



PSC  
 11877 E State Road 62  
 PO Box 126  
 Saint Meinrad, IN 47577



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 ST MEINRAD IN  
 47577  
 PERMIT NO 33

## PRIZES

Please clip the mailing address label and bring it to the annual meeting, as this will register you for the meeting. A variety of attendance prizes will be given away. To be eligible you must be a member on record, properly registered for the meeting and in attendance.

## 2006 ANNUAL MEETING NOTICE

The 53rd Annual Meeting of the members of the Perry-Spencer Rural Telephone Cooperative, Inc. d/b/a PSC will be held at the **Ferdinand Community Center**, located in Ferdinand, Indiana. (See map below.)

**Thursday, July 13, 2006  
 at 7:30 pm, Central Time**

### TO TAKE ACTION ON THE FOLLOWING MATTERS:

1. Report of officers, directors and committees;
2. The election of one (1) director of said cooperative to fill the vacancy for the members of said Board of Directors whose terms expires during the year; and
3. Any other business that may come before the meeting on any adjournment or adjournments thereof.

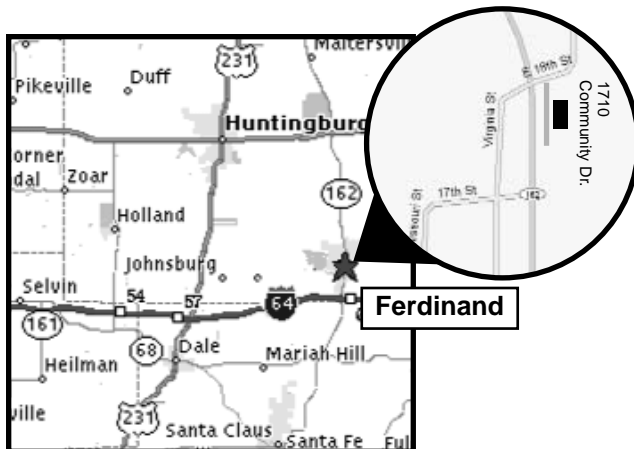
Registration begins at 6:00 pm (EST). A member must be present to vote. The clip-out mailing address on this newsletter will be used for registration. Only members or their spouses are eligible to register. If a person's name is drawn, they must be present to accept the prize. **Be sure to clip the mailing label to present at the registration desk.**

**Refreshments will be served prior to the meeting.**

The Board of Directors encourages your attendance and participation at the 53rd Annual Meeting.

Perry-Spencer RTC, Inc. d/b/a PSC

Lynn Kahle, Secretary/Treasurer



### Directions to Ferdinand Community Center:

From the North: On Highway 162, turn East (left) onto 18th Street in Ferdinand. Go approximately 2 blocks, the Community Center will be on your right.

From the South: On Highway 162, turn East (right) onto 18th Street in Ferdinand. Go approximately 2 blocks, the Community Center will be on your right.

# Your Connection

53rd ANNUAL MEMBERSHIP MEETING  
JULY 13, 2006

## Message from the Chairman of the Board of Directors



On behalf of Perry-Spencer Rural Telephone Cooperative, Inc., d/b/a PSC, it is my pleasure to invite you to PSC's 53rd Annual Meeting on July 13, 2006, at the Ferdinand Community Center.

PSC has put together another informative and entertaining program for all in attendance. True, these meetings are governed by our cooperative bylaws and there are certain business items to be acted upon. The approval of financial statements, election of directors, etc., are all important and necessary. But we hope you find annual meetings to be much more than that. They have

become a gathering ... a time for friends and family to meet, relax and enjoy the evening. It is wonderful to see so many familiar faces each year. It gives us great delight, as well, to see new cooperative members come and enjoy the evening and learn about the challenges and opportunities PSC faces every day.

"Challenges and opportunities"... two words that aptly describe the telecommunications environment we operate in. PSC continues to properly plan for its future and remains committed to our mission of providing this cooperative with the latest in communications services. We want to remain progressive and capitalize on opportunities the marketplace presents us. One

such shining example is PSC's inroads into the video business in 2005 with our newest product, PSCtv. PSC now has the ability to offer the triple-play of telecommunications services ... telephone, high-speed Internet and digital TV. Quite an accomplishment for a small, rural telephone cooperative!

To learn more about PSCtv and other cooperative service offerings, please come and join us July 13th. We look forward to seeing you at our annual celebration.

Richard Roos

## Message from the President/CEO



It's time to come in from the summer heat and enjoy another evening of fellowship, entertainment and prizes. Yes, it's time for another PSC Annual Meeting and we invite all our cooperative members to join us on Thursday, July 13th, in Ferdinand.

2005 was another rewarding year for PSC. Not just financially, but operationally as well, in that we successfully completed several key major projects. Among the highlights were: upgrading our broadband network to thirteen remaining remotes; cutting our communications traffic over to the Indiana

Fiber Network; upgrading our fixed-wireless network and adding numerous wireless sites throughout Perry, Spencer, Dubois and Hancock counties; deploying high-speed Internet satellite service through Cooperatives ONE; and, our biggest accomplishment, successfully deploying our new digital TV service, PSCtv.

These accomplishments continue to enable us to reach a larger customer base with new and exciting services. Today, PSC finds itself serving over 6,600 phone lines, 6,400 long distance customers, 11,300 Internet subscribers, 1,300 fixed-wireless customers, 1,300 DSL subscribers, 175 satellite cus-

tomers and now, 200 PSCtv customers. Quite remarkable, especially knowing that just a little over ten years ago we were only providing telephone service!

This continued growth doesn't just happen by accident. It's the product of a company dedicated to its vision of becoming this region's premiere provider of telecommunications services. It's the product of employees who are committed to each other and to the members and customers they serve. It's the product of a company who prides itself in the condition of its plant and communications network... keeping it at the cutting edge of

*Continued on Page 2...*

## Candidate for Director District #2 - Saint Meinrad

### Nick Dilger

Nick Dilger is an incumbent candidate for Director from District #2. He and his wife, Jean, have been married for 33 years and reside in the rural Ferdinand area. They have three children: Angie Lynn Ruxer, teacher; Amy Kimmel, sports medicine; Richard Brad Dilger, Hilti Equipment. They also have two grandchildren.

Nick is a life long farmer. He is a 29-year Treasurer-Director of Ferdinand Farmers Mutual Insurance and recently retired from the Saint Meinrad Volunteer Fire Department after serving for 26 years.

He is a member of the Saint Meinrad American Legion, Saint Meinrad K of C and the Saint Ferdinand Parish.

### Message from the President/CEO *continued from page 1*

technology. Together these combined efforts help PSC deliver great value to our members and customers. That is why we continue to grow and succeed.

We carry this spirit of innovation and growth into 2006 where numerous projects are currently underway or in the planning stage. Two such projects are the continued cooperative-wide deployment of PSC<sup>m</sup>, with the addition of exciting enhancements such as Video-on-Demand, and the build-out of broadband networks into surrounding communities where we can leverage our cooperative's infrastructure and resources, and expand our triple-play of services (voice, Internet and video) to an ever-growing customer base.

We must continue the pursuit of these opportunities and further build PSC into a company that can properly compete in today's marketplace. Challenging? Yes, but we are up to the task.

We welcome everyone to come to the Annual Meeting and learn more about these exciting projects. We hope to see you July 13th.



# Hot Summer Special

Get PSC's DSL  
High-Speed Internet  
for as little as \$19.95  
per month for the  
first three months!

Call our office for  
more information.

357-2123

536-3344

843-5951

Offer ends 7/21/06.



## Packages & Line-Up for PSCtv

<b>PSCtv Broadcast Basic</b>		<b>\$14.95/month</b>	
Weather Channel	PBS - WNIN Eville	Home Shop Network	CSPAN
PAX/i - WIPX Indy	FOX - WXIN Indy	QVC	CSPAN2
NBC - WFIE Eville	FOX - WTVW Eville	Shop NBC	UPN - WJTS Jasper
ABC - WEHT Eville	PBS - WVUT Vincennes	PSC Channel	KET - WKOH Oboro
CBS - WEVV Eville	EWTN	Inspirational Life	WB - WAZE 19 Eville
WGN -Chicago			

<b>PSCtv Prime</b>		<b>\$39.95/month</b>	
PSCtv Broadcast Basic PLUS the following channels			
CNBC	Boomerang	FX	Discovery Espanol
MSNBC	Cartoon Network	TNT	History
CNN	TBS	Bravo	The Learning Channel
Fox News	USA	Lifetime	Travel Channel
CNN Headline News	Disney	Sci-Fi	HGTV
CNN Espanol	Toon Disney	Spike	Food Network
Bloomberg	TV Land	Court TV	AMC
ESPN	Nickelodeon	Lifetime Real Women	Lifetime Movie Network
ESPN2	BET	G4 Tech TV	MTV
Fox Sports Ohio	A&E	Animal Planet	MTV2
Fox Sports Midwest - See Below	E! Entertainment	Discovery	MTV Hits
ABC Family	Comedy Central	Discovery-Health	VH1
Women's Entertainment	National Geographic	Speed	CMT
Music Choice (47 Music Channels)			

<b>PSCtv Preferred</b>		<b>\$49.95/month</b>	
PSCtv Prime PLUS the following channels			
Newsworld International *	Hallmark	Discovery-Home	Fox Movies
ESPN Classic	Nick Gas	Discovery-Times	TCM
ESPN News	Noggin	Military Channel	IFC
Fox College Sports (Pacific)	Nick Toons TV	Discovery-Science	VH1-Classic
Fox College Sports (Central)	BBC America	History International	VH1-Soul
Fox College Sports (Atlantic)	Biography	DIY-Do It Yourself TV	CMT-Pure Country
Golf Channel	Oxygen	Fine Living	GAC
Fit TV	Style	American Life TV	FUSE
Outdoor Channel	GSN	Outdoor Life	Discovery-Kids
SoapNet			

<b>PSCtv Broadcast Premiere</b>		<b>\$87.95/month</b>	
PSCtv Preferred PLUS ALL of the Premium Multiplex Channels			
Premium Multiplex Channels	Premium Multi-Plex Pricing-If Purchased Separately		
HBO	10 Channels	1 MultiPlex Channel	\$13.95 /month/each
Showtime *#	12 Channels	2 MultiPlex Channels	\$11.95 /month/each
Cinemax	10 Channels	3 MultiPlex Channels	\$10.95 /month/each
Starz! Encore	12 Channels	4 MultiPlex Channels	\$9.95 /month/each
#With PSCtv Premiere, there is a \$9.50 credit each month until Showtime can be offered.			

\* In Negotiation

Fox Sports Midwest is out of Indianapolis, therefore it features the Cincinnati Reds instead of the St. Louis Cardinals. PSC is also working on offering other channels, including RFDtv & TBN. Announcements will be made when additional channels are available. Please watch PSCtv's Channel 19 for information on outages, new channels, etc.

## 2005 Annual Meeting Minutes

The 52nd Annual Meeting of the membership of PSC was held July 14, 2005 at 7:30 PM EST at the Ferdinand Community Center, Ferdinand, Indiana.

Chairman Richard Roos called the meeting to order and thanked the Gibson/Lynch Community Band for providing the pre-meeting entertainment. (Of special note, the members of the Gibson/Lynch Community Band requested a donation be made to the Relay For Life in lieu of a contribution to their band for providing entertainment.)

Chairman Roos announced that a quorum was present and called on Rev. Paul (Chip) Jahn to give the invocation. Following the invocation, the National Anthem was sung by employees of PSC accompanied by student Lauren Sergesketter on the keyboard.

Chairman Richard Roos called on Attorney Chris Goffinet for the reading of the "Notice of Mailing" which was previously sent to PSC's membership.

The next item of business was a report by Secretary-Treasurer Alan Polster regarding the minutes of the 51st annual meeting (July 8, 2004) of the membership. A motion was made by Dan Bertke and seconded by Othmar Ringeman to dispense with the reading of the minutes. Motion carried by voice acclamation. A motion was then made by Bill Rogier and seconded by Ed Hagedorn to approve the minutes as mailed to the membership. Motion carried without dissent.

Attorney Chris Goffinet introduced the following candidates vying for the following director positions:

District 1 - Hubert Harpenau

District 5 - Lynn Kahle

District 6 - Richard Roos and Jim Hicks  
Ballots were then collected with results being tabulated by Raphael Greulich, Sue Rogier, and Kenneth Fark.

Chairman Roos then called on President/CEO James Dauby to present his annual report.

The 2004 Financial Statements were presented. The Balance Sheet and Income Statement indicates a positive year for the Cooperative with gains in assets and bottom-line. Total assets rose more than \$1.6 million for calendar year 2004. PSC's net margin indicates a solid year with a net income of \$1,440,196. Revenues increased steadily and expenses were held in check despite contin-

ued technology advancements being introduced by the Cooperative. A motion was made by Larry Harpenau and seconded by Betty Kessans to approve the Balance Sheet and Statement of Operation as presented. Motion carried unanimously.

President/CEO Dauby recognized Daren Brown for 25 years of service with the Cooperative. Daren began his career in 1980 as an Outside Plant Technician and is now the Plant Manager. A special thanks to Daren for his many dedicated years to the Cooperative and we look forward to many more years.

President/CEO Dauby briefed the membership that last year he discussed "The Perfect Storm". The storm, he continued, consists of challenges needing to be met on three fronts: regulatory, technology and competition. President/CEO Dauby expressed "this year, we are still weathering the same storm. We are keeping abreast of the rapidly occurring changes and dealing with issues positively".

President/CEO Dauby updated the membership of PSC's formed alliances.

- Cooperatives ONE is an alliance formed with Southern Indiana REC, Dubois REC, and PSC. A product that Cooperatives ONE will be rolling out in the very near future is WildBlue Satellite Internet. This will be a solution to providing broadband to all areas in the surrounding counties. This endeavor has been a real team effort and PSC hopes to build upon that relationship.

- Fast-Connect Internet Service is a product resulting from forming a partnership with Tell City Electric Company. Our customer base continues to grow in providing high speed wireless Internet service to areas in Tell City/Troy/Cannelton through this venture.

- Indiana Fiber Network (IFN) is an extensive all-fiber network owned by 20 independent cooperatives including PSC, in Indiana. PSC will be cutting their traffic over to IFN in late July 2005.

- Indiana Video Network (IVN) is a partnership PSC joined with 7 other telephone independents. This partnership with IVN and IFN allows us to introduce future products such as PSCtv.

- President/CEO Dauby then briefed the cooperative members on PSCtv. PSC plans

to cut this new TV Video service in CLV in the near future. Additional timelines for cutover in other areas are Saint Meinrad during 4th quarter 2005; Holland early 2006; and Bandon/Saint Marks late 2006. A special thanks was given to Paul Dauby, Vice-President COO of PSC, for assuming the role of project manager for the PSCtv endeavor.

President/CEO Dauby also informed the membership that PSC will be changing billing vendors early 2006. This will change the format of our bills with the new bill format being introduced March 2006.

It was noted that PSC was honored at Perry County Chamber of Commerce and Spencer County Chamber of Commerce's annual meetings in February as "2004 Business of the Year". We were noted for our true support of community and the many activities and groups. One such activity being the "South Spencer Supermileage Vehicle" team which were welcome to display their project at the Annual Meeting. PSC acknowledges the importance of innovation and was a supporter of that project.

Attorney Chris Goffinet then reported the election results as follows:

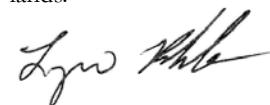
District 1 - Hubert Harpenau

District 5 - Lynn Kahle

District 6 - Richard Roos

The next item on the agenda was the drawing of attendance prizes. President/CEO Dauby, along with Board of Director assistance, announced and presented the winners with their prizes.

President/CEO Dauby concluded the Annual Meeting at 8:30 PM EST by thanking the membership for signing the get well card to be presented to Sally Saalman, a US Marine who was recently injured in insurgent combat in Iraq and who, in previous Annual Meetings, sang our National Anthem. Dauby also expressed to the membership that we should give thanks, praise, and prayers to all our military personnel serving in distant lands.



Lynn Kahle,  
Secretary-Treasurer



Attest:Richard Roos  
Chairman



**Perry-Spencer Rural Telephone Cooperative, Inc. d/b/a PSC  
Ferdinand Community Center - Ferdinand, Indiana  
July 13, 2006**

Refreshments & Registration of Members	6:00 - 7:30 p.m. EST
Entertainment - Gibson/Lynch Community Band	6:15 - 7:15 p.m. EST
Declaration of Quorum and Call to Order	7:30 p.m. EST Richard Roos, Chairman of Board
Invocation	
National Anthem	PSC Employees <i>Accompanied by Lauren Sergesketter on the keyboard</i>
Notice of Mailing	Chris Goffinet, Cooperative Attorney
2005 Annual Meeting Minutes	Lynn Kahle, Secretary-Treasurer
Introduction of Candidates	Chris Goffinet
Director Elections - District 2	Chris Goffinet
President/CEO's Report	Jim Dauby
District Election Results	Chris Goffinet
Attendance Prize Drawings	Jim Dauby
Closing Remarks and Adjournment	Jim Dauby

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## PRIZE DRAWINGS

(Must be an eligible voting member and present to win.)



### GRAND PRIZE:

Flat Panel TV



Each of the first 400 members that register will receive an automatic \$15 Credit on every attendee's account (1 per membership).

*"Working Together . . . Making A Difference"*



## 2005 Balance Sheet

	December 31, 2005	December 31, 2004
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,259,759	\$ 2,241,337
Investments in Marketable Securities	844,115	139,693
Accounts Receivable	955,590	875,580
Income Tax Receivable	10,000	10,000
Materials and Supplies	105,155	108,273
Other Current Assets	106,767	119,722
TOTAL CURRENT ASSETS	<u>3,281,386</u>	<u>3,494,605</u>
<b>NONCURRENT ASSETS</b>		
Investments in Marketable Securities	5,682,666	6,290,315
Other Investments	711,846	535,521
Deferred Income Taxes	190,796	
Cash Surrender Value of Annuity	28,699	27,863
TOTAL NONCURRENT ASSETS	<u>6,614,007</u>	<u>6,853,699</u>
<b>PROPERTY AND EQUIPMENT</b>		
In Service	32,702,278	31,484,954
Under Construction	996,030	676,006
	<u>33,698,308</u>	<u>32,160,960</u>
Less Accumulated Depreciation	<u>(17,480,697)</u>	<u>(16,941,253)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>16,217,611</u>	<u>15,219,707</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>26,113,004</u></b>	<b>\$ <u>25,568,011</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 119,258	\$ 120,415
Accounts Payable	587,946	749,442
Customer Deposits	23,614	24,439
Other Accrued Taxes	289,392	244,549
Accrued Wages	44,528	41,744
Accrued Expenses	302,689	297,437
Other Current Liabilities	60,201	0
Patronage Capital Credits Payable	125,695	160,419
TOTAL CURRENT LIABILITIES	<u>1,553,323</u>	<u>1,638,445</u>
<b>LONG-TERM LIABILITIES</b>		
Mortgage Notes Payable	816,844	936,676
Deferred Income Tax	0	8,977
Post-Retirement Benefits	213,822	213,822
TOTAL LONG-TERM LIABILITIES	<u>1,030,666</u>	<u>1,159,475</u>
<b>MEMBERS' EQUITY</b>		
Memberships	54,370	54,370
Patronage Capital	14,873,713	13,913,261
Retained Earnings	8,372,276	8,479,891
Accumulated Other Comprehensive Income	228,656	322,569
TOTAL MEMBERS' EQUITY	<u>23,529,015</u>	<u>22,770,091</u>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>\$ <u>26,113,004</u></b>	<b>\$ <u>25,568,011</u></b>



## 2005 Statement of Operations

	2005	2004
<b>OPERATING REVENUE</b>		
Local Network Services	\$ 1,299,520	\$ 1,428,635
Network Access Services	5,076,340	4,597,981
Video Services	1,182	0
Internet Access Services	2,329,483	2,413,173
Long Distance Services	740,771	739,591
Billing and Collection Services	40,689	34,356
Directory	235,982	205,362
Miscellaneous Revenues	247,364	162,005
Uncollectibles	<u>(16,930)</u>	<u>(24,150)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>9,954,401</u>	<u>9,556,953</u>
<b>OPERATING EXPENSES</b>		
Plant Specific Operations	2,190,069	1,461,791
Plant Nonspecific Operations	411,609	373,407
Depreciation and Amortization	2,142,115	2,019,585
Customer Operations	1,552,471	1,360,603
Corporate Operations	2,082,424	2,131,383
Operating Taxes	319,239	260,283
Purchased Long Distance	359,996	444,079
Internet Leased Facilities	<u>552,332</u>	<u>590,728</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>9,610,255</u>	<u>8,641,859</u>
<b>OPERATING MARGIN</b>	344,146	915,094
<b>OTHER MARGINS</b>		
Interest and Dividends	358,983	303,054
Gain (Loss) on Sale of Investments	87,394	(3,857)
Other	<u>141,084</u>	<u>140,692</u>
<b>MARGIN BEFORE INTEREST AND INCOME TAX</b>	<u>931,607</u>	<u>1,354,983</u>
<b>INTEREST ON LONG-TERM DEBT</b>	<u>9,248</u>	<u>33,321</u>
<b>MARGIN BEFORE INCOME TAX</b>	922,359	1,321,662
<b>INCOME TAX</b>	<u>(141,945)</u>	<u>(118,534)</u>
<b>NET MARGIN</b>	<u>\$ 1,064,304</u>	<u>\$ 1,440,196</u>



Support our area youth.  
Stop by the  
Perry, Spencer & Dubois  
4-H Fairs.