) The following items were reported in a Form 8-K filed December 11, 1997.

Item 2. Acquisition or Disposition of Assets - Acquisition of Pacific Telecom,
Inc.

Item 5. Other Events

- (a) Rating assigned to Century's \$1.6 billion unsecured credit facility by Moody's Investors Service and confirmation of rating of Century's senior unsecured debt securities.
- (b) Filing of a shelf registration statement on December 11, 1997 with the Securities and Exchange Commission.

Item 7. Financial Statements and Exhibits

- (a) Financial statements of Pacific Telecom, Inc.
- (b) Pro forma consolidated condensed financial information.
- (c) Exhibits
 - (i) Stock Purchase Agreement, dated as of June 11, 1997, by and among PacifiCorp Holdings, Inc., Pacific Telecom, Inc., Century Telephone Enterprises, Inc. and Century Cellunet, Inc. (incorporated by reference to Exhibit 2.1 to Century's Current Report on Form 8-K dated June 11, 1997 and filed June 24, 1997)
 - (ii) Amendment, dated November 5, 1997 to Stock Purchase Agreement by and among PacifiCorp Holdings, Inc., Pacific Telecom, Inc., Century Telephone Enterprises, Inc. and Century Cellunet, Inc.
 - (iii) Press release dated December 11, 1997 relating to Century's filing of a shelf registration statement.

c. Exhibits:

- 3(i) Amended and Restated Articles of Incorporation of Registrant, dated as of December 2, 1996, (incorporated by reference to Exhibit 3(i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

END

OF

RETAKE

- 3(ii) Registrant's Bylaws, as amended through November 21, 1996 (incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-4, Registration No. 333-17015).
- 4.1 Note Purchase Agreement, dated September 1, 1989, between Registrant, Teachers Insurance and Annuity Association of America and the Lincoln National Life Insurance Company (incorporated by reference to Exhibit 4.23 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989).
- 4.2 Rights Agreement, dated as of August 27, 1996, between Century Telephone Enterprises, Inc. and Society National Bank, as Rights Agent, including the form of Rights Certificate (incorporated by reference to Exhibit 1 of Registrant's Current Report on Form 8-K filed August 30, 1996).
- 4.3 Form of common stock certificate of the Registrant (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993).
- 4.4 Indenture dated as of March 31, 1994 between the Company and Regions Bank of Louisiana (formerly First American Bank & Trust of Louisiana), as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).
- 4.5 Resolutions designating the terms and conditions of the Company's 7-3/4% Senior Notes, Series A, due 2004 and 8-1/4% Senior Notes, Series B, due 2024 (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994).
- 4.6 Resolutions designating the terms and conditions of the Company's 6.55% Senior Notes, Series C, due 2005 and 7.2% Senior Notes, Series D, due 2025 ("Senior Notes") (incorporated by reference to Exhibit 4.27 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).
- 4.7 Form of Senior Notes (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-3, Registration No. 33-5915).

- 4.8 Competitive Advance and Revolving Credit Facility Agreement, dated as of August 28, 1997, among Registrant, the lenders named therein, and NationsBank of Texas, N.A. (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
- 4.9 Resolutions designating the terms and conditions of the Company's 6.15% Senior Notes, Series E, due 2005; 6.30% Senior Notes, Series F, due 2008; and 6.875% Debentures, Series G, due 2028, included elsewhere herein.
- 4.10 Form of Board Resolution to be used in designating and authorizing the terms and conditions of any series of Senior Debt Securities (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-3, Registration No. 333-42013).
- 4.11 Form of Senior Debt Security (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-3, Registration No. 333-42013).
- 10.1 Employee Benefit Plans
- (a) Registrant's Employee Stock Ownership Plan and Trust, as amended and restated December 30, 1994 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995), amendment thereto dated January 26, 1996 (incorporated by reference to Exhibit 10.1(a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), and amendment thereto dated December 31, 1996 (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendment thereto dated March 18, 1997 (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendments thereto dated January 1, 1997 (incorporated by reference to Exhibit 10.3 to

Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

- (b) Registrant's Stock Bonus Plan, PAYSOP and Trust, as amended and restated December 30, 1994 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995), amendment thereto dated July 11, 1995 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995), amendment thereto dated January 26, 1996 (incorporated by reference to Exhibit 10.1(b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), and amendment thereto dated December 31, 1996 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendments thereto dated January 1, 1997 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).
- (c) Registrant's Dollars & Sense Plan and Trust, as amended and restated, generally effective April 1, 1992 (incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994) and amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), and amendment thereto dated June 26, 1997 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997), and amendment thereto dated June 26, 1997 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
- (d) Registrant's Restated Supplemental Executive Retirement Plan, generally effective as of November 16, 1995 (incorporated by reference to Exhibit 10.1(d) to Registrant's Annual Report on Form 10-K for the

year ended December 31, 1995) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(d) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

- (e) Registrant's 1983 Restricted Stock Plan, dated February 21, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(e) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996, (incorporated by reference to Exhibit 10.1(e) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
- (f) Registrant's Key Employee Incentive Compensation Plan, dated January 1, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
- (g) Registrant's 1988 Incentive Compensation Program as amended and restated August 22, 1989 (incorporated by reference to Exhibit 19.8 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(g) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).
- (h) Form of Stock Option Agreement entered into in 1988 by the Registrant, pursuant to 1988 Incentive Compensation Program, with certain of its officers (incorporated by reference to Exhibit 10.10 to Registrant's Annual Report on Form 10-K for the year ended

December 31, 1985) and amendment thereto (incorporated by reference to Exhibit 4.6 to Registrant's Registration No. 33-31314).

- (i) Registrant's 1990 Incentive Compensation Program, dated March 15, 1990 (incorporated by reference to Exhibit 19.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

- (j) Form of Stock Option Agreement entered into in 1990 by the Registrant, pursuant to 1990 Incentive Compensation Program, with certain of its officers (incorporated by reference to Exhibit 19.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990) and amendment thereto dated as of May 22, 1995 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

- (k) Form of Stock Option Agreement entered into in 1992 by the Registrant, pursuant to 1990 Incentive Compensation Program, with certain of its officers and employees (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1992) and amendment thereto dated as of May 22, 1995 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

- (l) Registrant's 1995 Incentive Compensation Plan approved by Registrant's shareholders on May 11, 1995 (incorporated by reference to Exhibit 4.4 to Registration No. 33-60061) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

- (m) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of May 22, 1995, entered into by Registrant and its officers (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).
- (n) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of June 23, 1995, entered into by Registrant and certain key employees (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).
- (o) Form of Performance Share Agreement Under the 1990 Incentive Compensation Program, entered into in 1993 with certain of its officers and employees (incorporated by reference to Exhibit 28.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993) and amendment thereto dated as of May 22, 1995 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).
- (p) Registrant's Restated Supplemental Defined Contribution Plan, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(q) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995), amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (p) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).
- (q) Registrant's Amended and Restated Supplemental Dollars & Sense Plan, effective as of January 1, 1995 (incorporated by reference to Exhibit 10.22 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994), amendment thereto dated July 18, 1995 (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996) and amendment thereto dated November 21, 1996 (incorporated by

reference to Exhibit 10.1(q) of Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

- (r) Registrant's Amended and Restated Salary Continuation (Disability) Plan for Officers, dated November 26, 1991 (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1991).
- (s) Registrant's Restated Outside Directors' Retirement Plan, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(t) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).
- (t) Registrant's Restated Deferred Compensation Plan for Outside Directors, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(u) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).
- (u) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of February 24, 1997 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).
- (v) Form of Restricted Stock and Performance Share Agreement, pursuant to Registrant's 1995 Incentive Compensation Program and dated as of February 24, 1997 (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).
- (w) Registrant's Chairman/Chief Executive Officer Short-Term Incentive Program (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

10.2

Employment, Severance and Related Agreements

- (a) Employment Agreement, dated May 24, 1993, by and between Clarke M. Williams and Registrant (incorporated by reference to Exhibit 19.1

to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993) and amendment thereto dated as of February 27, 1996 (incorporated by reference to Exhibit 10.2(a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

- (b) Form of Amended and Restated Severance Agreement, by and between Registrant and each of its executive officers other than Clarke M. Williams, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.2(b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).
- (c) Form of Amended and Restated Severance Agreement, by and between Registrant and four of its officers who are not executive officers, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.2(c) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).
- (d) Agreement, dated December 31, 1994, by and between Jim D. Reppond and Registrant (incorporated by reference to Exhibit 10.24 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).
- (e) Consulting Agreement, dated as of July 2, 1996, by and between Century Telephone Enterprises, Inc. and Jim D. Reppond (incorporated by reference to Exhibit 10 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996).

10.3

Other Agreement

- (a) Stock Purchase Agreement, dated as of June 11, 1997, by and among PacifiCorp Holdings, Inc., Pacific Telecom, Inc., Century Telephone Enterprises, Inc. and Century Cellunet, Inc. (incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K filed June 24, 1997) and amendment thereto, dated November 5, 1997 (incorporated by reference to Exhibit 2.2 to Registrant's Current Report on Form 8-K dated December 1, 1997 and filed December 11, 1997).

- 21 Subsidiaries of the Registrant, included elsewhere herein.
- 23 Independent Auditors' Consent, included elsewhere herein.
- 27 Financial Data Schedule, included elsewhere herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTURY TELEPHONE ENTERPRISES, INC.

Date: March 16, 1998

By: /s/ Clarke M. Williams
Clarke M. Williams
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>/s/ Clarke M. Williams</u> Clarke M. Williams	Chairman of the Board of Directors	March 16, 1998
<u>/s/ Glen F. Post, III</u> Glen F. Post, III	Vice Chairman of the Board of Directors, President, and Chief Executive Officer	March 16, 1998
<u>/s/ R. Stewart Ewing, Jr.</u> R. Stewart Ewing, Jr.	Senior Vice President and Chief Financial Officer	March 16, 1998
<u>/s/ Harvey P. Perry</u> Harvey P. Perry	Senior Vice President, General Counsel, Secretary and Director	March 16, 1998
<u>/s/ W. Bruce Hanks</u> W. Bruce Hanks	Senior Vice President - Corporate Development and Strategy and Director	March 16, 1998
<u>/s/ Murray H. Greer</u> Murray H. Greer	Controller (Principal Accounting Officer)	March 16, 1998
<u>/s/ William R. Boles, Jr.</u> William R. Boles, Jr.	Director	March 16, 1998
<u>/s/ Virginia Boulet</u> Virginia Boulet	Director	March 16, 1998

<u>/s/ Ernest Butler, Jr.</u> Ernest Butler, Jr.	Director	March 16, 1998
<u>/s/ Calvin Czeschin</u> Calvin Czeschin	Director	March 16, 1998
<u>/s/ James B. Gardner</u> James B. Gardner	Director	March 16, 1998
<u>/s/ R. L. Hargrove, Jr.</u> R. L. Hargrove, Jr.	Director	March 16, 1998
<u>/s/ Johnny Hebert</u> Johnny Hebert	Director	March 16, 1998
<u>/s/ F. Earl Hogan</u> F. Earl Hogan	Director	March 16, 1998
<u>/s/ C. G. Melville, Jr.</u> C. G. Melville, Jr.	Director	March 16, 1998
<u>/s/ Jim D. Reppond</u> Jim D. Reppond	Director	March 16, 1998

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CENTURY TELEPHONE ENTERPRISES, INC.
(Parent Company)
STATEMENTS OF INCOME

	Year ended December 31		
	1997	1996	1995
	(Dollars in thousands)		
REVENUES	\$ 9,666	6,520	5,608
EXPENSES			
Operating expenses	9,088	6,071	5,165
Depreciation and amortization	9,401	7,286	6,860
Total expenses	18,489	13,357	12,025
OPERATING LOSS	(8,823)	(6,837)	(6,417)
OTHER INCOME (EXPENSE)			
Gain on sales of assets	172,537	-	-
Loss on investment	-	(1,100)	-
Interest expense	(49,738)	(36,709)	(37,467)
Interest income	28,697	28,884	30,930
Total other income (expense)	151,496	(8,925)	(6,537)
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN SUBSIDIARIES' EARNINGS	142,673	(15,762)	(12,954)
Income tax benefit (expense)	(55,591)	4,467	3,769
INCOME (LOSS) BEFORE EQUITY IN SUBSIDIARIES' EARNINGS	87,082	(11,295)	(9,185)
Equity in subsidiaries' earnings	168,896	140,372	123,961
NET INCOME	\$ 255,978	129,077	114,776

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(continued)
CENTURY TELEPHONE ENTERPRISES, INC.
(Parent Company)
BALANCE SHEETS

	December 31,	
	1997	1996
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 28,300	1,055
Receivables from subsidiaries	76,931	99,506
Other receivables	792	12,527
Prepayments and other	28	1,711
Total current assets	106,051	114,799
PROPERTY, PLANT AND EQUIPMENT		
Property and equipment	1,236	1,027
Accumulated depreciation	(744)	(651)
Net property, plant and equipment	492	377
INVESTMENTS AND OTHER ASSETS		
Investments in subsidiaries (at equity)	2,706,066	1,348,986
Receivables from subsidiaries	655,398	183,333
Other investments	75,546	37,570
Note receivable	-	20,833
Deferred charges	5,878	4,916
Total investments and other assets	3,442,888	1,595,638
TOTAL ASSETS	\$ 3,549,431	1,710,814
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 11,486	5,122
Payables to subsidiaries	218,993	202,467
Accrued interest	11,088	3,784
Other accrued liabilities	41,628	7,336
Total current liabilities	283,195	218,709
LONG-TERM DEBT	1,833,467	394,675
PAYABLES TO SUBSIDIARIES	46,371	47,618
DEFERRED CREDITS AND OTHER LIABILITIES	36,126	21,652
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 per value, authorized 175,000,000 shares, issued and outstanding 91,103,674* and 59,858,540 shares	91,104	59,859
Paid-in capital	469,586	474,607
Unrealized holding gain on investments, net of taxes	11,893	-
Retained earnings	728,033	494,726
Unearned ESOP shares	(8,450)	(11,080)
Preferred stock - non-redeemable	8,106	10,041
Total stockholders' equity	1,300,272	1,028,153
TOTAL LIABILITIES AND EQUITY	\$ 3,549,431	1,710,814

* Adjusted to reflect stock split

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(Continued)

CENTURY TELEPHONE ENTERPRISES, INC.

(Parent Company)

STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	1997	1996	1995
	(Dollars in thousands)		
OPERATING ACTIVITIES			
Net income	\$ 255,978	129,077	114,776
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	9,401	7,286	6,860
Deferred income taxes	8,068	2,934	4,241
Earnings of subsidiaries	(168,896)	(140,372)	(123,961)
Gain on sales of assets	(172,537)	-	-
Changes in current assets and current liabilities:			
Other receivables	11,615	(2,639)	(8,947)
Other accrued liabilities	35,754	329	(3,409)
Other current assets and liabilities, net	8,412	3,998	(4,377)
Other, net	958	3,297	1,558
Net cash provided by (used in) operating activities	(11,247)	3,910	(13,259)
INVESTING ACTIVITIES			
Acquisitions	(1,283,291)	(46,327)	(22,130)
Capital contributions to subsidiaries	(16,634)	(20,179)	(53,050)
Dividends received from subsidiaries	117,499	473	52,423
Receivables from subsidiaries	(235,772)	(45,945)	71,203
Payables to subsidiaries	9,738	97,908	(10,271)
Proceeds from sales of assets	202,705	-	-
Investment in unconsolidated personal communications services entity	-	18,900	(20,000)
Note receivable	22,500	1,667	833
Other, net	(14,959)	(4,425)	(2,546)
Net cash provided by (used in) investing activities	(1,198,214)	2,072	16,462
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	1,297,435	47,500	171,046
Payments of long-term debt	(52,214)	(42,357)	(4,901)
Notes payable, net	-	-	(158,000)
Proceeds from issuance of comm. stock	14,156	10,089	6,522
Cash dividends paid	(22,671)	(21,775)	(19,351)
Net cash provided by (used in) financing activities	1,236,706	(6,543)	(4,684)
Net increase (decrease) in cash and cash equivalents	27,245	(561)	(1,481)
Cash and cash equivalents at beginning of year	1,055	1,616	3,097
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 28,300	1,055	1,616

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(continued)

CENTURY TELEPHONE ENTERPRISES, INC.
(Parent Company)

NOTES TO CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(A) LONG-TERM DEBT

The approximate annual debt maturities for the five years subsequent to December 31, 1997 are as follows:

1998	-	\$ 11.5 million
1999	-	\$ 31.4 million
2000	-	\$ 39.1 million
2001	-	\$ 59.2 million
2002	-	\$ 691.0 million

(B) GUARANTEES

As of December 31, 1997, Century has guaranteed a promissory note for a subsidiary of \$2.2 million, as well as the applicable interest and premiums. Century has also guaranteed \$675,000 in Industrial Development Revenue Bonds originally issued by a subsidiary; such bonds were assumed by the purchaser of the subsidiary's assets.

(C) DIVIDENDS FROM SUBSIDIARIES

Dividends paid to Century by consolidated subsidiaries were \$117.5 million, \$472,800 and \$52.4 million during 1997, 1996 and 1995, respectively.

(D) INCOME TAXES AND INTEREST PAID

Income taxes paid by Century (including amounts reimbursed from subsidiaries) were \$71.8 million, \$56.0 million and \$56.9 million during 1997, 1996 and 1995, respectively.

Interest paid by Century was \$42.4 million, \$37.3 million and \$40.4 million during 1997, 1996 and 1995, respectively.

(E) AFFILIATED TRANSACTIONS

Century provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. Century recorded intercompany interest income of \$26.6 million, \$26.4 million and \$28.2 million in 1997, 1996 and 1995, respectively.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
CENTURY TELEPHONE ENTERPRISES, INC.

For the years ended December 31, 1997, 1996 and 1995

<u>Description</u>	<u>Balance at beginning of period</u>	<u>Additions charged to costs and expenses</u>	<u>Deductions from allowance (1)</u>	<u>Other changes (2)</u>	<u>Balance at end of period</u>
	(Dollars in thousands)				
Year ended December 31, 1997					
Allowance for doubtful accounts	\$ 3,327	11,838	(9,975)	764	5,954
Year ended December 31, 1996					
Allowance for doubtful accounts	\$ 2,768	10,155	(9,662)	66	3,327
Year ended December 31, 1995					
Allowance for doubtful accounts	\$ 2,360	7,200	(6,946)	154	2,768

(1) Customers' accounts written-off, net of recoveries.

(2) Allowance for doubtful accounts at the date of acquisition of purchased subsidiaries, net of allowance for doubtful accounts at the date of disposition of subsidiaries sold.

CENTURY TELEPHONE ENTERPRISES, INC.
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 1997

EXHIBIT 21

Subsidiary	State of incorporation
Alaska RSA #3	Alaska
Brownsville Cellular Telephone Co., Inc. *	Delaware
Cascade Autovon Company	Washington
Cellnet of Biloxi, Inc. *	Delaware
Cellnet, Inc.	Delaware
Century Area Long Lines (CALL), Inc.	Wisconsin
Century Business Communications, Inc.	Louisiana
Century Cellnet of Alexandria, Inc.	Louisiana
Century Cellnet of La Crosse, Inc.	Louisiana
Century Cellnet of Michigan RSA #4, Inc.	Louisiana
Century Cellnet of Michigan RSAs, Inc.	Louisiana
Century Cellnet of Mississippi RSA #2, Inc.	Mississippi
Century Cellnet of Mississippi RSA #6, Inc.	Mississippi
Century Cellnet of Mississippi RSA #7, Inc.	Mississippi
Century Cellnet of North Arkansas, Inc.	Louisiana
Century Cellnet of North Louisiana, Inc.	Louisiana
Century Cellnet of Pine Bluff, Inc.	Arkansas
Century Cellnet of Saginaw, Inc.	Louisiana
Century Cellnet of Shreveport, Inc.	Louisiana
Century Cellnet of South Arkansas, Inc.	Louisiana
Century Cellnet of Southern Michigan, Inc.	Delaware
Century Cellnet of Texarkana, Inc.	Louisiana
Century Cellnet of Wisconsin RSA #8	Louisiana
Century Cellnet, Inc.	Louisiana
Century Interactive Fax, Inc.	Louisiana
Century Investments, Inc.	Louisiana
Century Paging, Inc.	Louisiana
Century Service Group, Inc.	Louisiana
Century Supply Group, Inc.	Louisiana
Century Telecommunications, Inc.	Texas
Century Telelink, Inc.	Louisiana
Century Telephone Midwest, Inc.	Michigan
Century Telephone of Adamsville, Inc.	Tennessee
Century Telephone of Arkansas, Inc.	Arkansas
Century Telephone of Central Indiana, Inc.	Indiana
Century Telephone of Central Louisiana, Inc.	Louisiana
Century Telephone of Chatham, Inc.	Louisiana
Century Telephone of Chester, Inc.	Iowa
Century Telephone of Chilton, Inc.	Tennessee
Century Telephone of Colorado, Inc.	Colorado
Century Telephone of East Louisiana, Inc.	Louisiana
Century Telephone of Evangeline, Inc.	Louisiana
Century Telephone of Forestville, Inc.	Wisconsin
Century Telephone of Idaho, Inc.	Delaware
Century Telephone of Lake Dallas, Inc.	Texas
Century Telephone of Larsen-Readfield, Inc.	Wisconsin
Century Telephone of Michigan, Inc.	Michigan
Century Telephone of Monroe County, Inc.	Wisconsin

CENTURY TELEPHONE ENTERPRISES, INC.
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 1997

(continued)

Century Telephone of Mountain Home, Inc.
Century Telephone of North Louisiana, Inc.
Century Telephone of North Mississippi, Inc.
Century Telephone of Northern Michigan, Inc.
Century Telephone of Northern Wisconsin, Inc.
Century Telephone of Northern Louisiana, Inc.
Century Telephone of Northwest Wisconsin, Inc.
Century Telephone of Ohio, Inc.
Century Telephone of Ohio, Inc.
Century Telephone of Oklahoma-Collegeville, Inc.
Century Telephone of Port Arthur, Inc.
Century Telephone of Redfield, Inc.
Century Telephone of Ringgold, Inc.
Century Telephone of San Marcos, Inc.
Century Telephone of South Arkansas, Inc.
Century Telephone of Southeast Louisiana, Inc.
Century Telephone of Southwest Louisiana, Inc.
Century Telephone of Southwest, Inc.
Century Telephone of Wisconsin, Inc.
Chequamegon RSA, Inc.
Coville Telephone Company
Eagle Telecommunications, Inc./Colorado
Eau Claire Cellular, Inc.
Gen. Stae. Utilities Corporation
Inlet Island Telephone Company, Inc.
Interactive Communications, Inc.
Jackson Cellular Telephone Co., Inc. *
Kendall Telephone, Inc.
Northland Telephone Company
North-West Cellular of Eau Claire, Inc.
North-West Cellular of RSA #1, Inc.
North-West Cellular of RSA #2, Inc.
North-West Cellular of RSA #6, Inc.
North-West Cellular of Wisconsin, Inc.
North-West Telephone Company
Northwestern Telephone Systems, Inc.
Pacific Telecom Cable, Inc.
Pacific Telecom Cellular of Alaska RSA #1, Inc.
Pacific Telecom Cellular of Alaska, Inc.
Pacific Telecom Cellular of Michigan, Inc.
Pacific Telecom Cellular of Michigan RSA #1, Inc.
Pacific Telecom Cellular of Michigan RSA #2, Inc.
Pacific Telecom Cellular of Oregon, Inc.
Pacific Telecom Cellular of Washington, Inc.
Pacific Telecom Cellular of Wisconsin, Inc.
Pacific Telecom Cellular, Inc.
Pacific Telecom, Inc.
Pascagoula Cellular Telephone Company, Inc. *
Pawnee Telephone Company

Arkansas
Louisiana
Mississippi
Michigan
Wisconsin
Louisiana
Wisconsin
Indiana
Ohio
Tennessee
Texas
Arkansas
Louisiana
Texas
Arkansas
Louisiana
New Mexico
Wisconsin
Colorado
Washington
Colorado
Colorado
Idaho
Washington
Louisiana
Delaware
Wisconsin
Minnesota
Wisconsin
Wisconsin
Wisconsin
Wisconsin
Wisconsin
Oregon
Delaware
Alaska
Alaska
Michigan
Michigan
Michigan
Oregon
Washington
Wisconsin
Wisconsin
Washington
Delaware
Iowa

CENTURY TELEPHONE ENTERPRISES, INC.
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 1997
(continued)

PTI Communications of Alaska, Inc.	Alaska
PTI Communications of Michigan, Inc.	Michigan
PTI Entertainment, Inc.	Washington
Remote Access Cellular Telecommunications, Inc.	Texas
Tele-Max, Inc.	Texas
Telephone Utilities of Alaska, Inc.	Alaska
Telephone Utilities of Eastern Oregon, Inc.	Oregon
Telephone Utilities of Oregon, Inc.	Oregon
Telephone Utilities of the Northland, Inc.	Alaska
Telephone Utilities of Washington, Inc.	Washington
Telephone Utilities of Wyoming, Inc.	Wyoming
The McAllen Cellular Telephone Co., Inc. *	Nevada
Thorp Cellular, Inc.	Wisconsin
Universal Telephone, Inc.	Wisconsin
WORLDVOX Corporation	Oregon

* Conduct business in the name of Century Cellnet

Certain of the Company's smaller subsidiaries have been intentionally omitted from this exhibit pursuant to rules and regulations of the Securities and Exchange Commission.

Independent Auditors' Consent

The Board of Directors
Century Telephone Enterprises, Inc.:

We consent to incorporation by reference in the Registration Statements (No. 333-27165 and No. 333-42013) on Form S-3, the Registration Statements (No. 33-5836, No. 33-17113, No. 33-46562, No. 33-48554 and No. 33-60061) on Form S-8, the Registration Statements (No. 33-31314 and No. 33-46473) on combined Form S-8 and Form S-3, and the Registration Statements (No. 33-48956 and No. 333-17015) on Form S-4 of Century Telephone Enterprises, Inc. of our report dated January 28, 1998, except as to the third paragraph of Note 20 which is as of February 25, 1998, relating to the consolidated balance sheets of Century Telephone Enterprises, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows and related financial statement schedules for each of the years in the three-year period ended December 31, 1997, which report appears in the December 31, 1997 annual report on Form 10-K of Century Telephone Enterprises, Inc.

/s/ KPMG Peat Marwick LLP

KPMG PEAT MARWICK LLP

Shreveport, Louisiana
March 16, 1998

ATTACHMENT V

TARIFF

SOUTH DAKOTA
INTEREXCHANGE TELECOMMUNICATIONS TARIFF
OF
CENTURYTEL LONG DISTANCE, INC.

This tariff contains the descriptions, regulations and rates applicable to the provision of interexchange telecommunications by CenturyTel Long Distance, Inc. within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission and copies may be inspected, during normal business hours, at the Company's principal place of business.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

CHECK SHEET

This tariff contains the sheets listed below, each of which is effective as of the date shown on each sheet. Original and revised pages as named below comprise all changes from the original tariff.

SHEET	REVISION	SHEET	REVISION
1	Original *	29	Original *
2	Original *	30	Original *
3	Original *	31	Original *
4	Original *	32	Original *
5	Original *	33	Original *
6	Original *	34	Original *
7	Original *	35	Original *
8	Original *	36	Original *
9	Original *	37	Original *
10	Original *	38	Original *
11	Original *	39	Original *
12	Original *	40	Original *
13	Original *	41	Original *
14	Original *	42	Original *
15	Original *	42	Original *
16	Original *	43	Original *
17	Original *	44	Original *
18	Original *	45	Original *
19	Original *	46	Original *
20	Original *	47	Original *
21	Original *	48	Original *
22	Original *	49	Original *
23	Original *	50	Original *
24	Original *	51	Original *
25	Original *	52	Original *
26	Original *	53	Original *
27	Original *	54	Original *
28	Original *	55	Original *

* Indicates new or revised sheet with this filing.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TABLE OF CONTENTS

Check Sheet	2
Table of Contents	3
App'ication of Tariff	4
Symbols	5
Tariff Format	6
SECTION 1 - Technical Terms and Abbreviations	7
SECTION 2 - Rules and Regulations	13
SECTION 3 - Description of Services	29
SECTION 4 - Rates	48
SECTION 5 - Promotions	54
SECTION 6 - Contract Services	55

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

APPLICATION OF TARIFF

The regulations, rules and conditions set forth in this Tariff apply to the provision of intrastate public telecommunications services furnished within the State of South Dakota by CenturyTel Long Distance, Inc. subject to the jurisdiction of the South Dakota Public Utilities Commission.

Dated:

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SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) - To signify a changed listing, rule or condition which may affect rates or charges.
- (D) - To signify discontinued material, including a listing, rate, rule or condition.
- (I) - To signify an increase in rates or charges.
- (M) - To signify material relocated from or to another part of this Tariff with no change in text, rate, rule or condition.
- (N) - To signify new material, including a listing, rate, rule or condition.
- (R) - To signify a reduction in rates or charges.
- (T) - To signify a change in the wording of the text, but no change in rate, rule or condition.
- (X) - To signify a correction or reissued matter.

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TARIFF FORMAT

A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the SDPUC. For example, the 4th revised Page 14 cancels the 3rd revised Page 14.

C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).I.

D. Check Sheets - When a tariff filing is made with the SDPUC, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some sheets.)

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Certain terms used generally throughout this tariff, particularly those for specialized common carrier communication channels furnished by the Company over its facilities are defined below:

Access - Access to CenturyTel's services are provided by one or more or a combination of the following methods: presubscription in equal access areas, direct access, 800, 950 and 10XXX dialing sequences.

Access Code - A sequence of numbers that, when dialed, connect the caller to the provider of services associated with that sequence.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable the Company to identify the origin of the Service User so the Company may rate and bill the call. All Authorization Codes shall be the sole property of the Company and no Customer shall have any property or other right or interest in the use of any particular Authorization Code. Automatic Numbering Identification ("ANI") may be used as or in connection with the Authorization Code.

Authorized User - A person or entity that accesses the Company's services. An Authorized User is responsible for compliance with this tariff.

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company that automatically identifies the local exchange line from which a call originates.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Billed Party - The person or entity responsible for payment of the Company's Service(s): For a Direct Dialed Call, the person or entity responsible for payment is the Customer responsible for payment for local telephone service at the telephone used to originate an intrastate call. In the case of a Traveler Card call or Phone Home Card call, the person or entity responsible for payment is the Customer of record of the Traveler Card or Phone Home Card used.

Calling Card Call - A Direct Dialed call for which charges are billed not to the originating telephone number, but to a LEC or interexchange carrier calling card.

Central Office - A Local Exchange Carrier switching system where Local Exchange Carrier customer station loops are terminated for purposes of interconnection to each other and to trunks.

Channel - The term "Channel" denotes a path for electrical transmission between two or more points, the path having a band width designed to carry voice grade transmission.

Common Carrier - A company or entity providing telecommunications services to the public.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Customer - The term "Customer" denotes the person, partnership, association, joint stock company, trust, corporation, or governmental entity or any other entity that is responsible for payment of charges and for compliance with this tariff.

Customer - Provided Facilities - The term "Customer - Provided Facilities" denotes all communications facilities provided by the Customer and/or Authorized User other than those provided by the Company.

Debit Card - A pre-established account number (typically associated with a card), issued by the Company and purchased by a Customer for access to the Company's network for the purpose of placing long distance telephone calls.

Direct Dialed Call - An intrastate telephone call that is automatically completed and billed to the telephone number from which the call originated without the automatic or live assistance of an operator.

Equal Access - Has the meaning given that term in Appendix B of the Modification of Final Judgment entered August 24, 1982, in United States v. Western Electric, Civil Action No. 82-0192 (United States District Court, District of Columbia), as amended by the Court in its orders issued prior to October 17, 1990.

Equal Access Code - An access code that allows the public to obtain an equal access connection to the carrier associated with that code.

Exchange - The term "Exchange" denotes a unit established by the Local Exchange Carrier for the administration of communications service in a specified area that usually embraces a city, town or village and its environs. It consists of one or more Central Offices together with the associated facilities used in furnishing communications service within that area.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Intrastate Message Telecommunications Service ("MTS") - The term "Intrastate Message Telecommunications Services" denotes the furnishing of direct dialed intrastate switched service to the Customer for the completion of long distance voice and dial-up low speed data transmissions over voice grade channels between points wholly within the State of South Dakota.

Local Exchange Carrier ("LEC") - The term "Local Exchange Carrier" denotes any telephone company that provides local telephone service to Customers within a defined area.

Measured Charge - A charge assessed on a per minute or incremental basis in calculating a portion of the charges due for a completed call.

Other Common Carrier - The term "Other Common Carrier" denotes a common carrier, other than the Company, providing domestic and/or international communications service to the public.

Personal Identification Numbers (PINs) - Code numbers used in connection with designated telephone numbers which allow intrastate calls to be categorized for various applications.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Point(s) of Presence - The term "Point(s) of Presence" denotes the site(s) where the Company provides a network interface with facilities provided by Other Common Carriers, Local Exchange Carriers or Customers for access to the Company network configuration.

Premise - The term "Premise" denotes a building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

SDPUC - South Dakota Public Utilities Commission.

Service - Intrastate telecommunications service provided to a Customer or Authorized User by the Company.

Special Access Service - All exchange access not utilizing telephone company end office switches. This service includes dedicated access that connects end user to end user, end user to carrier, or carrier to carrier and may include analog or digital channels for voice, data or video transmissions.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Subscriber - Any person, firm, partnership, corporation, governmental agency or other entity that orders service from the Company on behalf of itself or on behalf of others. A Subscriber may, in the ordinary course of its operations, makes telephones available to transient users of its premises for placing of intrastate calls. The Subscriber has a pre-existing business arrangement with the Company and may also be a Customer.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the Service, the transmission of data, facsimile, signaling, metering, or any other form of intelligence.

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

Service is offered to residential and business Customers of the Company to provide direct dialed calls originating and terminating partially or wholly within the State of South Dakota, using the Company's network configuration. The Company provides switched long distance network services for voice grade and low speed dial-up data transmission services. The Company does not undertake to transmit messages but furnishes the use of its facilities to its Customers for communications. All services are provided subject to the terms and conditions set forth in this tariff. In the event of a conflict between a contract entered into by the Company and this tariff, the terms of this tariff shall prevail.

The Company's services and facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of the necessary facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.

2.2.2 CenturyTel reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.2 Limitations, (Cont'd.)

- 2.2.3** The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4** All services and facilities provided under this tariff are directly or indirectly controlled by CenturyTel and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4** Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of Company

2.4.1 Except as stated in this section, the Company shall have no liability for damages of any kind arising out of or related to events, acts, rights or privileges contemplated in this tariff. This tariff does not limit the liability of the Company for willful misconduct.

2.4.2 The liability of the Company, if any, for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects in transmission, or failures or defects in facilities furnished by the Company in the course of furnishing service or arising out of any failure to furnish service shall in no event exceed an amount of money equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays or errors or defects in transmission occur and continue. However any such mistakes, omissions, interruptions, delays, errors, or defects in transmission or service that are caused by or contributed to by the negligence or willful act of Customer, or which arise from the use of Customer-Provided Facilities or equipment shall not result in the imposition of any liability whatsoever upon the Company.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.4 Liabilities of Company, (Cont'd.)**

- 2.4.3** CenturyTel shall not be liable for any failure of performance hereunder due to causes beyond its control, including but not limited to Acts of God, fires, flood or other catastrophes; atmospheric conditions or other phenomena of nature, such as radiation; any law, order, regulation, directive action or request of the United States Government, or any other government, including state and local governments having jurisdiction over CenturyTel or the services provided hereunder; national emergencies; civil disorder, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor problems or regulations established or actions taken by any court or government agency having jurisdiction over the Company or the acts of any party not directly under the control of the Company.
- 2.4.4** CenturyTel is not liable for any act, omission or negligence of any Local Exchange Carrier or other provider whose facilities are used concurrently in furnishing any portion of the services received by Customer, or for the unavailability of or any delays in the furnishing of any services or facilities that are provided by any Local Exchange Carrier. Should the Company employ the service of any Other Common Carrier in furnishing the service provided to Customer, the Company's liability shall be limited according to the provisions stated above.
- 2.4.5** CenturyTel shall be indemnified and held harmless by the Customer and Authorized User from and against all loss, liability, damage, and expense, including reasonable attorney's fees, due to claims for libel, slander, or infringement of copyright or trademark in connection with any material transmitted by any person using the Company's services and any other claim resulting from any act or omission of the Customer or Authorized User relating to the use of the Company's facilities.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liabilities of Company, (Cont'd.)

2.4.6 The Company shall not be liable for any act or omission of any other entity furnishing to the Customer facilities or equipment used with the service furnished hereunder; nor shall the Company be liable for any damages or losses due in whole or in part to the failure of Customer-provided service, equipment or facilities.

2.4.7 Under no circumstances whatever shall the Company or its officers, directors, agents, or employees be liable for indirect, incidental, special or consequential damages.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Deposits

The Company does not normally require deposits from customers, however deposits may be required of customers who do not meet the company's credit requirements, or for whom no credit history is available.

2.6 Advance Payments

The Company does not normally require advance payments from customers, however it reserves the right to collect an advance payment of one month's estimated charges. The advance payment is applied to the following month's bill for service.

2.7 Taxes

All federal excise taxes, and state and local sales, use, and similar taxes, are billed as separate line items and are not included in the quoted rates, unless otherwise provided in Section 4 of this tariff.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Payment and Credit Regulations

2.8.1 Billing and Credit Regulations

The charges for service are due when billed and are billed and collected by the Company or its authorized agent, or the connecting company from whose service point the messages were sent paid or at whose service point the messages were received collect.

2.8.2 Payment for Service

The Customer is responsible for payment of all charges for services, including charges for service originated or charges accepted at the Customer's service point.

- (A) Charges for direct dialed calls will be included on the originating party's bill pursuant to billing and collection agreements established by the Company or its intermediary with the applicable telephone company.
- (B) Any applicable federal, state and local use, excise, sales or privileges taxes or similar liabilities chargeable to or against the Company as a result of the provision of the Company's service hereunder to the Customer shall be charged to and payable by the Customer in addition to the rates indicated in this tariff.
- (C) The Customer shall remit payment of all charges to any agency authorized by the Company to receive such payment.
- (D) If the bill is not paid within thirty calendar days following the mailing of the bill, the account will be considered delinquent.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Payment and Credit Regulations, (Cont'd.)

2.8.2 Payment for Service, (cont'd.)

- (E) A delinquent account may subject the Customer's service to temporary disconnection. The Company is responsible for notifying the Customer at least five calendar days before service is disconnected. The Company does not charge a late charge for unpaid bills.
- (F) Failure to receive a bill will not exempt a Customer from prompt payment of any sum or sums due the Company.
- (G) In the event the Company must employ the services of attorneys for collection of charges due under this tariff or any contract for special services, Customer shall be liable for all costs of collection including reasonable attorney's fees and court costs.
- (H) CenturyTel will not bill for unanswered calls in areas where Equal Access is available, nor will CenturyTel knowingly bill for unanswered telephone calls where Equal Access is not available. In the event that an unanswered call is inadvertently billed due to the unavailability of Equal Access, CenturyTel will cancel all such charges upon request or may credit the account of the Billed Party. Any call for which the billed duration exceeds one minute shall be presumed to have been answered.
- (I) In the event the Customer is overbilled, an adjustment will be made to the Customer's account and the Customer will be deemed to not owe overbilled amount. If the Customer is underbilled, the Customer is allowed to either pay in lump sum or in installments.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.9 Right to Backbill for Improper Use of the Company's Service**

Any person or entity that uses, appropriates or secures the use of service from the Company, whether directly or indirectly, in any unlawful manner or through the providing of any misleading or false information to the Company and which uses, appropriation, or securing of services is inconsistent with the stated uses, intents, and purposes of this tariff or any restrictions, conditions, and limitations stated herein, shall be liable for an amount equal to the accrued and unpaid charges that would have been applicable to the use of the Company's service actually made by Customer.

2.10 Billing Entity Conditions

When billing functions on behalf of CenturyTel are performed by local exchange telephone companies, credit card companies or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charges. In case of any disputed charges that cannot be resolved by the billing company, the Billed Party may contact CenturyTel directly. If there is still a disagreement about the disputed amount after investigation and review by CenturyTel or other service provider, the Billed Party has the option to pursue the matter with the appropriate state commission and/or the Federal Communications Commission.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.11 Compliance with Regulatory Requirements

The Company reserves the right to discontinue service, limit service, or to impose requirements on Customers as required to meet changing regulatory rules and standards of the SDPUC.

2.12 Interconnection

The Company reserves the right to interconnect its services with those of any Other Common Carrier, Local Exchange Carrier, or alternate access provider of its election, and to utilize such services for the provision of services offered herein.

2.13 Denial of Access or Disconnect of Service by the Company

The Company expressly retains the right to deny access or disconnect service without incurring any liability for any of the following reasons.

2.13.1 Nonpayment of any sum due for service provided hereunder, where the Customer's charges remain unpaid more than ten (10) days following notice of nonpayment and notice of intention to disconnect from the Company. Notice shall be deemed to be effective upon mailing of written notice, postage prepaid, to the Customer's last known address;

2.13.2 Customer's acts or omissions that constitute a violation of, or a failure to comply with, any regulation stated in this tariff governing the furnishing of service, but which violation or failure to comply does not constitute a material breach or does not pose any actual threatened interference to CenturyTel operations or its furnishing of service. The Company agrees to give Customer ten (10) days notice of such violation or failure to comply prior to disconnection of service; or

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.13 Denial of Access to Service by the Company, (Cont'd.)

2.13.3 The implementation of any order of a court of competent jurisdiction, or federal or state regulatory authority of competent jurisdiction, prohibiting the Company from furnishing such service; or

2.13.4 Failure to pay a previously owed bill by the same Customer at another location.

2.14 Customer's Liability in the Event of Denial of Access to Service by the Company

In the event a Customer's service is disconnected by the Company for any of the reasons stated in Section 2.13, the Customer shall be liable for all unpaid charges due and owing to the Company associated with the service.

2.15 Reinstitution of Service

The Company will reconnect service upon Customer request as soon as the reason for the Customer's termination is removed. If the Customer seeks reinstitution of Service following denial of service by the Company, the Customer shall pay to the Company prior to the time service is reinstituted (1) all accrued and unpaid charges, but there will be no charge for the service restoration.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.16 Credit Allowances for Interruption of Service**

Credit allowances for interruptions of service are limited the initial minimum period charge incurred to re-establish the interrupted call.

2.17 Inspection, Testing and Adjustment

Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for tests and adjustments as may be deemed necessary by the Company for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made when the interruption is less than twenty-four consecutive hours.

2.18 Toll Free Numbers

CenturyTel will make every effort to reserve "vanity" toll free numbers on the Customer's behalf, but makes no warranty or guarantee that the "vanity" number(s) will be available for use by the Customer.

If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in toll free service to another carrier (i.e. "porting" of the toll free number), including a request for a Responsible Organization (Resp Org) change, until such charges are paid in full.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.19 Responsibilities of the Subscriber

- 2.19.1 The Subscriber is responsible for placing any necessary orders, for complying with tariff regulations, and for ensuring that Authorized Users comply with tariff regulations. The Subscriber is also responsible for the payment of charges for calls originated at the Subscriber's premises that are not collect, third party, calling card, or credit card calls.
- 2.19.2 The Subscriber is responsible for charges incurred for special construction and/or special facilities that the Subscriber requests and which are ordered by CenturyTel on the Subscriber's behalf.
- 2.19.3 If required for the provision of CenturyTel's Services, the Subscriber must provide any equipment space, supporting structure, conduit, and electrical power without charge to CenturyTel.
- 2.19.4 The Subscriber is responsible for arranging ingress to its premises at times mutually agreeable to it and CenturyTel when required for CenturyTel personnel to install, repair, maintain, program, inspect, or remove equipment associated with the provision of CenturyTel's Services.
- 2.19.5 The Subscriber shall ensure that its terminal equipment and/or system is properly interfaced with CenturyTel's facilities or services, that the signals emitted into CenturyTel's network configuration are of the proper mode, bandwidth, power, and signal level for the intended use of the Subscriber and in compliance with the criteria set forth in Part 68 of the Code of Federal Regulations, and that the signals do not damage equipment, injure personnel, or degrade service to other Subscribers.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.19 Responsibilities of the Subscriber, (Cont'd.)

- 2.19.6** If the Subscriber fails to maintain the equipment and/or the system properly, with resulting imminent harm to CenturyTel's equipment, personnel, or the quality of Service to other Subscribers or Customers, CenturyTel may, upon written notice, require the use of protective equipment at the Subscriber's expense. If this fails to produce satisfactory quality and safety, CenturyTel may, upon written notification, terminate the Subscriber's service.
- 2.19.7** The Subscriber must pay CenturyTel for replacement or repair of damage to the equipment or facilities of CenturyTel caused by negligence or willful act of the Subscriber, its Authorized Users, or others, or by improper use of equipment provided by the Subscriber, Authorized Users, or others.
- 2.19.8** The Subscriber must pay for the loss through theft or fire of any of CenturyTel's equipment installed at Subscriber's premises.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.20 Responsibilities of Authorized Users

- 2.20.1 The Authorized User is responsible for compliance with the applicable regulations set forth in this tariff as well as all rules and regulations of the state utility commission and the FCC.
- 2.20.2 The Authorized User is responsible for identifying the station, party, or person with whom communication is desired and/or made at the called number.
- 2.20.3 The Authorized User is responsible for providing CenturyTel with a valid method of billing for each call. CenturyTel reserves the right to validate the credit worthiness of users through available credit card, calling card, called number, third party telephone number, and room number verification procedures. Where a requested billing method cannot be validated, the user may be required to provide an acceptable alternate billing method or CenturyTel may refuse to place the call.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.21 Customer Inquiries or Complaints

Customer inquiries or complaints regarding service or billings may be made in writing or phone to:

Customer Service Manager
CenturyTel Long Distance, Inc.
206 Fifth Avenue South
LaCrosse, Wisconsin 54601
(800) 658-9028

Customers may contact the South Dakota Public Utilities Commission if he or she is dissatisfied with the Company's response. The Commission can be reached at:

South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501-5070
(605) 773-3201
(800) 332-1782

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 General

CenturyTel Long Distance, Inc. offers outbound long distance, in-bound toll free and travel card services to its customers. Rates for these services vary by product. All CenturyTel services are available 24 hours a day, seven days a week.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.2 Determination of Call Duration and Timing of Calls

- 3.2.1 For Direct Dialed Calls, chargeable time begins when the connection is established between the calling station and the desired telephone, attendant board, or private branch exchange console.
- 3.2.2 Chargeable time ends when the connection is terminated.
- 3.2.3 Chargeable time does not include the time lost because of known faults or defects in the service.
- 3.2.4 The initial and additional timing periods for billing purposes vary by product and are specified in Section 4 of this tariff.
- 3.2.5 The Company will not bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, CenturyTel will reasonably issue credit for the call.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.3 Time of Day Rate Periods

For time of day sensitive services, the appropriate rates apply for day, evening and night/weekend calls based on the following chart:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 4:59 PM	DAYTIME RATE PERIOD OR PEAK RATE PERIOD					EVE	
5:00 PM TO 10:59 PM	EVENING RATE PERIOD OR OFF PEAK RATE PERIOD						
11:00 PM TO 7:59 AM	NIGHT/WEEKEND RATE PERIOD OR OFF PEAK RATE PERIOD						

- 3.3.1 Day, Evening, and Night/Weekend times are determined by the local time of the location of the calling service point. Chargeable time for a rate period (e.g. 8AM-5PM) begins with the first stated hour (8AM) and continues to, but does not include, the second stated hour (5PM). The rate applicable at the start of chargeable time at the calling station applies to the call during the duration of the call that is applicable to that time period. If a call begins in one discount period and ends in another, the initial period discount applied is the discount in effect at the time the call is established. The charge for each additional minute of usage is the additional minute billing rate of the rate period in which the beginning of each minute occurs.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.1 Time of Day Rate Periods, (Cont'd.)

3.3.2 The time when connection is established is determined in accordance with the time - standard or daylight savings - legally or commonly in use at the location of the calling service point and determines whether Day, Evening, Night or Weekend rates apply. This rule applies to all intrastate direct dialed calls.

3.3.3 The Evening rate applies to the holidays listed below unless a lower rate period is in effect.

New Year's Day	••
Martin Luther King Day	•
President's Day	•
Memorial Day	•
Independence Day	••
Labor Day	•
Columbus Day	•
Veterans Day	••
Thanksgiving Day	•
Christmas Day	••

• = Applies to Federally recognized days only.

•• = If the holiday falls on a Sunday, the holiday rates are applied to the following Monday. If the holiday falls on a Saturday, the holiday rates are applied to the preceding Friday.

Dated:

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Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.4 Calculation of Distance

For services which are distance sensitive, usage charges are based on the airline distance between the serving wire center locations associated with the originating and terminating points of the call.

The distance between the originating and terminating points is calculated by using the "V" or "H" coordinates of the serving wire centers as defined by BellCore (Bell Communications Research), in the following manner:

- Step 1: Obtain the "V" and "H" coordinates for the serving wire center of the Customer's switch and the destination point.
- Step 2: Obtain the difference between the "V" coordinates of each of the serving wire centers. Obtain the difference between the "H" coordinates.
- Step 3: Square the differences obtained in Step 2.
- Step 4: Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5: Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6: Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the originating and terminating serving wire centers of the call.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.5 Travel Card Services

Card Service(s) allows a Customer to place a long distance call to any geographical area in the United States from an access line and receive the bill for said call(s) placed on an assigned calling card billing number.

3.5.1 Traveler's Card

Traveler's Card is used for calling from any touchtone telephone to any valid telephone number in the United States. Call charges are billed to the Customer. Calls are billed in full minute increments.

3.5.2 Phone Home Card

Phone Home Card is available for calling from any touchtone telephone to a pre-determined list of up to ten valid telephone numbers. Calls are billed in full minute increments.

3.6 CenturyTel Simple

CenturyTel Simple is an outbound direct dial product designed for Residential Customers. Calls for this service are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute. This service is only offered in conjunction with interstate service. Customers can choose one of the two options listed below depending on their calling needs.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.7 CenturyTel Preferred**

CenturyTel Preferred is a basic switched 1+ toll service for residential and small business users billing between \$ 50.00 and \$ 2500.00 per month in inbound and outbound services. Traveler Card Service is available to CenturyTel Preferred subscribers. This service is only offered in conjunction with interstate service and an interstate monthly recurring charge does apply.

3.7.1 Volume Discounts

Volume Discounts apply back to the first dollar of billing, once the monthly volume level has been met as specified below.

Monthly Dollar Amount	Discount
\$0.00 - \$99.99	0%
\$100.00 - \$499.99	5%
\$500.00 - \$1,499.99	10%
\$1,500.00 +	20%

3.7.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and applicable usage. Operator handled and international calls will not be aggregated for discount purposes.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.7 CenturyTel Preferred, (Cont'd.)

3.7.3 Billing Reports

Customer may (i) receive the bill with standard reporting at no cost; (ii) or through the company with customized reports.

3.7.4 Minimum Billing

Minimum billing is \$ 50.00 per month. In the event a Customer bills less than \$50.00 per month, the Customer will still be billed for \$ 50.00 worth of usage. The minimum billing requirement applies to usage only and does not include taxes or monthly recurring charges.

3.7.5 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Preferred Service.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.8 CenturyTel Metro**

CenturyTel Metro is a direct dial outbound calling plan designed for medium to large size business customers. Calls are placed over switched access facilities. This service is only offered as an addition to CenturyTel Metro interstate service. All calls are billed in six (6) second increments after an initial period, for billing purposes, of six (6) seconds. All calls are billed in arrears.

3.8.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$249.99	0%
\$250.00 - \$499.99	10%
\$500.00 - \$749.99	15%
\$750.00 +	20%

3.8.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.8.3 Minimum Billing

No minimum billing applies.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.8 CenturyTel Metro, (Cont'd.)

3.8.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Metro Service.

3.8.5 Monthly Recurring Fee

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.9 CenturyTel Direct**

CenturyTel Direct is an outbound service designed for medium to large business Customers utilizing dedicated or special access facilities to reach a CenturyTel point of presence. This service is only offered as an addition to CenturyTel Direct interstate service. All calls are billed in six (6) second increments after an initial period, for billing purposes, of six (6) seconds. All calls are billed in arrears.

3.9.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$9,999.99	0%
\$10,000.00 - \$24,999.99	5%
\$25,000 +	10%

Dated:**Effective:****Issued by:**

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.10 CenturyTel Classic Toll Free**

CenturyTel Classic Toll Free Inbound Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's local exchange lines. With CenturyTel Classic Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of third (30) seconds.

3.10.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$24.99	0%
\$25.00 - \$99.99	5%
\$100.00 +	10%

3.10.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.10.3 Minimum Billing

No minimum billing applies.

3.10.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Classic Toll Free Service.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.11 CenturyTel Preferred Toll Free**

CenturyTel Preferred Toll Free Inbound Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's local exchange lines. With CenturyTel Preferred Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of eighteen (18) seconds.

3.11.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$99.99	0%
\$100.00 - \$499.99	5%
\$500.00 - \$1,499.99	10%
\$1,500.00 +	20%

3.11.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.11.3 Minimum Billing

No minimum billing applies.

3.11.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Preferred Toll Free Service.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.12 CenturyTel Metro Toll Free**

CenturyTel Metro Toll Free Inbound Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's local exchange lines. With CenturyTel Metro Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of six (6) seconds.

3.12.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$249.99	0%
\$250.00 - \$499.99	10%
\$500.00 - \$749.99	15%
\$750.00 +	20%

3.12.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.12.3 Minimum Billing

No minimum billing applies.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.12 CenturyTel Metro Toll Free, (Cont'd.)

3.12.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Preferred Metro Service.

3.12.5 Monthly Recurring Charge

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.13 CenturyTel Direct Toll Free Service**

CenturyTel Direct Toll Free Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's dedicated access facilities. With CenturyTel Direct Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of six (6) seconds.

3.13.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$9,999.99	0%
\$10,000.00 - \$24,999.99	5%
\$25,000 +	10%

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.14 Debit Card Service

3.14.1 General

CenturyTel Debit Card Service is a prepaid travel card account service that provides access for outbound voice grade telecommunications.

Exclusions. The following call types may not be completed with CenturyTel's Debit Card service:

- Calls to 700 numbers
- All Operator Services Calls
- Calls to 800 numbers
- Conference Calls
- Calls to 900 numbers
- Directory Assistance Calls
- Busy Line Verify and Busy Line Interrupt
- Calls requiring the quotation of time and charges

Except as may be specifically referenced therein, calls made utilizing CenturyTel's Debit Card Services are not included in any specialized service offerings nor promotions.

3.14.2 Availability of Service

Service is available twenty-four hours a day, seven days a week. The number of available Debit Card account numbers is subject to technical limitations. Such card accounts will be offered to Customers on a first come first serviced basis. Printed material associated with Debit Card Service will include the name of CenturyTel Telecommunications, Inc. and the 800 Customer Service number.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.14 Debit Card Service, (Cont'd.)

3.14.3 Regulations

In addition to the general rules and regulations set forth in this tariff, the following regulations also apply:

- (A) Debit Card Service is accessed using the 800 number printed on the card;
- (B) All calls must be charged against a Debit Card that has a sufficient available balance;
- (C) A Customer's call will be interrupted with an announcement when the balance is about to be depleted; such announcements will occur five minutes and two minutes before the balance will be depleted, based on the termination location of the call;
- (D) Calls in progress will be terminated by the Company if the balance on the card is insufficient to continue the call.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.15 Directory Assistance

Directory Assistance is available to Customers of CenturyTel Service. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number.

Dated:

Effective:

Issued by:

Mr. Charles Hamon, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES

4.1 General

Each Customer is charged individually for each call placed through the Company. Charges may vary by product type, time of day, day of week and call duration.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES, (CONT'D.)

4.2 Travel Card Services

4.2.1 Traveler's Card

(A) Per Call Surcharge: \$0.6000

(B) Per Minute Rates: \$0.2100

4.2.2 Phone Home Card

(A) Per Call Surcharge: \$0.7500

(B) Per Minute Rates:

Day	Evening	Night/Weekend
\$0.20	\$0.18	\$0.16

4.3 CenturyTel Simple

4.3.1 CenturyTel Simple Basic

Per Minute Rate: \$0.15

Monthly Recurring Charge: \$0.00

4.3.2 CenturyTel Simple 10¢

Customers that choose the CenturyTel Simple 10¢ option will be charged an interstate monthly recurring charge in exchange for the reduced per minute rate listed below.

Per Minute Rate: \$0.10

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES, (CONT'D.)

4.4 CenturyTel Preferred

4.4.1 Per Period Rates

(A) CenturyTel Preferred -Switched

Mileage Band	Day		Evening		Night/Weekend	
	1st Minute	Add'l. Minute	1st Minute	Add'l. Minute	1st Minute	Add'l. Minute
All	\$0.2000	\$0.2000	\$0.2000	\$0.2000	\$0.2000	\$0.2000

The monthly interstate monthly service charge applicable to this product will be waived if the Customers combined monthly usage for both inbound and outbound services is over \$250 for the month.

4.4.2 Account Codes

Account codes are available with the following charges:

Set-up Fee:	\$10.00
Monthly Service Charge:	\$ 5.00
(for each 50 account codes)	
Moves and Changes:	\$ 5.00 (Business)
(per occurrence)	\$ 1.00 (Residential)

Account code recurring and/or nonrecurring charges may be waived for a Customer when the combined billing on all accounts billed by the Company to the Customer exceeds \$500.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES, (CONT'D.)

4.5 CenturyTel Metro

4.5.1 Per Period Rates \$0.1700

4.5.2 Monthly Recurring Fee \$50.00

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

4.6 CenturyTel Direct

4.6.1 Per Period Rates

Mileage Band	Day		Evening		Night/Weekend	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period
All	\$0.0100	\$0.0100	\$0.0090	\$0.0090	\$0.0085	\$0.0085

4.6.2 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$9,999.99	0%
\$10,000.00 - \$24,999.99	5%
\$25,000 +	10%

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES, (CONT'D.)

4.7 CenturyTel Classic Toll Free

4.7.1 Per Period Rates	\$0.2500
4.7.2 Monthly Recurring Charge	\$ 5.00
4.7.3 Set Up Charge	\$10.00

4.8 CenturyTel Preferred Toll Free

4.8.1 Per Period Rates	\$0.2000
4.8.2 Monthly Recurring Charge	\$15.00
4.8.3 Non-Recurring Charge	\$10.00

4.9 CenturyTel Metro Toll Free

4.9.1 Per Period Rates	\$0.1900
4.9.2 Monthly Recurring Charge	\$25.00

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES, (CONT'D.)

4.10 CenturyTel Direct Toll Free Service

4.10.1 Per Period Rates

Mileage Band	Day		Evening		Night/Weekend	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l. Period	Initial Period	Each Add'l Period
All	\$0.0120	\$0.0120	\$0.0110	\$0.0110	\$0.0105	\$0.0105

4.11 Debit Card Service

4.11.1 Rates

Calls are charged in full minute increments for the first minute and all subsequent minutes.

Per Minute Charge: \$0.45

4.12 Directory Assistance

4.12.1 Rates

Directory Assistance, per call

InterLATA Directory Assistance	\$0.95
IntraLATA Directory Assistance	\$0.40

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 4 - RATES, (CONT'D.)

4.13 Late Payment Charge

A late fee of the greater of 1.5% or \$1.00 per month will be charged on any past due balance.

4.14 Return Check Charge

A return check charge of \$20.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of this tariff and pursuant to South Dakota law and Commission regulations.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 5 - PROMOTIONS

5.1 Promotions - General

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. The Company will provide thirty (30) days notification to the Commission of the availability and duration of such offers.

5.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four minutes duration over its network.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 6 - CONTRACT SERVICES

6.1 General

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for six months after the initial offering to the first contract Customer for any given set of terms.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

ATTACHMENT VI

CERTIFICATED CENTURYTEL STATES

The Company is in the initial stages of launching a nationwide certification program. They plan on filing for certification in all states by the end of the 1st quarter of 1999.

TECHNOLOGIES MANAGEMENT, INC.

P.O. BOX 200
210 N. PARK AVE.
WINTER PARK, FL 32789-0200
(407) 740-8575

NATIONSBANK
WINTER PARK, FL 32789
83-27/631

22073

1/26/99

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State Capitol
Pierre, SD 57501-5070

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MEMO Application Fee for CenturyTel LD

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South Dakota Public Service Comm.
01/26/99

Bill #Century LD

1/26/99

22073

250.00

TC 99-011

Cash operating

Application Fee for CenturyTel LD

250.00

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of January 28, 1999 through February 3, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.

Phone: 605-773-3705. Fax: 605-773-3809.

NATURAL GAS

- NG99-001** In the Matter of the Filing by Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. for Approval of Gas Extension Policy Rate 120.

Montana-Dakota Utilities is proposing to revise the Gas Extension Policy Rate 120 schedule in order to provide for the use of an Incremental Expansion Surcharge (Surcharge) for certain gas main extension projects. The proposed Surcharge provides for a payment option that may make the required contribution more palatable to the new customers while still ensuring that existing customers are not subsidizing the extension required for serving the new customers.

Staff Attorney: Karen Cremer

Staff Analyst: Keith Senger

Date Filed: 02/1/99

Intervention Deadline: 02/19/99

TELECOMMUNICATIONS

- TC99-011** In the Matter of the Application of CenturyTel Long Distance, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

CenturyTel Long Distance, Inc. (CenturyTel) is a switchless reseller of interexchange telecommunications services. CenturyTel will offer outbound presubscribed and casual calling service, toll free inbound service and travel card service.

Staff Attorney: Karen Cremer

Staff Analyst: Michele Farris

Date Filed: 01/29/99

Intervention Deadline: 02/19/99

- TC99-012** In the Matter of the Application of Atlantic Telephone Company, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Atlantic Telephone Company, Inc. (Atlantic) is a reseller which intends to

offer 1+ and 101XXXX direct outbound dialing, 800/888 toll-free inbound dialing, and travel card service on a statewide basis. Atlantic intends to market its services primarily to small to mid-sized businesses and residential customers.

Staff Attorney: Camron Hoseck

Staff Analyst: Harlan Best

Date Filed: 02/02/99

Intervention Deadline: 02/19/99

TC99-013 In the Matter of the Application of TRI-M Communications, Inc. dba TMC Communications for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

TRI-M Communications, Inc. dba TMC Communications (TMC) proposes to provide intrastate long distance telecommunications service, including debit cards, over resold transmission facilities. TMC will also provide South Dakota customers with service to foreign countries.

Staff Attorney: Camron Hoseck

Staff Analyst: Michele Farris

Date Filed: 02/3/99

Intervention Deadline: 02/19/99

You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe to the PUC mailing list at <http://www.state.sd.us/puc/>



March 5, 1999
Via Overnight Delivery

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

RECEIVED

MAR 10 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

RE: Data Request Response for CenturyTel Long Distance, Inc.
Docket TC99-0171

Dear Mr. Bullard:

Pursuant to a data request from Michele M. Farris, P.E., Utility Analyst with the South Dakota Commission, enclosed for filing are the original and two (2) copies of the data request response of CenturyTel Long Distance, Inc. regarding their application for certificate of authority and proposed tariff.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Questions regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to CenturyTel Long Distance, Inc.

Enclosures

TMF/sbm

cc: C. Hamm - CenturyTel (w/ enclosures)
file: CenturyTel - SD
TMS: SDi9900

3. If the applicant is a corporation (continued):

(d) A list of the names and addresses of the current corporate officers and members of the board of directors.
See Attachment III.

(e) The names and addresses of the ten common stockholders who own the greatest number of shares of common stock and the number of shares owned by each.
See Attachment III.

(f) The names, address of any corporation, association, partnership, cooperative or individual holding a five percent or greater ownership or management interest in the applicant corporation. The amount and character of the ownership interest shall be indicated. A copy of any management agreement shall be attached.

See Attachment III.

(g) The names and addresses of subsidiaries owned or controlled by the applicant.
None.

4. If the applicant is a partnership, the name, title and business address of each partner, both general and limited.

Not applicable.

5. A specific description of the telecommunications services the applicant intends to offer.

CenturyTel's long distance operations in South Dakota will be provided as a switchless telecommunications reseller. Calls will originate, be switched and terminated over the facilities of other carriers. For direct dialed and toll free long distance services, CenturyTel currently uses the network of Wiltel and other certificated carriers. For travel card services CenturyTel currently uses the network of MCI. CenturyTel will utilize the network of Pacific Applications International Corporation for its debit card services.

Resold telecommunications services offered by CenturyTel include outbound presubscribed and casual calling service, toll free inbound service and travel card service. Services are provided to both residential and business customers. Intrastate service is offered as an add-on to Century's interstate service.

EXHIBIT V

CENTURYTEL LONG DISTANCE, INC.

TC99-013

LIABILITY LANGUAGE CHANGES

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of Company

2.4.1 CenturyTel's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with SDCL 49-13-1 and 49-13-1.1 and any other applicable law.

2.4.2 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liabilities of Company, (Cont'd.)

- 2.4.6 The Company shall not be liable for any act or omission of any other entity furnishing to the Customer facilities or equipment used with the service furnished hereunder; nor shall the Company be liable for any damages or losses due in whole or in part to the failure of Customer-provided service, equipment or facilities.

Dated:

Effective:

Issued by:

Mr. Charles Haman, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

EXHIBIT VI

CENTURYTEL LONG DISTANCE, INC.

TC99-013

DEPOSITS LANGUAGE CHANGE

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Deposits

The Company does not require deposits from customers.

2.6 Advance Payments

The Company does not normally require advance payments from customers, however it reserves the right to collect an advance payment of one month's estimated charges. The advance payment is applied to the following month's bill for service.

2.7 Taxes

All federal excise taxes, and state and local sales, use, and similar taxes, are billed as separate line items and are not included in the quoted rates, unless otherwise provided in Section 4 of this tariff.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

EXHIBIT VII

CENTURYTEL LONG DISTANCE, INC.

TC99-013

DISPUTED AMOUNTS LANGUAGE CHANGE

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Payment and Credit Regulations, (Cont'd.)

2.8.2 Payment for Service, (cont'd.)

- (E) A delinquent account may subject the Customer's service to temporary disconnection. The Company is responsible for notifying the Customer at least five calendar days before service is disconnected. The Company does not charge a late charge for unpaid bills.
- (F) Failure to receive a bill will not exempt a Customer from prompt payment of any sum or sums due the Company.
- (G) In the event the Company must employ the services of attorneys for collection of charges due under this tariff or any contract for special services, Customer shall be liable for all costs of collection including reasonable attorney's fees and court costs.
- (H) CenturyTel will not bill for unanswered calls in areas where Equal Access is available, nor will CenturyTel knowingly bill for unanswered telephone calls where Equal Access is not available. In the event that an unanswered call is inadvertently billed due to the unavailability of Equal Access, CenturyTel will cancel all such charges upon request or may credit the account of the Billed Party. Any call for which the billed duration exceeds one minute shall be presumed to have been answered.
- (I) In the event the Customer is overbilled, an adjustment will be made to the Customer's account and the Customer will be deemed to not owe overbilled amount. If the Customer is underbilled, the Customer is allowed to either pay in lump sum or in installments.
- (J) A Customer has 180 days from the date of a bill to dispute a portion of their bill, notwithstanding Section 2.8.2 (A) through (I) above. While the charge is in dispute, the Customer shall only be required to pay the undisputed portion of their bill in full.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

EXHIBIT VIII

CENTURYTEL LONG DISTANCE, INC.

TC99-013

TTY REFERENCE CHANGE

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.21 Customer Inquiries or Complaints

Customer inquiries or complaints regarding service or billings may be made in writing or phone to:

Customer Service Manager
CenturyTel Long Distance, Inc.
206 Fifth Avenue South
LaCrosse, Wisconsin 54601
(800) 658-9028

Customers may contact the South Dakota Public Utilities Commission if he or she is dissatisfied with the Company's response. The Commission can be reached at:

South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501-5070
(605) 773-3201
(800) 332-1782
TTY Through Relay South Dakota (800) 877-1113

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

EXHIBIT IX

CENTURYTEL LONG DISTANCE, INC.

TC99-013

CENTURYTEL SIMPLE SECTION ADDITIONS

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.5 Travel Card Services**

Card Service(s) allows a Customer to place a long distance call to any geographical area in the United States from an access line and receive the bill for said call(s) placed on an assigned calling card billing number.

3.5.1 Traveler's Card

Traveler's Card is used for calling from any touchtone telephone to any valid telephone number in the United States. Call charges are billed to the Customer. Calls are billed in full minute increments.

3.5.2 Phone Home Card

Phone Home Card is available for calling from any touchtone telephone to a pre-determined list of up to ten valid telephone numbers. Calls are billed in full minute increments.

3.6 CenturyTel Simple

CenturyTel Simple is an outbound direct dial product designed for Residential Customers. Calls for this service are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute. This service is only offered in conjunction with interstate service. Customers can choose one of the two options listed below depending on their calling needs.

3.6.1 CenturyTel Simple Basic

CenturyTel Simple Basic provides outbound direct dial for Residential customers at a flat rate of 15¢ a minute. This service is only offered in conjunction with interstate service.

3.6.2 CenturyTel Simple 10¢

CenturyTel Simple 10¢ provides outbound direct dial for Residential customers at a reduced rate of 10¢ a minute. This service requires an interstate monthly recurring charge in exchange for the reduced rate.

Dated:**Effective:****Issued by:**

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203



South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



April 15, 1999

Capitol Office
Telephone (605) 773-3781
FAX (605) 773-3889

Transportation/
Warehouse Division
Telephone (605) 773-5388
FAX (605) 773-3325

Consumer Hotline
1-800-333-1702

TTY Through
Relay South Dakota
1-800-877-1113

Internet Website
www.puc.state.sd.us/puc/

Jim Burg
Chairman
Pete Nelson
Vice-Chairman
Linda Schoenfelder
Commissioner

William Ballard Jr.
Executive Director

Helen Best
Martin C. Bettmann
Sue Cichos
Karen E. Cremer
Michelle M. Ferris
Marlette Fischbach
Shelton Fugitt
Lewis Hammond
Loni Healy
Cameron Hoeck
Lisa Hull
Dave Jackson
Katie Johnson
Bob Kauder
Debra Kellie
Jeffrey F. Lammson
Charles L. Lind
Terry Loman
Gregory A. Rishor
Kathie Senger
Sabine Alts West

Mr. Charles Hamm
Manager
Tariffs and Compliance
CenturyTel Long Distance, Inc.
100 Century Park Drive
Monroe, LA 71203

Re: CenturyTel Long Distance, Inc.
Docket No. TC99-011

Dear Mr. Hamm:

Enclosed you will find a copy of the Order Granting Certificate of Authority with reference to CenturyTel Long Distance Inc. As soon as we receive your surety bond, we will send you your Certificate of Authority.

Very truly yours,

Karen E. Cremer
Staff Attorney

KEC:dk

cc: Mr. Thomas M. Forte
Enc.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)
CENTURYTEL LONG DISTANCE, INC. FOR A)
CERTIFICATE OF AUTHORITY TO PROVIDE)
TELECOMMUNICATIONS SERVICES IN)
SOUTH DAKOTA)

ORDER GRANTING
CERTIFICATE OF
AUTHORITY

TC99-011

On January 29, 1999, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from CenturyTel Long Distance, Inc. (CenturyTel).

CenturyTel proposes to offer resold telecommunications services such as outbound presubscribed and casual calling service, toll free inbound service and travel card service. A proposed tariff was filed by CenturyTel. The Commission has classified long distance service as fully competitive.

On February 4, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of February 19, 1999, to interested individuals and entities. No petitions to intervene or comments were filed and at its April 8, 1999, meeting, the Commission considered CenturyTel's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to CenturyTel furnishing the Commission with a surety bond. CenturyTel requested that the amount of the bond be \$5,000.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that CenturyTel has met the legal requirements established for the granting of a certificate of authority. CenturyTel has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves CenturyTel's application for a certificate of authority, subject to CenturyTel furnishing the Commission with a \$25,000 surety bond. As the Commission's final decision in this matter, it is therefore

ORDERED, that CenturyTel's application for a certificate of authority is hereby granted, subject to CenturyTel furnishing the Commission with a \$25,000 surety bond. It is

FURTHER ORDERED, that CenturyTel shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 14th day of April, 1999.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By Aldine Kelso

Date 4/15/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner



210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

April 21, 1999
Via Overnight Delivery

RECEIVED

APR 23 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: Replacement Tariff for CenturyTel Long Distance, Inc.
~~Docket TC99-04~~ 011

Dear Mr. Bullard:

Enclosed are an original and ten (10) copies of a replacement tariff for CenturyTel Long Distance, Inc. for the above referenced Docket. The purpose of the replacement tariff is to remove the language involving debit cards throughout the tariff. The change was necessitated by the \$25,000 Bond Requirement for debit cards in South Dakota. CenturyTel Long Distance, Inc. petitioned the Commission to reduce the requirement to \$5,000, however, the Commission did not approve the reduction in bond requirements. Accordingly CenturyTel has removed debit card service from its proposed tariff and will not market debit card service in South Dakota as requested by Commission staff.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the stamped self-addressed envelope which is provided for that purpose.

Questions regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to CenturyTel Long Distance, Inc.

Enclosures

TMF/sbm

cc: C. Hamm - CenturyTel (w/ enclosures)
file: CenturyTel - SD (w/enclosures)
TMS: SDI9900d

SOUTH DAKOTA
INTEREXCHANGE TELECOMMUNICATIONS TARIFF
OF
CENTURYTEL LONG DISTANCE, INC.

This tariff contains the descriptions, regulations and rates applicable to the provision of interexchange telecommunications by CenturyTel Long Distance, Inc. within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission and copies may be inspected, during normal business hours, at the Company's principal place of business.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD/99004

CHECK SHEET

This tariff contains the sheets listed below, each of which is effective as of the date shown on each sheet. Original and revised pages as named below comprise all changes from the original tariff.

SHEET	REVISION	SHEET	REVISION
1	Original *	29	Original *
2	Original *	30	Original *
3	Original *	31	Original *
4	Original *	32	Original *
5	Original *	33	Original *
6	Original *	34	Original *
7	Original *	35	Original *
8	Original *	36	Original *
9	Original *	37	Original *
10	Original *	38	Original *
11	Original *	39	Original *
12	Original *	40	Original *
13	Original *	41	Original *
14	Original *	42	Original *
15	Original *	42	Original *
16	Original *	43	Original *
17	Original *	44	Original *
18	Original *	45	Original *
19	Original *	46	Original *
20	Original *	47	Original *
21	Original *	48	Original *
22	Original *	49	Original *
23	Original *	50	Original *
24	Original *	51	Original *
25	Original *	52	Original *
26	Original *	53	Original *
27	Original *		
28	Original *		

* Indicates new or revised sheet with this filing.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD0900d

TABLE OF CONTENTS

Check Sheet	2
Table of Contents	3
Application of Tariff	4
Symbols	5
Tariff Format	6
SECTION 1 - Technical Terms and Abbreviations	7
SECTION 2 - Rules and Regulations	13
SECTION 3 - Description of Services	29
SECTION 4 - Rates	46
SECTION 5 - Promotions	52
SECTION 6 - Contract Services	53

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD199004

APPLICATION OF TARIFF

The regulations, rules and conditions set forth in this Tariff apply to the provision of intrastate public telecommunications services furnished within the State of South Dakota by CenturyTel Long Distance, Inc. subject to the jurisdiction of the South Dakota Public Utilities Commission.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TAC: SD19906d

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) - To signify a changed listing, rule or condition which may affect rates or charges.
- (D) - To signify discontinued material, including a listing, rate, rule or condition.
- (I) - To signify an increase in rates or charges.
- (M) - To signify material relocated from or to another part of this Tariff with no change in text, rate, rule or condition.
- (N) - To signify new material, including a listing, rate, rule or condition.
- (R) - To signify a reduction in rates or charges.
- (T) - To signify a change in the wording of the text, but no change in rate, rule or condition.
- (X) - To signify a correction or reissued matter.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD19900d

TARIFF FORMAT

A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the SDPUC. For example, the 4th revised Page 14 cancels the 3rd revised Page 14.

C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).I.

D. Check Sheets - When a tariff filing is made with the SDPUC, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some sheets.)

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD89900d

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Certain terms used generally throughout this tariff, particularly those for specialized common carrier communication channels furnished by the Company over its facilities are defined below:

Access - Access to CenturyTel's services are provided by one or more or a combination of the following methods: presubscription in equal access areas, direct access, 800, 950 and 10XXX dialing sequences.

Access Code - A sequence of numbers that, when dialed, connect the caller to the provider of services associated with that sequence.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable the Company to identify the origin of the Service User so the Company may rate and bill the call. All Authorization Codes shall be the sole property of the Company and no Customer shall have any property or other right or interest in the use of any particular Authorization Code. Automatic Numbering Identification ("ANI") may be used as or in connection with the Authorization Code.

Authorized User - A person or entity that accesses the Company's services. An Authorized User is responsible for compliance with this tariff.

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company that automatically identifies the local exchange line from which a call originates.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD09900d

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Billed Party - The person or entity responsible for payment of the Company's Service(s): For a Direct Dialed Call, the person or entity responsible for payment is the Customer responsible for payment for local telephony service at the telephone used to originate an intrastate call. In the case of a Traveler Card call or Phone Home Card call, the person or entity responsible for payment is the Customer of record of the Traveler Card or Phone Home Card used.

Calling Card Call - A Direct Dialed call for which charges are billed not to the originating telephone number, but to a LEC or interexchange carrier calling card.

Central Office - A Local Exchange Carrier switching system where Local Exchange Carrier customer station loops are terminated for purposes of interconnection to each other and to trunks.

Channel - The term "Channel" denotes a path for electrical transmission between two or more points, the path having a band width designed to carry voice grade transmission.

Common Carrier - A company or entity providing telecommunications services to the public.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD19906d

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Customer - The term "Customer" denotes the person, partnership, association, joint stock company, trust, corporation, or governmental entity or any other entity that is responsible for payment of charges and for compliance with this tariff.

Customer - Provided Facilities - The term "Customer - Provided Facilities" denotes all communications facilities provided by the Customer and/or Authorized User other than those provided by the Company.

Direct Dialed Call - An intrastate telephone call that is automatically completed and billed to the telephone number from which the call originated without the automatic or live assistance of an operator.

Equal Access - Has the meaning given that term in Appendix B of the Modification of Final Judgment entered August 24, 1982, in United States v. Western Electric, Civil Action No. 82-0192 (United States District Court, District of Columbia), as amended by the Court in its orders issued prior to October 17, 1990.

Equal Access Code - An access code that allows the public to obtain an equal access connection to the carrier associated with that code.

Exchange - The term "Exchange" denotes a unit established by the Local Exchange Carrier for the administration of communications service in a specified area that usually embraces a city, town or village and its environs. It consists of one or more Central Offices together with the associated facilities used in furnishing communications service within that area.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD1990d

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Intrastate Message Telecommunications Service ("MTS") - The term "Intrastate Message Telecommunications Services" denotes the furnishing of direct dialed intrastate switched service to the Customer for the completion of long distance voice and dial-up low speed data transmissions over voice grade channels between points wholly within the State of South Dakota.

Local Exchange Carrier ("LEC") - The term "Local Exchange Carrier" denotes any telephone company that provides local telephone service to Customers within a defined area.

Measured Charge - A charge assessed on a per minute or incremental basis in calculating a portion of the charges due for a completed call.

Other Common Carrier - The term "Other Common Carrier" denotes a common carrier, other than the Company, providing domestic and/or international communications service to the public.

Personal Identification Numbers (PINs) - Code numbers used in connection with designated telephone numbers which allow intrastate calls to be categorized for various applications.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD9900d

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Point(s) of Presence - The term "Point(s) of Presence" denotes the site(s) where the Company provides a network interface with facilities provided by Other Common Carriers, Local Exchange Carriers or Customers for access to the Company network configuration.

Premise - The term "Premise" denotes a building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

SDPUC - South Dakota Public Utilities Commission.

Service - Intrastate telecommunications service provided to a Customer or Authorized User by the Company.

Special Access Service - All exchange access not utilizing telephone company end office switches. This service includes dedicated access that connects end user to end user, end user to carrier, or carrier to carrier and may include analog or digital channels for voice, data or video transmissions.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD0900M

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Subscriber - Any person, firm, partnership, corporation, governmental agency or other entity that orders service from the Company on behalf of itself or on behalf of others. A Subscriber may, in the ordinary course of its operations, makes telephones available to transient users of its premises for placing of intrastate calls. The Subscriber has a pre-existing business arrangement with the Company and may also be a Customer.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the Service, the transmission of data, facsimile, signaling, metering, or any other form of intelligenc ..

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD199004

SECTION 2 - RULES AND REGULATIONS**2.1 Undertaking of the Company**

Service is offered to residential and business Customers of the Company to provide direct dialed calls originating and terminating partially or wholly within the State of South Dakota, using the Company's network configuration. The Company provides switched long distance network services for voice grade and low speed dial-up data transmission services. The Company does not undertake to transmit messages but furnishes the use of its facilities to its Customers for communications. All services are provided subject to the terms and conditions set forth in this tariff. In the event of a conflict between a contract entered into by the Company and this tariff, the terms of this tariff shall prevail.

The Company's services and facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of the necessary facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.

2.2.2 CenturyTel reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD9900J

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.2 Limitations, (Cont'd.)

- 2.2.3** The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4** All services and facilities provided under this tariff are directly or indirectly controlled by CenturyTel and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4** Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

Dated:

Effective:

Issued by:

Mr. Charles Hanna, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD#9906d

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of Company

2.4.1 CenturyTel's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with SDCL 49-13-1 and 49-13-1.1 and any other applicable law.

2.4.2 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD099004

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liabilities of Company, (Cont'd.)

- 2.4.3 CenturyTel shall not be liable for any failure of performance hereunder due to causes beyond its control, including but not limited to Acts of God, fires, flood or other catastrophes; atmospheric conditions or other phenomena of nature, such as radiation; any law, order, regulation, directive, action or request of the United States Government, or any other government, including state and local governments having jurisdiction over CenturyTel or the services provided hereunder; national emergencies; civil disorder, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor problems or regulations established or actions taken by any court or government agency having jurisdiction over the Company or the acts of any party not directly under the control of the Company.
- 2.4.4 CenturyTel is not liable for any act, omission or negligence of any Local Exchange Carrier or other provider whose facilities are used concurrently in furnishing any portion of the services received by Customer, or for the unavailability of or any delays in the furnishing of any services or facilities that are provided by any Local Exchange Carrier. Should the Company employ the service of any Other Common Carrier in furnishing the service provided to Customer, the Company's liability shall be limited according to the provisions stated above.
- 2.4.5 CenturyTel shall be indemnified and held harmless by the Customer and Authorized User from and against all loss, liability, damage, and expense, including reasonable attorney's fees, due to claims for libel, slander, or infringement of copyright or trademark in connection with any material transmitted by any person using the Company's services and any other claim resulting from any act or omission of the Customer or Authorized User relating to the use of the Company's facilities.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liabilities of Company, (Cont'd.)

- 2.1.6 The Company shall not be liable for any act or omission of any other entity furnishing to the Customer facilities or equipment used with the service furnished hereunder; nor shall the Company be liable for any damages or losses due in whole or in part to the failure of Customer-provided service, equipment or facilities.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Deposits

The Company does not require deposits from customers.

2.6 Advance Payments

The Company does not normally require advance payments from customers, however it reserves the right to collect an advance payment of one month's estimated charges. The advance payment is applied to the following month's bill for service.

2.7 Taxes

All federal excise taxes, and state and local sales, use, and similar taxes, are billed as separate line items and are not included in the quoted rates, unless otherwise provided in Section 4 of this tariff.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Payment and Credit Regulations

2.3.1 Billing and Credit Regulations

The charges for service are due when billed and are billed and collected by the Company or its authorized agent, or the connecting company from whose service point the messages were sent paid or at whose service point the messages were received collect.

2.3.2 Payment for Service

The Customer is responsible for payment of all charges for services, including charges for service originated or charges accepted at the Customer's service point.

- (A) Charges for direct dialed calls will be included on the originating party's bill pursuant to billing and collection agreements established by the Company or its intermediary with the applicable telephone company.
- (B) Any applicable federal, state and local use, excise, sales or privileges taxes or similar liabilities chargeable to or against the Company as a result of the provision of the Company's service hereunder to the Customer shall be charged to and payable by the Customer in addition to the rates indicated in this tariff.
- (C) The Customer shall remit payment of all charges to any agency authorized by the Company to receive such payment.
- (D) If the bill is not paid within thirty calendar days following the mailing of the bill, the account will be considered delinquent.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Payment and Credit Regulations, (Cont'd.)

2.8.2 Payment for Service, (cont'd.)

- (E) A delinquent account may subject the Customer's service to temporary disconnection. The Company is responsible for notifying the Customer at least five calendar days before service is disconnected. The Company does not charge a late charge for unpaid bills.
- (F) Failure to receive a bill will not exempt a Customer from prompt payment of any sum or sums due the Company.
- (G) In the event the Company must employ the services of attorneys for collection of charges due under this tariff or any contract for special services, Customer shall be liable for all costs of collection including reasonable attorney's fees and court costs.
- (H) CenturyTel will not bill for unanswered calls in areas where Equal Access is available, nor will CenturyTel knowingly bill for unanswered telephone calls where Equal Access is not available. In the event that an unanswered call is inadvertently billed due to the unavailability of Equal Access, CenturyTel will cancel all such charges upon request or may credit the account of the Billed Party. Any call for which the billed duration exceeds one minute shall be presumed to have been answered.
- (I) In the event the Customer is overbilled, an adjustment will be made to the Customer's account and the Customer will be deemed to not owe overbilled amount. If the Customer is underbilled, the Customer is allowed to either pay in lump sum or in installments.
- (J) A Customer has 180 days from the date of a bill to dispute a portion of their bill, notwithstanding Section 2.8.2 (A) through (I) above. While the charge is in dispute, the Customer shall only be required to pay the undisputed portion of their bill in full.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.9 Right to Backbill for Improper Use of the Company's Service**

Any person or entity that uses, appropriates or secures the use of service from the Company, whether directly or indirectly, in any unlawful manner or through the providing of any misleading or false information to the Company and which uses, appropriation, or securing of services is inconsistent with the stated uses, intents, and purposes of this tariff or any restrictions, conditions, and limitations stated herein, shall be liable for an amount equal to the accrued and unpaid charges that would have been applicable to the use of the Company's service actually made by Customer.

2.10 Billing Entity Conditions

When billing functions on behalf of CenturyTel are performed by local exchange telephone companies, credit card companies or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charges. In case of any disputed charges that cannot be resolved by the billing company, the Billed Party may contact CenturyTel directly. If there is still a disagreement about the disputed amount after investigation and review by CenturyTel or other service provider, the Billed Party has the option to pursue the matter with the appropriate state commission and/or the Federal Communications Commission.

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SECTION 2 - RULES AND REGULATIONS, (CONTD.)

2.11 Compliance with Regulatory Requirements

The Company reserves the right to discontinue service, limit service, or to impose requirements on Customers as required to meet changing regulatory rules and standards of the SDPUC.

2.12 Interconnection

The Company reserves the right to interconnect its services with those of any Other Common Carrier, Local Exchange Carrier, or alternate access provider of its election, and to utilize such services for the provision of services offered herein.

2.13 Denial of Access or Disconnect of Service by the Company

The Company expressly retains the right to deny access or disconnect service without incurring any liability for any of the following reasons.

2.13.1 Nonpayment of any sum due for service provided hereunder, where the Customer's charges remain unpaid more than ten (10) days following notice of nonpayment and notice of intention to disconnect from the Company. Notice shall be deemed to be effective upon mailing of written notice, postage prepaid, to the Customer's last known address.

2.13.2 Customer's acts or omissions that constitute a violation of, or a failure to comply with, any regulation stated in this tariff governing the furnishing of service, but which violation or failure to comply does not constitute a material breach or does not pose any actual threatened interference to CenturyTel operations or its furnishing of service. The Company agrees to give Customer ten (10) days notice of such violation or failure to comply prior to disconnection of service; or

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.13 Denial of Access to Service by the Company, (Cont'd.)

2.13.3 The implementation of any order of a court of competent jurisdiction, or federal or state regulatory authority of competent jurisdiction, prohibiting the Company from furnishing such service; or

2.13.4 Failure to pay a previously owed bill by the same Customer at another location.

2.14 Customer's Liability in the Event of Denial of Access to Service by the Company

In the event a Customer's service is disconnected by the Company for any of the reasons stated in Section 2.13, the Customer shall be liable for all unpaid charges due and owing to the Company associated with the service.

2.15 Reinstitution of Service

The Company will reconnect service upon Customer request as soon as the reason for the Customer's termination is removed. If the Customer seeks reinstitution of Service following denial of service by the Company, the Customer shall pay to the Company prior to the time service is reinstituted (1) all accrued and unpaid charges, but there will be no charge for the service restoration.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.16 Credit Allowances for Interruption of Service

Credit allowances for interruptions of service are limited the initial minimum period charge incurred to re-establish the interrupted call.

2.17 Inspection, Testing and Adjustment

Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for tests and adjustments as may be deemed necessary by the Company for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made when the interruption is less than twenty-four consecutive hours.

2.18 Toll Free Numbers

CenturyTel will make every effort to reserve "vanity" toll free numbers on the Customer's behalf, but makes no warranty or guarantee that the "vanity" number(s) will be available for use by the Customer.

If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in toll free service to another carrier (i.e. "porting" of the toll free number), including a request for a Responsible Organization (Resp Org) change, until such charges are paid in full.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.19 Responsibilities of the Subscriber

- 2.19.1 The Subscriber is responsible for placing any necessary orders, for complying with tariff regulations, and for ensuring that Authorized Users comply with tariff regulations. The Subscriber is also responsible for the payment of charges for calls originated at the Subscriber's premises that are not collect, third party, calling card, or credit card calls.
- 2.19.2 The Subscriber is responsible for charges incurred for special construction and/or special facilities that the Subscriber requests and which are ordered by CenturyTel on the Subscriber's behalf.
- 2.19.3 If required for the provision of CenturyTel's Services, the Subscriber must provide any equipment space, supporting structure, conduit, and electrical power without charge to CenturyTel.
- 2.19.4 The Subscriber is responsible for arranging ingress to its premises at times mutually agreeable to it and CenturyTel when required for CenturyTel personnel to install, repair, maintain, program, inspect, or remove equipment associated with the provision of CenturyTel's Services.
- 2.19.5 The Subscriber shall ensure that its terminal equipment and/or system is properly interfaced with CenturyTel's facilities or services, that the signals emitted into CenturyTel's network configuration are of the proper mode, bandwidth, power, and signal level for the intended use of the Subscriber and in compliance with the criteria set forth in Part 68 of the Code of Federal Regulations, and that the signals do not damage equipment, injure personnel, or degrade service to other Subscribers.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.19 Responsibilities of the Subscriber, (Cont'd.)

- 2.19.6 If the Subscriber fails to maintain the equipment and/or the system properly, with resulting imminent harm to CenturyTel's equipment, personnel, or the quality of Service to other Subscribers or Customers, CenturyTel may, upon written notice, require the use of protective equipment at the Subscriber's expense. If this fails to produce satisfactory quality and safety, CenturyTel may, upon written notification, terminate the Subscriber's service.
- 2.19.7 The Subscriber must pay CenturyTel for replacement or repair of damage to the equipment or facilities of CenturyTel caused by negligence or willful act of the Subscriber, its Authorized Users, or others, or by improper use of equipment provided by the Subscriber, Authorized Users, or others.
- 2.19.8 The Subscriber must pay for the loss through theft or fire of any of CenturyTel's equipment installed at Subscriber's premises.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.20 Responsibilities of Authorized Users

- 2.20.1 The Authorized User is responsible for compliance with the applicable regulations set forth in this tariff as well as all rules and regulations of the state utility commission and the FCC.
- 2.20.2 The Authorized User is responsible for identifying the station, party, or person with whom communication is desired and/or made at the called number.
- 2.20.3 The Authorized User is responsible for providing CenturyTel with a valid method of billing for each call. CenturyTel reserves the right to validate the credit worthiness of users through available credit card, calling card, called number, third party telephone number, and room number verification procedures. Where a requested billing method cannot be validated, the user may be required to provide an acceptable alternate billing method or CenturyTel may refuse to place the call.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.21 Customer Inquiries or Complaints

Customer inquiries or complaints regarding service or billings may be made in writing or phone to:

Customer Service Manager
CenturyTel Long Distance, Inc.
206 Fifth Avenue South
LaCrosse, Wisconsin 54601
(800) 658-9028

Customers may contact the South Dakota Public Utilities Commission if he or she is dissatisfied with the Company's response. The Commission can be reached at:

South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501-5070
(605) 773-3201
(800) 332-1782
TTY Through Relay South Dakota (800) 877-1113

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 General

CenturyTel Long Distance, Inc. offers outbound long distance, in-bound toll free and travel card services to its customers. Rates for these services vary by product. All CenturyTel services are available 24 hours a day, seven days a week.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.2 Determination of Call Duration and Timing of Calls

- 3.2.1 For Direct Dialed Calls, chargeable time begins when the connection is established between the calling station and the desired telephone, attendant board, or private branch exchange console.
- 3.2.2 Chargeable time ends when the connection is terminated.
- 3.2.3 Chargeable time does not include the time lost because of known faults or defects in the service.
- 3.2.4 The initial and additional timing periods for billing purposes vary by product and are specified in Section 4 of this tariff.
- 3.2.5 The Company will not bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, CenturyTel will reasonably issue credit for the call.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.3 Time of Day Rate Periods

For time of day sensitive services, the appropriate rates apply for day, evening and night/weekend calls based on the following chart:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 4:59 PM	DAYTIME RATE PERIOD OR PEAK RATE PERIOD					EVE	
5:00 PM TO 10:59 PM	EVENING RATE PERIOD OR OFF PEAK RATE PERIOD						
11:00 PM TO 7:59 AM	NIGHT/WEEKEND RATE PERIOD OR OFF PEAK RATE PERIOD						

- 3.3.1 Day, Evening, and Night/Weekend times are determined by the local time of the location of the calling service point. Chargeable time for a rate period (e.g. 8AM-5PM) begins with the first stated hour (8AM) and continues to, but does not include, the second stated hour (5PM). The rate applicable at the start of chargeable time at the calling station applies to the call during the duration of the call that is applicable to that time period. If a call begins in one discount period and ends in another, the initial period discount applied is the discount in effect at the time the call is established. The charge for each additional minute of usage is the additional minute billing rate of the rate period in which the beginning of each minute occurs.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.3 Time of Day Rate Periods, (Cont'd.)

3.3.2 The time when connection is established is determined in accordance with the time - standard or daylight savings - legally or commonly in use at the location of the calling service point and determines whether Day, Evening, Night or Weekend rates apply. This rule applies to all intrastate direct dialed calls.

3.3.3 The Evening rate applies to the holidays listed below unless a lower rate period is in effect.

New Year's Day	**
Martin Luther King Day	*
President's Day	*
Memorial Day	*
Independence Day	**
Labor Day	*
Columbus Day	*
Veterans Day	**
Thanksgiving Day	*
Christmas Day	**

* = Applies to Federally recognized days only.

** = If the holiday falls on a Sunday, the holiday rates are applied to the following Monday. If the holiday falls on a Saturday, the holiday rates are applied to the preceding Friday.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.4 Calculation of Distance

For services which are distance sensitive, usage charges are based on the airline distance between the serving wire center locations associated with the originating and terminating points of the call.

The distance between the originating and terminating points is calculated by using the "V" and "H" coordinates of the serving wire centers as defined by BellCore (Bell Communications Research), in the following manner:

- Step 1: Obtain the "V" and "H" coordinates for the serving wire center of the Customer's switch and the destination point.
- Step 2: Obtain the difference between the "V" coordinates of each of the serving wire centers. Obtain the difference between the "H" coordinates.
- Step 3: Square the differences obtained in Step 2.
- Step 4: Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5: Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6: Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the originating and terminating serving wire centers of the call.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.5 Travel Card Services

Card Service(s) allows a Customer to place a long distance call to any geographical area in the United States from an access line and receive the bill for said call(s) placed on an assigned calling card billing number.

3.5.1 Traveler's Card

Traveler's Card is used for calling from any touchtone telephone to any valid telephone number in the United States. Call charges are billed to the Customer. Calls are billed in full minute increments.

3.5.2 Phone Home Card

Phone Home Card is available for calling from any touchtone telephone to a pre-determined list of up to ten valid telephone numbers. Calls are billed in full minute increments.

3.6 CenturyTel Simple

CenturyTel Simple is an outbound direct dial product designed for Residential Customers. Calls for this service are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute. This service is only offered in conjunction with interstate service. Customers can choose one of the two options listed below depending on their calling needs.

3.6.1 CenturyTel Simple Basic

CenturyTel Simple Basic provides outbound direct dial for Residential customers at a flat rate of 15¢ a minute. This service is only offered in conjunction with interstate service.

3.6.2 CenturyTel Simple 10¢

CenturyTel Simple 10¢ provides outbound direct dial for Residential customers at a reduced rate of 10¢ a minute. This service requires an interstate monthly recurring charge in exchange for the reduced rate.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.7 CenturyTel Preferred**

CenturyTel Preferred is a basic switched 1+ toll service for residential and small business users billing between \$ 50.00 and \$ 2500.00 per month in inbound and outbound services. Traveler Card Service is available to CenturyTel Preferred subscribers. This service is only offered in conjunction with interstate service and an interstate monthly recurring charge does apply.

3.7.1 Volume Discounts

Volume Discounts apply back to the first dollar of billing, once the monthly volume level has been met as specified below.

Monthly Dollar Amount	Discount
\$0.00 - \$99.99	0%
\$100.00 - \$499.99	5%
\$500.00 - \$1,499.99	10%
\$1,500.00 +	20%

3.7.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and applicable usage. Operator handled and international calls will not be aggregated for discount purposes.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.7 CenturyTel Preferred, (Cont'd.)

3.7.3 Billing Reports

Customer may (i) receive the bill with standard reporting at no cost; (ii) or through the company with customized reports.

3.7.4 Minimum Billing

Minimum billing is \$ 50.00 per month. In the event a Customer bills less than \$50.00 per month, the Customer will still be billed for \$ 50.00 worth of usage. The minimum billing requirement applies to usage only and does not include taxes or monthly recurring charges.

3.7.5 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Preferred Service.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.8 CenturyTel Metro**

CenturyTel Metro is a direct dial outbound calling plan designed for medium to large size business customers. Calls are placed over switched access facilities. This service is only offered as an addition to CenturyTel Metro interstate service. All calls are billed in six (6) second increments after an initial period, for billing purposes, of six (6) seconds. All calls are billed in arrears.

3.8.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$249.99	0%
\$250.00 - \$499.99	10%
\$500.00 - \$749.99	15%
\$750.00 +	20%

3.8.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.8.3 Minimum Billing

No minimum billing applies.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.8 CenturyTel Metro, (Cont'd.)

3.8.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Metro Service.

3.8.5 Monthly Recurring Fee

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.9 CenturyTel Direct**

CenturyTel Direct is an outbound service designed for medium to large business Customers utilizing dedicated or special access facilities to reach a CenturyTel point of presence. This service is only offered as an addition to CenturyTel Direct interstate service. All calls are billed in six (6) second increments after an initial period, for billing purposes, of six (6) seconds. All calls are billed in arrears.

3.9.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$9,999.99	0%
\$10,000.00 - \$24,999.99	5%
\$25,000 +	10%

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.10 CenturyTel Classic Toll Free**

CenturyTel Classic Toll Free Inbound Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's local exchange lines. With CenturyTel Classic Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of third (30) seconds.

3.10.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$24.99	0%
\$25.00 - \$99.99	5%
\$100.00 +	10%

3.10.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.10.3 Minimum Billing

No minimum billing applies.

3.10.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Classic Toll Free Service.

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SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.11 CenturyTel Preferred Toll Free**

CenturyTel Preferred Toll Free Inbound Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's local exchange lines. With CenturyTel Preferred Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of eighteen (18) seconds.

3.11.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$99.99	0%
\$100.00 - \$499.99	5%
\$500.00 - \$1,499.99	10%
\$1,500.00 +	20%

3.11.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.11.3 Minimum Billing

No minimum billing applies.

3.11.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Preferred Toll Free Service.

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TAR: SD#1904

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)**3.12 CenturyTel Metro Toll Free**

CenturyTel Metro Toll Free Inbound Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's local exchange lines. With CenturyTel Metro Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of six (6) seconds.

3.12.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$249.99	0%
\$250.00 - \$499.99	10%
\$500.00 - \$749.99	15%
\$750.00 +	20%

3.12.2 Aggregation of Discount

The following services may be aggregated for application to the volume discount: (i) all domestic 1+ toll incurred by the Customer via the Company, (ii) Traveler Card toll including the surcharge and usage charge, (iii) 800 Service, including both monthly service charge and usage. Operator handled and international calls will not be aggregated for discount purposes.

3.12.3 Minimum Billing

No minimum billing applies.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD09900d

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.12 CenturyTel Metro Toll Free, (Cont'd.)

3.12.4 Multiple Locations

The Customer may add billing from multiple locations together to apply towards the Volume Discount as long as the other locations subscribe to and utilize CenturyTel Preferred Metro Service.

3.12.5 Monthly Recurring Charge

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TAC: SD099001

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.13 CenturyTel Direct Toll Free Service

CenturyTel Direct Toll Free Service (8xx) is an inward calling service. It permits termination of intrastate calls from diverse geographic locations to the Customer's dedicated access facilities. With CenturyTel Direct Toll Free Service, the Customer is billed for the call rather than the call originator. Calls are billed in six (6) second increments with an initial period, for billing purposes, of six (6) seconds.

3.13.1 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$9,999.99	0%
\$10,000.00 - \$24,999.99	5%
\$25,000 +	10%

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD699004

SECTION 3 - DESCRIPTION OF SERVICES, (CONT'D.)

3.14 Directory Assistance

Directory Assistance is available to Customers of CenturyTel Service. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD199001

SECTION 4 - RATES

4.1 General

Each Customer is charged individually for each call placed through the Company. Charges may vary by product type, time of day, day of week and call duration.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD199004

SECTION 4 - RATES, (CONT'D.)

4.2 Travel Card Services

4.2.1 Traveler's Card

(A) Per Call Surcharge: \$0.6000

(B) Per Minute Rates: \$0.2100

4.2.2 Phone Home Card

(A) Per Call Surcharge: \$0.7500

(B) Per Minute Rates:

Day	Evening	Night/Weekend
\$0.20	\$0.18	\$0.16

4.3 CenturyTel Simple

4.3.1 CenturyTel Simple Basic

Per Minute Rate: \$0.15

Monthly Recurring Charge \$0.00

4.3.2 CenturyTel Simple 10¢

Customers that choose the CenturyTel Simple 10¢ option will be charged an interstate monthly recurring charge in exchange for the reduced per minute rate listed below.

Per Minute Rate: \$0.10

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD09900d

SECTION 4 - RATES, (CONT'D.)

4.4 CenturyTel Preferred

4.4.1 Per Period Rates

(A) CenturyTel Preferred -Switched

Mileage Band	Day		Evening		Night/Weekend	
	1st Minute	Add'l. Minute	1st Minute	Add'l. Minute	1st Minute	Add'l. Minute
All	\$0.2000	\$0.2000	\$0.2000	\$0.2000	\$0.2000	\$0.2000

The monthly interstate monthly service charge applicable to this product will be waived if the Customers combined monthly usage for both inbound and outbound services is over \$250 for the month.

4.4.2 Account Codes

Account codes are available with the following charges:

Set-up Fee:	\$10.00
Monthly Service Charge:	\$ 5.00
(for each 50 account codes)	
Moves and Changes:	\$ 5.00 (Business)
(per occurrence)	\$ 1.00 (Residential)

Account code recurring and/or nonrecurring charges may be waived for a Customer when the combined billing on all accounts billed by the Company to the Customer exceeds \$500.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD19900d

SECTION 4 - RATES, (CONT'D.)

4.5 CenturyTel Metro

4.5.1 Per Period Rates \$0.1700

4.5.2 Monthly Recurring Fee \$50.00

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

4.6 CenturyTel Direct

4.6.1 Per Period Rates

Mileage Band	Day		Evening		Night/Weekend	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period
All	\$0.0100	\$0.0100	\$0.0090	\$0.0090	\$0.0085	\$0.0085

4.6.2 Volume Discounts

Monthly Dollar Amount	Discount
\$0.00 - \$9,999.99	0%
\$10,000.00 - \$24,999.99	5%
\$25,000 +	10%

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD49900d

SECTION 4 - RATES, (CONT'D.)

4.7 CenturyTel Classic Toll Free

4.7.1 Per Period Rates	\$0.2500
4.7.2 Monthly Recurring Charge	\$ 5.00
4.7.3 Set Up Charge	\$10.00

4.8 CenturyTel Preferred Toll Free

4.8.1 Per Period Rates	\$0.2000
4.8.2 Monthly Recurring Charge	\$15.00
4.8.3 Non-Recurring Charge	\$10.00

4.9 CenturyTel Metro Toll Free

4.9.1 Per Period Rates	\$0.1900
4.9.2 Monthly Recurring Charge	\$25.00

This monthly recurring charge will be waived for all Customers with combined outbound and inbound usage of over \$250.00 per month.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD0900d

SECTION 4 - RATES, (CONT'D.)

4.10 CenturyTel Direct Toll Free Service

4.10.1 Per Period Rates

Mileage Band	Day		Evening		Night/Weekend	
	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period	Initial Period	Each Add'l Period
All	\$0.0120	\$0.0120	\$0.0110	\$0.0110	\$0.0105	\$0.0105

4.11 Directory Assistance

4.11.1 Rates

Directory Assistance, per call	
InterLATA Directory Assistance	\$0.95
IntraLATA Directory Assistance	\$0.40

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD/9900d

SECTION 4 - RATES, (CONT'D.)

4.12 Late Payment Charge

A late fee of the greater of 1.5% or \$1.00 per month will be charged on any past due balance.

4.13 Return Check Charge

A return check charge of \$20.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of this tariff and pursuant to South Dakota law and Commission regulations.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD099001

SECTION 5 - PROMOTIONS**5.1 Promotions - General**

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some of all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. The Company will provide thirty (30) days notification to the Commission of the availability and duration of such offers.

5.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four minutes duration over its network.

Dated:**Effective:****Issued by:**

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SDH900d

SECTION 6 - CONTRACT SERVICES

6.1 General

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for six months after the initial offering to the first contract Customer for any given set of terms.

Dated:

Effective:

Issued by:

Mr. Charles Hamm, Manager - Tariffs & Compliance
100 Century Park Drive
Monroe, Louisiana 71203

TMS: SD099004



210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

RE: Petition for Reconsideration of CenturyTel Long Distance, Inc.
Docket TC99-0141

Dear Mr. Bullard:

Enclosed are an original and ten (10) copies of a Petition of Reconsideration for CenturyTel Long Distance, Inc. for the above referenced Docket. The company has made the determination that it will not offer debit card services within South Dakota due to the \$25,000 surety bond.

As such, the company is requesting that the order be amended to remove the reference to the surety bond and allow the tariff filed on April 22 to become the effective tariff of the company.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the stamped self-addressed envelope which is provided for that purpose.

Questions regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to
CenturyTel Long Distance, Inc.

Enclosures

cc: C. Hamm - CenturyTel (w/enclosures)
file: CenturyTel - SD (w/enclosures)
TMS: SD9900e

May 7, 1999
Via Overnight Delivery

RECEIVED

MAY 10 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED

MAY 10 1999

Re: Registration Request of CenturyTel)
Long Distance, Inc. for authority to)
provide intrastate telecommunications)
services within South Dakota)

Docket TC99-011

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

PETITION FOR RECONSIDERATION BY
CENTURYTEL LONG DISTANCE, INC.

1. PARTIES AND INTERESTS

COMES NOW CENTURYTEL LONG DISTANCE, INC. AND PURSUANT TO South Dakota Commission Order issued in TC99-011 on April 14, 1999 was issued a Certificate of Public Convenience and Necessity for the purpose of providing telecommunications services, presiding at: 100 Century Park Drive, Monroe, Louisiana 71203, does hereby file this Petition for Reconsideration with the South Dakota Commission regarding the stipulation of a \$25,000.00 surety bond.

2. FACTS

On January 29, 1999, CenturyTel Long Distance, Inc. ("CenturyTel") filed a registration request for authority to provide intrastate telecommunications within South Dakota in accordance with SDL 49-31-3 and ARSD 20:10:24:02. On February 26, 1999, the Oklahoma Commission Staff issued a Data Request regarding the application requesting tariff changes and updated financial information. On March 5, 1999, CenturyTel responded to the Data Request via mail. The Commission Staff then questioned whether CenturyTel would be willing to post a \$25,000.00 bond in order to offer debit card service within South Dakota. Staff requested that if the Company was unwilling to post a \$25,000.00 bond that the tariff be revised to remove all deposit and advance payment language.

On April 7, 1999 CenturyTel filed a request with Commission staff to reduce the bond requirement for offering debit card services in South Dakota to \$5,000.00. The Commission did not approve CenturyTel's request for a reduction in bond requirements at the April 8, 1999 agenda meeting. On April 15, 1999 the Commission issued an order granting a Certificate of Authority pending resolution of the payment of the \$25,000 surety bond. The company filed a replacement tariff with the Commission, on April 22, 1999, removing all debit card language after the Company made the determination not to offer debit card service within the state because of the \$25,000 bond.

COMES NOW, CenturyTel Long Distance, Inc., Applicant herein, and respectfully requests that the Public Service Commission of South Dakota grant a this Petition for Reconsideration to CenturyTel Long Distance, Inc. and allow them to withdraw the provision of debit card services in South Dakota. Specifically, Applicant requests that the Public Service Commission of South Dakota substitute the Replacement Tariff pages submitted on April 22, 1999 for the original corresponding pages.

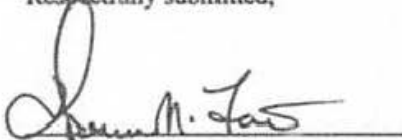
3. LEGAL AUTHORITY

Jurisdiction over the subject matter of this Notice and Filing exists with the South Dakota Public Service Commission pursuant to Chapter 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03.

4. RELIEF REQUESTED

WHEREFORE, Applicant respectfully requests that the Commission permit this reconsideration, remove the stipulation in the order regarding the payment of a \$25,000 bond and accept the tariff filed on April 22, 1999 as the effective tariff of the company.

Respectfully submitted,



Thomas M. Forte
Consultant to CenturyTel Long Distance, Inc.
P.O. Drawer 200
Winter Park, FL 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

Date: May 3, 1999

tms: SDi9900e

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

AMENDED CERTIFICATE OF AUTHORITY

**To Conduct Business As A Telecommunications Company
Within The State Of South Dakota**

Authority was Granted June 8, 1999
Docket No. TC99-011

This is to certify that

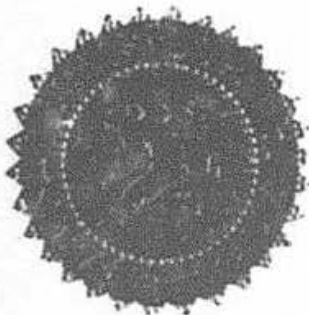
CENTURYTEL LONG DISTANCE, INC.

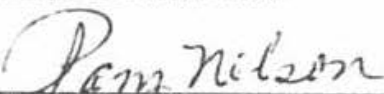
is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 22nd day of June, 1999.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**




PAM NELSON, Commissioner


LASKA SCHOENFELDER, Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
CENTURYTEL LONG DISTANCE, INC. FOR A)	AMENDED CERTIFICATE OF
CERTIFICATE OF AUTHORITY TO PROVIDE)	AUTHORITY
TELECOMMUNICATIONS SERVICES IN)	
SOUTH DAKOTA)	TC99-011

On January 29, 1999, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from CenturyTel Long Distance, Inc. (CenturyTel). CenturyTel proposed to offer resold telecommunications services such as outbound presubscribed and casual calling service, toll free inbound service and travel card service. A proposed tariff was filed by CenturyTel. The Commission has classified long distance service as fully competitive. On February 4, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of February 19, 1999, to interested individuals and entities. No petitions to intervene or comments were filed and at its April 8, 1999, meeting, the Commission considered CenturyTel's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to CenturyTel furnishing the Commission with a surety bond. CenturyTel requested that the amount of the bond be \$5,000. The Commission granted CenturyTel a certificate of authority, subject to CenturyTel furnishing the Commission with a \$25,000 surety bond.

On May 10, 1999, CenturyTel filed a petition for reconsideration. CenturyTel stated that it had removed debit card service from its proposed tariff and stated that it will not market debit card service in South Dakota.

On June 8, 1999, at its regularly scheduled meeting, the Commission considered this matter. Commission Staff recommended the granting of an amended certificate of authority, subject to restrictions on collecting advance payments, deposits, or marketing debit cards.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission voted to grant the petition to reconsider the matter. It further voted to grant CenturyTel an amended order granting a certificate of authority, subject to the conditions set forth by Commission Staff. As the Commission's final decision in this matter, it is therefore

ORDERED, that CenturyTel's petition for reconsideration is hereby granted. It is

FURTHER ORDERED, that CenturyTel shall be granted an amended certificate of authority, subject to the condition that CenturyTel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

FURTHER ORDERED, that CenturyTel shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 22nd day of June, 1999.

CERTIFICATE OF SERVICE The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon. By: <u>Helaine Kaabo</u> Date: <u>6/22/99</u> (OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner