

**INCUMBENT LOCAL EXCHANGE CARRIER
ANNUAL REPORT**

Company:

For the Year Ended December 31,

Please enter any comments and notes below.

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Concord, New Hampshire

Telecommunications Companies
Incumbent Local Exchange Carrier

ANNUAL REPORT
OF

Annual Report of Northland Telephone Company of Maine

(If name was changed during the year, enter the previous name and date of change below)

N/A
N/A

FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL TAX ID# 10489649

Officer or other person to whom correspondence should be addressed regarding this report:

Name	Lisa R. Hood
Title	SVP, Corporate Controller
Address	155 Gannett Drive South Portland ME, 04106
Phone Number	620-227-4400
Email Address	lhood@fairpoint.com

RSA 374:15 Every public utility shall file with the commission reports at such times, verified by oath in such manner, and setting forth such statistics and facts, as may be required by the commission.

RSA 374:17 Neglect or refusal to file will result in a forfeiture of \$100 per day for each day in default.

PUC Rule 429.04-This annual report is due at the commission offices no later than March 31 of each year.

Northland Telephone Company of Maine
For the Twelve Months Ended December 31, 2008
Supplemental Schedule

Gross Revenues for Exchanges of East Conway and Chatham:

Local Service Revenue	65,729.67
Network Access Revenue	81,515.00
Long Distance Revenue	55,162.48
Miscellaneous Revenue	5.46
Non-regulated Revenue	<u>18,739.32</u>
Total Gross Revenue	\$221,151.93

INCUMBENT LOCAL EXCHANGE CARRIER

ANNUAL REPORT

OF

Name Northland Telephone Company of Maine

Address South Portland, Maine 04106

TO THE

MAINE

PUBLIC UTILITIES COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2008

Signature of Company Officer _____ Lisa R. Hood
responsible for this report

Title SVP, Corporate Controller

Telephone # 620-227-4400

E-Mail lhood@fairpoint.com

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GENERAL INSTRUCTIONS

- I. Submit this report form on or before April 1 of the year following the year covered by this report.
- II. Each respondent must file one paper copy with the PUC in addition to the electronic copy.
- III. Prepare this report in conformity with the Maine Uniform System of Accounts (USOA) as prescribed in Chapter 210.
- IV. Information on all schedules should be rounded to the nearest dollar.
- V. Complete each question fully and accurately.
Enter the word "None" or "Not applicable" where it truly and completely states the fact.
- VI. Indicate negative amounts by enclosing the figures in parentheses ().
The abbreviations DR and CR may be used if needed for clarity.
- VII. If it is necessary to make revisions after the initial filing, resubmit only those pages that have been changed from the original submission.
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented.
Provide the appropriate identification information, including the title(s) of the page and page number(s) supplemented.
- IX. Whenever schedules refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the amounts vary.

Title 35- A Revised Statutes

Section 102

"Commission" means the Public Utilities Commission.

"Corporation" includes municipal and quasi-municipal corporations.

"Person" includes a corporation, partnership, limited partnership, limited liability company, limited liability company, limited liability partnership, association, trust, estate, any other legal entity or natural person.

"Telephone Service" is the offering of a service that transmits communications by telephone, whether the communications are accomplished with or without the use of transmission wires.

"Telephone utility" includes every person, its lessees, trustees, receivers or trustees appointed by any court, that provides telephone service for compensation inside this State. "Telephone utility" does not include any person or entity that is excluded from the definition of "public utility" as defined in subsection 13, subject to the provisions of subsection 13, paragraph A to C.

Section 116

"Intrastate gross operating revenues" means intrastate revenues derived from filed rates, except revenues derived from sales for resale.

Section 709

Insider Transactions. Information pertaining to insider transactions. Each public utility shall submit to the commission with its annual report a record of insider transactions requiring review and approval under subsection 2.

Section 1508-A Administrative Penalty

1. Penalty. Unless otherwise specified in law, the commission may, in an adjudicatory proceeding, impose an administrative penalty as specified in this section.

A. For willful violations of this Title, a commission rule or a commission order by a public utility or a competitive electricity provider, the commission may impose an administrative penalty for each violation in an amount that does not exceed \$5,000 or .25% of the annual gross revenue that the public utility or the competitive electricity provider received from sales in the State, whichever amount is lower. Each day a violation continues constitutes a separate offense. The maximum administrative penalty for any related series of violations may not exceed \$500,000 or 5% of the annual gross revenue that the public utility or the competitive electricity provider received from sales in the State, whichever amount is lower.

B. For a violation in which a public utility or a competitive electricity provider was explicitly notified by the commission that it was not in compliance with the requirements of this Title, a commission rule or a commission order and that failure to comply could result in the imposition of administrative penalties, the commission may impose an administrative penalty that does not exceed \$500,000.

C. The commission may impose an administrative penalty in an amount that does not exceed \$1,000 on any person that is not a public utility or a competitive electricity provider and that violates this Title, a commission rule or a commission order. Each day a violation continues constitutes a separate offense. The Administrative penalty may not exceed \$25,000 for any related series of violations

D. In addition to the administrative penalties authorized by this subsection, the commission may require disgorgement of profits or revenues realized as a result of a violation of this Title, a commission rule or a commission order.

2. Considerations. In determining the amount of an administrative penalty under this section, the commission shall take into account:

A. The severity of the violation, including the intent of the violator and the nature, circumstances, extent and gravity of the prohibited act;

B. The reasonableness of the violator's belief that the violator's action or lack of action was in conformance with this Title, a commission rule or a commission order;

C. The violator's history of previous violations;

D. The amount necessary to deter future violations;

E. The violator's good faith attempts to comply after notification of a violation; and

F. Such other matters as justice requires.

Line	HISTORY OF RESPONDENT			
1	1. Exact name of utility, including any d/b/a			
2	Northland Telephone Company of Maine			
3				
4	2. Location of Main Office 155 Gannett Drive			
5	South Portland, ME 04106			
6				
7	3. Location of Books and Records			
8	a. Customer	627 Route 3	South China, ME 04358	
9	b. Financial	155 Gannett Drive	South Portland, ME 04106	
10	4. Is respondent an individual, partnership, association or corporation?			
11	Corporation			
12	5. Date when utility commenced service to the public.			
13	August 1994			
14				
15	6. Names and addresses of (a) ten largest stockholders or (b) partners or members of association			
16				
17			(a)	(b)
18	Name	Address	Shares	% Partnership
19			Held	Held
20	ST Enterprises, LTD.	PO Box 199		100%
21		Dodge City, KS 67801		
22				
23				
24				
25				
26				
27				
28				
29				
30				
31	7. If utility is a corporation, give date of organization and name of state under which incorporated.			
32	November 2, 1993			
33	State of Maine			
34	8. State fully the territory that the utility is authorized to serve			
35	Maine: Brooks, Eagle Lake, Fort Kent, Freedom, Fryeburg, Island Falls, Kingman, Lee,			
36	Liberty, Lovell, Mattewamkeag, Morrill, North Fryeburg, North Lovell, Palermo, Patten,			
37	St. Francis, Sherman Mills, Smyrna Mills, Stockton Springs and Washington			
38	New Hampshire: Chatham and East Conway			
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				

Line	HISTORY OF RESPONDENT			
1	9. Officers and Directors of the Company			
2				
3				
4	OFFICERS			
5				
6	Official Title		Name	
7				
8	Chief Executive Officer		Eugene B. Johnson	
9	President		Peter G. Nixon	
10				
11				
12				
13				
14				
15				
16				
17				
18	DIRECTORS			
19	Name		Official Address	Inside or Outside Director
20				Date of Installation as Director
21				
22	Alfred C. Giammarino		521 E. Morehead St. Ste 250	
23			Charlotte, NC 28202	
24	Shirley J. Linn		521 E. Morehead St. Ste 250	
25			Charlotte, NC 28202	
26	Susan L. Sowell		521 E. Morehead St. Ste 250	
27			Charlotte, NC 28202	
28	Lisa R. Hood		521 E. Morehead St. Ste 250	
29			Charlotte, NC 28202	
30				
31				
32	10. Name, address, phone and e-mail of officer to whom correspondence may be addressed regarding this report.			
33	Lisa R. Hood		FairPoint Communications	
34	908 W Frontview, Dodge City, KS 67801			
35	11. Name and address of person or firm performing the annual audit of the company's books.			
36	Ernst & Young			
37	100 North Tyron St, Suite 3800, Charlotte, NC 28202			
38	12. Name, address, phone number and e-mail address of contact person for regulatory affairs			
39	Rojean Tulk			
40	155 Gannett Drive, South Portland, ME 04106			
41	(207) 642-7351		rtulk@fairpoint.com	

BALANCE SHEET

Line	Assets	Balance at End of the Year	Balance at Beginning of the Year	Increase or (Decrease)
1	CURRENT ASSETS			
2	Cash and Equivalents	152,924	34,804	118,120
3	Receivables	2,875,541	2,944,172	(68,631)
4	(Allowance for doubtful accounts)	(120,019)	(154,852)	34,833
5	Materials and supplies	131,018	79,397	51,621
6	Prepayments	36,750	26,780	9,969
7	Other Current Assets	58,753	71,209	(12,456)
8				
9	Total Current Assets	3,134,967	3,001,511	133,457
10				
11	NONCURRENT ASSETS			
12	Nonregulated Investments			
13	Other Noncurrent Assets	3,477,278	4,345,437	(868,159)
14	Deferred Maintenance, Retirements and Other			
15	Other Jurisdictional Assets - Net	832,680	832,680	
16				
17	Total Noncurrent Assets	4,309,958	5,178,117	(868,159)
18				
19	PROPERTY, PLANT AND EQUIPMENT			
20	Telecommunications Plant in Service	71,195,271	70,446,921	748,350
21	Property Held for Future Telecommunications Use			
22	Telecommunications Plant Under Construction	347,840	289,797	58,044
23	Telecommunications Plant Adjustment			
24	Nonoperating Plant	822	822	
25	Goodwill	14,474,578	14,474,578	
26				
27	Total Property, Plant and Equipment	86,018,511	85,212,118	806,393
28				
29	DEPRECIATION AND AMORTIZATION ACCOUNTS			
30	Accumulated Depreciation	(64,802,638)	(63,890,813)	(911,825)
31	Accumulated Depreciation - Held for Future Telecom. Use			
32	Accumulated Depreciation - Nonoperating			
33	Accumulated Amortization - Tangible	(3,516,508)	(3,516,508)	0
34				
35	Total Depreciation and Amortization Accounts	(68,319,146)	(67,407,321)	(911,825)
36				
37	Net Property, Plant & Equipment	17,699,366	17,804,798	(105,432)
38				
39				
40	TOTAL ASSETS	25,144,291	25,984,425	(840,134)

BALANCE SHEET

Line	Liabilities and Equity	Balance at End of the Year	Balance at Beginning of the Year	Increase or (Decrease)
1	CURRENT LIABILITIES			
2	Current Accounts & Notes Payable	2,900,713	899,792	2,000,921
3	Customer's Deposits			
4	Income Taxes - Accrued	(176,827)	157,713	(334,540)
5	Other Taxes - Accrued	214,234	265,076	(50,842)
6	Net Current Deferred Operating Income Taxes			
7	Net Current Deferred Nonoperating Income Taxes			
8	Other Current Liabilities	326,557	255,326	71,231
9				
10	Total Current Liabilities	3,264,676	1,577,906	1,686,770
11				
12	LONG-TERM DEBT			
13				
14	Total Long Term & Funded Debt			
15				
16	OTHER LIABILITIES AND DEFERRED CREDITS			
17	Other Long Term Liabilities & Deferred Credits			
18	Unamortized Operating Investment Tax Credits - Net			
19	Unamortized Nonoperating Investment Tax Credits - Net			
20	Net Noncurrent Deferred Operating Income Taxes			
21	Net Deferred Tax Liability Adjustments			
22	Net Noncurrent Deferred Nonoperating Income Taxes	4,581,468	4,187,716	393,752
23	Deferred Tax Regulatory Adjustments - Net			
24	Other Jurisdictional Liabilities and Deferred Credits - Net			
25				
26	Total Other Liabilities and Deferred Credits	4,581,468	4,187,716	393,752
27				
28	STOCKHOLDERS' EQUITY			
29	Capital Stock	1	1	
30	Additional Paid-In Capital	37,120,115	37,120,115	
31	Treasury Stock			
32	Other Capital			
33	Retained Earnings	(19,821,969)	(16,901,313)	(2,920,656)
34				
35	Total Stockholders' Equity	17,298,147	20,218,803	(2,920,656)
36				
37				
38	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	25,144,291	25,984,425	(840,134)

INCOME STATEMENT

Line	REVENUES (a)	RETAIL INTRA (b)	RETAIL INTER (c)	WHOLESALE (c1)	COMPANY TOTAL (d)	CHANGE FROM PRIOR YEAR (e)
1	Basic Local Service Revenue	7,898,029			7,898,029	(311,870)
2	Network Access Service Revenues					
3	End User Revenue (EUCL)		1,847,805		1,847,805	(87,105)
4	Switched Access Revenue	1,357,149	1,166,056		2,523,205	(2,690,951)
5	Special Access Revenue	1,113,825	1,568,957		2,682,782	358,944
6	Total Network Access Revenue (lines 3+4+5)	10,369,003	4,582,818		14,951,820	(2,730,983)
7	Interexchange Revenue	20,076			20,076	(9,057)
8	Miscellaneous Revenue	394,565	507,271		901,836	43,303
9	Nonregulated Operating Revenue	(63,713)			(63,713)	(63,713)
10	Uncollectible Revenue	(103,086)			(103,086)	73,179
11	Total Operating Revenues	10,616,846	5,090,088		15,706,935	(2,687,269)
	EXPENSES					
12	Network Support Expense				220	2,136
13	General Support Expense				1,358,376	134,944
14	Central Office Switching Expense				980,146	69,897
15	Operator Systems Expense					
16	Central Office Transmission Expense				292,546	9,532
17	Information Origination/Termination Expense					
18	Cable and Wire Facilities Expense				1,918,260	179,908
19	Other Property, Plant & Equipment Expenses				35,042	17,735
20	Network Operations Expenses				1,222,717	(50,255)
21	Access Expense				413,685	(20,778)
22	Depreciation and Amortization Expenses				2,189,100	(1,638,400)
23	Marketing Expense				713,333	369,327
24	Services Expense				911,731	(225,783)
25	General and Administrative Expense				2,472,352	(326,598)
26	Provision For Uncollectible/Notes Receivable					
27	Total Operating Expenses				12,507,509	(1,478,333)
28	Other Operating (Income) and Expenses					
29	Operating Taxes				2,043,082	(145,012)
30	Net Operating Income				1,156,344	(1,063,925)
31	Nonoperating (Income) and Expenses					
32	Nonoperating Taxes					32,812
33	Interest and Related Items					(52)
34	Extrordinary Items					
35	Total Non-operating Expenses and (Income)					32,760
35a	Total Operating and Non-operating Income				1,156,344	(1,096,685)
36	Income Effect of Jurisdictional Ratemaking Differences - Net					
37	Nonregulated Net Income					
38	NET INCOME				1,156,344	(1,096,685)

Line 11 = lines 1+6+7+8+9+10

Line 27 = sum of lines 12 through 26

Line 30 = line 11 - (sum of lines 27 through 29)

Line 35 = sum of lines 31 through 34

Line 35a = line 30 - line 35

Line 38 = sum of lines 35a through 37

ILEC REVENUES SUBJECT TO PUC/OPA ASSESSMENT

Using the information reported on page 8, this page calculates the revenues subject to Commission Assessment per 35-A M.R.S.A. §116. This section of statute defines revenues as follows: "For the purpose of this section, 'intrastate gross operating revenues' mean intrastate derived from filed rates, except revenues derived from sales for resale."

Line	Description	Revenue Subject to Assessment
1	Basic Local Service Revenue - Page 8, Line 1, Column (b)	\$7,898,029
2	Interexchange Revenue - Page 8, Line 7, Column (b)	\$20,076
3	Miscellaneous Revenue - Page 8, Line 8 Column (b)	\$394,565
4	Total Revenue Subject to Assessment (Sum of Lines 1 through 3)	\$8,312,671

Note: This schedule has been added to reduce the confusion as to which reported amounts are subject to assessment. Any amounts not included on this page are not subject to assessment. This form is formatted as to automatically link the cells here to the amounts reported on page 8.

STATEMENT OF CASH FLOWS		
Line	Item (a)	Amount in \$ (b)
1	CASH FROM OPERATING ACTIVITIES	
2	Net Income	1,156,344
3	Adjustments to Net Income	
4	Depreciation	2,189,100
5	Deferred Taxes - Net	393,752
6	Investment Tax Credits - Net	
7	Change in Accounts Receivable	33,798
8	Change in certain other Current Assets	2,487
9	(list items over \$10,000 on a	
10	supplementary schedule)	
11	Net change in Accounts Payable	1,615,539
12	Changes in certain other Current Liabilities	71,231
13	Net change in certain Noncurrent Assets and Liabilities	868,159
14	Interest During Construction	
15	Other (list items over \$10,000 on a	(51,621)
16	supplementary schedule)	
17	Net Cash (used in) from Operating Activities	6,278,788
18	CASH FROM INVESTING ACTIVITIES	
19	Acquisitions of Property, Plant and	
20	Equipment, net of Capital Lease Related Acquisitions	(2,072,799)
21	and Interest During Construction	
22	Proceeds from Disposal of Property, Plant	
23	Equipment, net of Cost of Removal	(10,870)
24	Investment Acquisitions, principally equity	
25	Net Cash from (used in) Investing Activities	(2,083,668)
26	CASH FROM FINANCING ACTIVITIES:	
27	Net Borrowings (repayments) of Short Term Debt	
28	Issuance of Long Term Debt	
29	(Retirement) of long term debt	
30	(Dividend Payments)	(4,077,000)
31	NET CASH FROM (USED IN) FINANCING	(4,077,000)
32	Net Increase (Decrease) in Cash and Temporary Cash Investments(TCI)	118,120
33	Cash and TCI at Beginning of Year	34,804
34	Cash and TCI at End of Year	152,924

State of Maine

County of Cumberland, ss

I, THE UNDERSIGNED Lisa R. Hood SVP, Corporate Controller
(Print name of officer) (Title)

of Northland Telephone Company of Maine, Inc
(Full Name of Respondent)

do make oath that the foregoing return has been prepared, under my direction from the original books, papers and records of said Company; that I have carefully examined the same and declare the same to be a complete and correct statement of the business and affairs of said Company in respect to each and every matter and thing herein set forth; and I further say that no deductions were made before stating the operating revenues herein set forth, except those shown on the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said Company during the period for which said return is made, to the best of my knowledge and belief.

(Owner or Officer)

SUBSCRIBED AND SWORN TO before me

this _____ day of _____ 20__

Northland Telephone Company of Maine
Report for Year Ended December 31, 2008

AFFILIATE BILLINGS FROM UTILITIES INC./MJD COMMUNICATIONS, INC.		
Acct. No.	Account (a)	Total (f)
	PLANT SPECIFIC OPERATIONS EXPENSE	
6110	Network Support Expenses	220
6120	General Support Expenses	1,358,376
	Central Office Equipment Expense	
	Please provide if available:	
6211	Analog Electronic Expense	
6212	Digital Electronic Expense	980,146
6215	Electro-Mechanical Expense	
6210	Subtotal Central Office Equipment Expenses	980,146
6220	Operator Systems Expense	
6223	Central Office Transmission Expenses	292,546
6310	Information Origination/ Termination Expense	0
6410	Cable and Wire Facilities Expenses	1,918,260
	TOTAL PLANT SPECIFIC OPERATING EXPENSES	4,549,548
	PLANT NONSPECIFIC OPERATIONS EXPENSE	
6510	Other Property, Plant and Equipment Expenses	35,042
6530	Network Operations Expenses	1,222,717
6540	Access Expense	413,685
6560	Depreciation and Amortization Expenses	2,189,100
	TOTAL PLANT NONSPECIFIC OPERATIONS EXPENSES	3,860,544
NORTHLAND TELEPHONE OF MAINE		
Report for Year Ended December 31, 2006		
AFFILIATE BILLINGS FROM UTILITIES INC./MJD COMMUNICATIONS, INC.		
Acct. No.	Account (a)	Total (f)
	CUSTOMER OPERATIONS EXPENSE	
6610	Marketing	713,333
6620	Services	911,731
	TOTAL CUSTOMER OPERATIONS EXPENSE	1,625,064
	CORPORATE OPERATIONS EXPENSE	
6710	Executive and Planning	935,142
6720	General and Administrative	1,537,210
6790	Provision for Uncollectible Notes Receivable	
	TOTAL CORPORATE OPERATIONS EXPENSE	2,472,352
	TOTAL OPERATING EXPENSES	<u>12,507,509</u>

Maine Public Utilities Commission
Utility Contact Information Sheet
Please provide 24x7 utility contact information for BOTH
Operational AND Security Issues below

Utility Name: Fairpoint Communications (includes China, Community Service, Maine, Northland, Sidney and Standish Telephone Companies)

Division/Section (if applicable): _____

Effective Date: January 1, 2009

Primary Contact – Operational Issues

Name: Elvin Lewis

Title: Director, Operations

Telephone # (business hours): 207-642-7427, 8am to 5pm Mon-Fri

Telephone # (non-business hrs.): home 207-568-3363/cell 207-232-9003

E-mail: elewis@fairpoint.com

Fax #: 207-642-3095

Other contact information: Walt Levesque, Operations (bus: 207-445-3820, home 207-563-3101/cell 207-592-0475 email wlevesque@fairpoint.com)

Secondary/Backup Contact – Operational Issues

Name: Cathy Harrington

Title: Project Coordinator/ Admin Asst

Telephone # (business hours): 207-642-7239, 8am to 5pm

Telephone # (non-business hrs.): 207-774-7095/cell 207-233-9979

E-mail: charrington@fairpoint.com

Fax #: 207-642-3095

Other contact information: Audrey Prior, VP Government Relations (Bus 207-642-7001/cell 207-233-9383)

Contact – Security Issues

Name: Elvin Lewis

Title: Director, Operations

Telephone # (business hours): 207-642-7427, 8am to 5pm Mon-Fri

Telephone: (non-business hrs.): home 207-568-3363/cell 207-232-9003

E-mail: elewis@fairpoint.com

Fax #: 207-642-3095

Other contact information: Cathy Harrington (see above)

Submitted by Cathy Harrington

Date March 30, 2009

For any clarification about this sheet contact:

Joe Sukaskas, 207-287-1375

joe.sukaskas@maine.gov

or

Faith Huntington, 207-287-1373

faith.huntington@maine.gov

Send completed form to:

Fax: 207-287-1039 or

Maine Public Utilities Commission

State House Station 18

242 State Street

Augusta, ME 04333-0018

Northland Telephone Company of Maine, Inc.
Access Lines for New Hampshire Exchanges

	E. Conway Exchange	Chatham Exchange	Total
2008			
Business Access Lines	18	18	36
Residential Access Lines	108	206	314
Customers	126	224	350