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# ***ANNUAL REPORT***

OF

Cambridge Telephone Company, Inc.

**NAME**

PO Box 88, Cambridge, ID 83610

**ADDRESS**

TO THE

**IDAHO PUBLIC**

**UTILITIES COMMISSION**

FOR THE

YEAR ENDED December 31, 2009

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## ACCOUNTANT'S COMPILATION REPORT

The Board of Directors  
Cambridge Telephone Company, Inc.  
PO Box 88  
Cambridge, Idaho 83610

We have compiled the accompanying balance sheets of Cambridge Telephone Company, Inc. as of December 31, 2009 and 2008, and the related income and retained earnings statement for the year ended December 31, 2009, included in the accompanying prescribed form, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information, except for pages 1, 2, 18, 19, and 20.

Our compilation was limited to presenting in the form prescribed by the Idaho Public Utilities Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Idaho Public Utilities Commission, which differ from generally accepted accounting principles. Accordingly, the financial statements and supplementary information are not designed for those who are not informed about such differences.

The information contained on pages 1, 2, 18, 19, and 20 has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

*Kiesling Accountants LLP*

Colorado Springs, CO  
April 29, 2010

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING DECEMBER 31, 2009**

**COMPANY INFORMATION**

Exact name of utility: Cambridge Telephone Company, Inc.

Address of principal office: P.O. Box 69, Cambridge, ID 83610

Telephone Number (Area Code 208) 257-3314

Cities or towns served: Cambridge, Council, Indian Valley, Cuprum, Lowman

Name and title of officer having custody of the general corporate books of account: \_\_\_\_\_

Richard Wiggins, General Manager/President

Address of office where corporate books are kept and phone number: \_\_\_\_\_

P.O. Box 88, 130 Superior Street, Cambridge, ID 83610, (208) 257-3314

Organized under the laws of the State of: Idaho

Date of organization: 1966

Form of organization (proprietorship, association, corporation): Corporation

If a Subchapter S Corporation, please specify: N/A

Name and address of controlling company, if any: N/A

Names of affiliated companies. Give address and description of business: CTC Construction, Inc.,

P.O. Box 88, Cambridge, ID 83610-Construction Services; CTC Telecom, Inc., P.O. Box 69, Cambridge, ID

83610-Telecommunications, Internet and Wireless (CLEC)

**OFFICERS**

Report below the title, name and office address of each general officer of the utility at the end of the year. If there were any changes during the year, show the name, title, and address of the previous officer and the date of change.

<b>Title</b>	<b>Name</b>	<b>Address</b>
President	Richard Wiggins	P.O. Box 88, Cambridge, ID 83610
Vice President	Kermit Wiggins	P.O. Box 88, Cambridge, ID 83610
Secretary	Kristie Kanady	P.O. Box 353, Cambridge, ID 83610
Treasurer	Joana Wiggins	P.O. Box 88, Cambridge, ID 83610

**DIRECTORS**

List the name of each person who was a member of the Board of Directors at any given time during the year: (Fees related to meetings only.)

<b>Name and Address</b>	<b>Term Expired or Current Term Will Expire</b>	<b>Meetings Attended This year</b>	<b>Fees Paid During Year</b>
Kermit Wiggins P.O. Box 88, Cambridge, ID 83610	Indefinite	1	15,000
Richard Wiggins P.O. Box 88, Cambridge, ID 83610	Indefinite	1	15,000
Joana Wiggins P.O. Box 88, Cambridge, ID 83610	Indefinite	1	15,000
Karen Wiggins P.O. Box 88, Cambridge, ID 83610	Indefinite	1	15,000
Krisie Kanady P.O. Box 88, Cambridge, ID 83610	Indefinite	1	15,000

Name of Chairman of the Board: Kermit Wiggins  
 Name of Secretary (or Clerk) of Board: Kristie Kanady  
 Number of Meetings of the Board during the year: 1

**MANAGERS**

List the name of each person who performed management duties for the Company during the year, and the total wages and bonuses paid to those persons: (Do not include Director fees in these amounts.)

<b>Name</b>	<b>Title</b>	<b>Wages and Bonuses Paid</b>
Richard Wiggins	President	96,758
Kristie Kanady	Secretary/Treasurer	30,656
Jerry Piper	Assistant Manager	63,860

**NOTES TO THE FINANCIAL STATEMENTS**

Please provide important information such as changes in accounting or depreciation practices, extensions or additions to the system; disposal of any substantial portion of the property of the utility; reorganization, mergers, or consolidations with other companies; leases executed; other contracts or agreements entered into; changes made in articles of incorporation or amendments; the occurrence of contingency losses or gains.

1 In 1998, CTC Telecom, Inc. (CTC), a wholly-owned subsidiary of Cambridge Telephone Company, was incorporated, with an initial investment of \$100,000. CTC operates as a Competitive Local Exchange Carrier in the state of Idaho. Additional capital investments of \$1,900,000 have been made through December 31, 2009.

In April, 1999, CTC secured a loan from CoBank, ACB in the amount of \$1,700,000, of which \$613,648 was unpaid as of December 31, 2009. The loan is secured by a Leasehold Deed of Trust and Security Agreement covering all real and personal property. In addition, the loan is secured by Personal Guarantee of Payment Agreements by certain shareholders of Cambridge Telephone Company, and Pledge Agreements for stock of Cambridge Telephone Company owned by certain shareholders.

An additional loan from CoBank, ACB of \$800,000 was arranged for in 2001, of which \$132,334 was unpaid as of December 31, 2009.

2 Cambridge Telephone Company (Pledgor) is a member of Syringa Networks, LLC, an Idaho Limited Liability Company. In 2002, as security for an extension of credit by Rural Telephone Finance Cooperative, a South Dakota cooperative association (Lender) to Syringa Networks, LLC (Borrower), in the principal amount of up to \$30,000,000, Pledgor executed and delivered to lender a Pledge and Security Agreement and a Guarantee Agreement. In 2007, Borrower refinanced through CoBank and the guarantee was lifted. Pledgor's investment in borrower as of December 31, 2009 was \$1,257,717 (equity method investment)

3 In 2003, the Company received approval from the Rural Utilities Service (RUS) for new loans from RUS and the Rural Telephone Bank (RTB) in the total amount of \$17,143,950. The loans were approved by the Idaho Public Utilities Commission by Order No. 29399 dated December 10, 2003. The loans were finalized in 2004, and notes dated April 4, 2004 in the total amount of \$17,143,950 were issued. Funds totaling \$13,443,500 were advanced, and \$8,701,540 were unpaid under these loans through December 31, 2009. From these advances, \$2,437,712 was used in 2004 to refinance the balance of the loan from CoBank, ACB.

**BALANCE SHEET**  
**Assets and Other Debits**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Assets</b>			
1120 Cash and Equivalents			
1130 Cash	9,840	95,967	86,127
1140 Special Cash Deposits	1,985	522	(1,463)
1150 Working Cash Advances			-
1160 Temporary Investments	100,186		(100,186)
1180 Telecommunications Accts. Receivable	241,575	256,382	14,807
1181 Accts. Rec. Allow. -Telecommunications			-
1190 Other Accounts Receivable	1,276,946	1,161,893	(115,053)
1191 Accounts Receivable Allow. - Other			-
1200 Notes Receivable	69,720	63,956	(5,764)
1201 Notes Receivable Allowance			-
1210 Interest & Dividends Receivable	5,211	5,490	279
1220 Material and Supplies	155,481	95,198	(60,283)
1280 Prepayments			-
1290 Prepaid Rents			-
1300 Prepaid Taxes	6,977	6,957	(20)
1310 Prepaid Insurance	-	6,092	6,092
1320 Prepaid Directory Expenses			-
1330 Other Prepayments	21,238	15,613	(5,625)
1350 Other Current Assets			-
<b>Noncurrent Assets</b>			
1401 Investment in Affiliated Companies	781,167	785,850	4,683
1402 Investment in Nonaffiliated Companies	1,954,891	2,091,857	136,966
1406 Nonregulated Investments	162,521	150,402	(12,119)
1407 Unamortized Debt Issuance Expense	5,396	4,957	(439)
1408 Sinking Funds			-
1410 Other Noncurrent Assets	134,677	116,674	(18,003)
1438 Deferred Maintenance & Retirements			-
1439 Deferred Charges	1,470	1,470	-
1500 Other Jurisdiction Assets - Net			-
<b>Property, Plant and Equipment</b>			
2001 Telecommunications Plants in Service	19,366,958	21,161,545	1,794,587
2002 Prop. Held for Future Telecom. Use			-
2003 Telecom. Plant under Constr. - Short Term	31,202	37,712	6,510
2004 Telecom. Plant under Constr. - Long Term			-
2005 Telecom. Plant Adjustment			-
2006 Nonoperating Plant			-
2007 Goodwill	1,691,657	1,691,657	-
<b>Depreciation and Amortization Accounts</b>			
3100 Accumulated Depreciated	(11,352,789)	(11,975,986)	(623,197)
3200 Accum. Depr. - Held for Future Use			-
3300 Accumulated Depreciation - Nonoperating			-
3400 Accumulated Amortization - Tangible			-
3410 Accum. Amort. - Capitalized Leases			-
3420 Accum. Amort. - Leasehold Improvements			-
3500 Accumulated Amortization - Intangible			-
3600 Accumulated Amortization - Other			-
<b>TOTAL ASSETS</b>	<b>14,666,309</b>	<b>15,774,208</b>	<b>1,107,899</b>

**BALANCE SHEET**  
**Liabilities & Stockholders' Equity**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Liabilities</b>			
4010 Accounts Payable	311,151	433,144	121,993
4020 Notes Payable	200,000	425,000	225,000
4030 Advance Billings and Payments	95,735	94,880	(855)
4040 Customer Deposits	4,153	2,703	(1,450)
4050 Current Maturities - Long -Term Debt	1,173,600	1,430,700	257,100
4060 Current Maturities - Capital leases			-
4070 Income Taxes - Accrued			-
4080 Other Taxes - Accrued	19,348	18,289	(1,059)
4100 Net Current Defer. Oper. Income Taxes	(95,102)	(67,232)	27,870
4110 Net Current Defer. Nonoper. Income Taxes			-
4120 Other Accrued Liabilities	123,653	132,670	9,017
4130 Other Current Liabilities	54,830	20,000	(34,830)
<b>Long-Term Debt</b>			
4210 Funded Debt	8,911,798	9,127,413	215,615
4220 Premium on Long-Term Debt			-
4230 Discount on Long-Term Debt			-
4240 Reacquired Debt			-
4250 Obligations Under Capital Leases			-
4260 Advances from Affiliated Companies			-
4270 Other Long-Term Debt			-
<b>Other Liabilities &amp; Deferred Credits</b>			
4310 Other Long-Term Liabilities			-
4320 Unamort. Oper. Invest. Tax Credits - Net	113,526	59,364	(54,162)
4330 Unamort. Nonoper. Invest. Tax Credits - Net			-
4340 Net Noncurrent Defer. Oper. Income Taxes	269,757	452,868	183,111
4350 Net Noncur. Defer. Nonoper. Income Taxes	233,509	226,540	(6,969)
4360 Other Deferred Credits	61,993	32,417	(29,576)
4370 Other Juris. Liab. & Def. Credits - Net			-
<b>Stockholders' Equity</b>			
4510 Capital Stock	30,000	30,000	-
4520 Additional Paid-In Capital			-
4530 Treasury Stock	(12,511)	(12,511)	-
4540 Other Capital			-
4550 Retained Earnings	3,170,869	3,368,263	197,394
<b>TOTAL LIAB. &amp; OTHER CREDITS</b>	<b>14,666,309</b>	<b>15,774,508</b>	<b>1,108,199</b>

**ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE**

**TOTAL Company Basis**

**Analysis of Telecommunications Plant in Service**

	Balance Beginning of Year	Additions During year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
2111 Land	102,302				102,302
2112 Motor Vehicles	587,521			59,150	646,671
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	-				-
2116 Other Work Equipment	237,651	1,378	(36,661)	711,862	914,230
2121 Buildings	2,253,963	6,911			2,260,874
2122 Furniture	58,847	2,540			61,387
2123 Office Equipment	40,001				40,001
2124 General Purpose Computers	105,563		(14,025)		91,538
2211 Analog Electronic Switching	-				-
2212 Digital Electronic Switching	1,903,521		(280,944)	(52,184)	1,570,394
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	1,029,428	404,456	(546,388)		887,496
2232 Circuit Equipment	2,107,298	83,739	(68,280)	30,069	2,152,825
2311 Station Apparatus	-				-
2321 Customer Premises Wiring	-				-
2341 Large Private Branch Exchanges	-				-
2351 Public Telephone Terminal Equipment	1,807				1,807
2362 Other Terminal Equipment	-				-
2411 Poles	21,888				21,888
2421 Aerial Cable	-				-
2422 Underground Cable	37,662				37,662
2423 Buried Cable	10,758,287	1,576,082	(50,425)	(32,694)	12,251,250
2424 Submarine Cable	-				-
2426 Intrabuilding Network Cable	7,359				7,359
2431 Aerial Wire	-				-
2441 Conduit Systems	113,860				113,860
2681 Capital Leases	-				-
2682 Leasehold Improvements	-				-
2690 Intangibles	-				-
<b>TOTAL PLANT ACCOUNTS</b>	<b>19,366,958</b>	<b>2,075,106</b>	<b>(996,723)</b>	<b>716,203</b>	<b>21,161,544</b>



**ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS**  
**IDAHO Operations Only**

**Analysis of Telecommunications Plant in Service**

	Balance Beginning of Year	Additions During Year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
2111 Land					
2112 Motor Vehicles					
2113 Aircraft					
2114 Special Purpose Vehicles					
2115 Garage Work Equipment					
2116 Other Work Equipment					
2121 Buildings					
2122 Furniture					
2123 Office Equipment					
2124 General Purpose Computers					
2211 Analog Electronic Switching					
2212 Digital Electronic Switching					
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment					
2311 Station Apparatus					
2321 Customer Premises Wiring					
2341 Large Private Branch Exchanges					
2351 Public Telephone Terminal Equipment					
2362 Other Terminal Equipment					
2411 Poles					
2421 Aerial Cable					
2422 Underground Cable					
2423 Buried Cable					
2424 Submarine Cable					
2426 Intrabuilding Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
2681 Capital Leases					
2682 Leasehold Improvements					
2690 Intangibles					
<b>TOTAL PLANT ACCOUNTS</b>					

**SAME AS TOTAL COMPANY**

**ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**  
Account 3100

	TOTAL Company Basis			Credits During Year	Retirements and Adjustments	Balance End of Year
	Balance Beginning of Year	Depreciation Rate*				
<b>Analysis of Entries in Accumulated Depreciation</b>						
2112 Motor Vehicles	587,521	25.00%			59,150	646,671
2113 Aircraft	-					-
2114 Special Purpose Vehicles	-					-
2115 Garage Work Equipment						
2116 Other Work Equipment	144,437	12.50%	29,707	486,349		660,493
2121 Buildings	1,078,250	3.00%	67,644			1,145,894
2122 Furniture	14,895		7,356			22,251
2123 Office Equipment	34,320		1,549			35,869
2124 General Purpose Computers	105,563	20.00%		(14,025)		91,538
2211 Analog Electronic Switching	-					-
2212 Digital Electronic Switching	1,223,186	12.00%	130,341	(280,944)		1,072,583
2215 Electro-Mechanical Switching	-					-
2220 Operator Systems	-					-
2231 Radio Systems	1,029,428	12.00%		(546,388)		483,040
2232 Circuit Equipment	813,461	10.00%	157,291	(67,880)		902,871
2311 Station Apparatus	-					-
2321 Customer Premises Wiring	-					-
2341 Large Private Branch Exchanges	-					-
2351 Public Telephone Terminal Equipment	1,807					1,807
2362 Other Terminal Equipment	-					-
2411 Poles	21,888	6.50%				21,888
2421 Aerial Cable	-	6.50%				-
2422 Underground Cable	37,662	6.50%				37,662
2423 Buried Cable	6,186,478	6.50%	635,593	(50,425)		6,771,647
2424 Submarine Cable	-					-
2426 Intrabuilding Network Cable	1,594	6.50%	478			2,072
2431 Aerial Wire	-					-
2441 Conduit Systems	72,299	6.50%	7,401			79,700
<b>TOTAL</b>	<b>11,352,789</b>		<b>1,037,360</b>	<b>(414,163)</b>		<b>11,975,986</b>

\*Please list individual depreciation rate for each account.

**ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**  
Account 3100

**IDAHO Operations Only**

**Analysis of Entries in Accumulated Depreciation**

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
2112 Motor Vehicles		SAME AS TOTAL COMPANY			
2113 Aircraft					
2114 Special Purpose Vehicles					
2115 Garage Work Equipment					
2116 Other Work Equipment					
2121 Buildings					
2122 Furniture					
2123 Office Equipment					
2124 General Purpose Computers					
2211 Analog Electronic Switching					
2212 Digital Electronic Switching					
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment					
2311 Station Apparatus					
2321 Customer Premises Wiring					
2341 Large Private Branch Exchanges					
2351 Public Telephone Terminal Equipment					
2362 Other Terminal Equipment					
2411 Poles					
2421 Aerial Cable					
2422 Underground Cable					
2423 Buried Cable					
2424 Submarine Cable					
2426 Intrabuilding Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
<b>TOTAL</b>					

\*Please list individual depreciation rate for each account.

## INVESTMENTS

Report below the investments in Accounts 1401, 1402 and 1406. Identify each investment as to the account in which included. Minor amounts in Account 1406 may be grouped by classes.

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
CTC Telecom, Inc.	1998		785,850
Cash value life insurance			363,814
Coins			34,497
Land	Various		224,975
Syringa Networks, LLC	2000-2008		1,357,717
CoBank equity	1999-2004		92,127
Buried cable-leased to Syringa Networks, LLC			150,402
NRTC	2003-2008		18,727
<b>Totals</b>		-	3,028,109

## RECEIVABLES

Itemize amounts show in Accounts 1180, 1190 and 1200. For notes receivable list each note separately and include the maturity date and interest rate. Minor amounts in Account 1210 may be combined.

<u>Name of Company</u>	<u>Amount at End of Year</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Due from customers		256,382
Interexchange carriers		243,803
CTC Telecom, Inc.		850,012
CTC Construction		61,671
Other		6,407
R. & B. Crocket, 8.0%, due 2018	63,956	
Interest Receivable	5,491	
<b>Totals</b>	69,447	1,418,274

**NOTES PAYABLE**

For Notes Payable, list each note separately and include the maturity date and interest rate.

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
Wells Fargo		5.00%	9/17/2010	500,000
unadvanced				(75,000)
<b>Totals</b>				425,000

**ACCOUNTS PAYABLE**

Report below all Accounts Payable amounting to more than \$100.00

<u>Name of Creditor</u>	<u>Amount</u>
Bionomics Environmental	11,462
Basin & Range Enterprises	4,009
CESCO	3,263
Computer Technology, Inc.	3,015
Farmers Supply Coop	1,791
Delta Dental of Idaho	2,080
Frontier Communications	10,646
Great Basin Electronics	32,421
Idaho State Tax Commissioner	29,332
Idaho Power Company	11,534
Idaho Optic Transport Ass	87,940
Kiesling and Associates	14,368
Lite Industries, Inc.	8,790
Mid State Consultants	20,815
Moss-Adams LLP	3,832
Various other vendors	20,848
National Rural Tele. Comm	5,462
National Cable Television	3,981
Wells Fargo Remittance Center	8,303
Lite Industries, Inc.	9,027
<b>Totals</b>	275,589

**LONG - TERM DEBT**

**Accounts 4210, 4240, 4250, 4260, 4270 and 4310**

List the required data for each obligation included in these accounts, grouping them by account number and showing totals for each account. If any obligations mature serially or otherwise at various dates, give particulars in a note.

<u>Class &amp; Series of Obligation</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Fact Amount Authorized</u>	<u>Outstanding Year-End</u>	<u>Premium/ Discount</u>		<u>Interest for year</u>	
					<u>Total</u>	<u>Amortized</u>	<u>Rate</u>	<u>Amount</u>
RUS Notes	1977	2012	975,000	116,778			5.00	Detail
RUS Notes	various	various	2,932,000	670,667			2.00	Not
RUS Notes	1985	2050	818,379	525,559			5.00	Available
RUS Notes	2004	various	11,839,488	9,248,476			various	
Less RUS prepayment							(3,356)	
Less current maturities							(1,430,700)	
Total							9,127,424	

**CAPITAL STOCK**

Report below the particulars called for concerning common and preferred stock at end of year, designating separate series of any general class. Show totals separately for common and preferred.

For each class of preferred stock, show the dividend rate and whether dividends are cumulative or noncumulative.

Show details in a footnote of capital stock sold during the year. Include number of shares, consideration received, premium or discount, and expenses incurred.

<b><u>Class &amp; Series of Stock</u></b>	<b><u>Number of Shares Authorized</u></b>	<b><u>Par Value per Share</u></b>	<b><u>Outstanding per Balance Sheet</u></b>	
			<b><u>Shares</u></b>	<b><u>Amount</u></b>
Common stock	30,000	\$ 1.00	30,000	30,000

## INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	3,504,595	<b>Same as</b>
Total Operating Expenses (from page 17)	3,167,184	<b>total company</b>
7100 Other Operating Income and Expense		
7210 Operating Investment Tax Credits-Net	(4,162)	
7220 Operating Federal Income Taxes	8,247	
7230 Operating State and Local Income Taxes	2,109	
7240 Operating Other Taxes	52,697	
7250 Provision for Deferred Operating Income Taxes-Net	70,875	
7200 Operating Taxes (Total)	129,766	
7310 Dividend Income	7,381	
7320 Interest Income	7,159	
7330 Income from Sinking and Other Funds		
7340 Allowance for Funds Used During Construction	17,108	
7350 Gains/Losses from the Disposition of Certain Property		
7360 Other Nonoperating Income	238,414	
7370 Special Charges	(2,675)	
7300 Nonoperating Income and Expense	267,387	
7410 Nonoperating Investment Tax Credits-Net		
7420 Nonoperating Federal Income Taxes	(8,247)	
7430 Nonoperating State and Local Income Taxes	(2,089)	
7440 Nonoperating Other Taxes		
7450 Provision for Deferred Nonoperating Income Taxes-Net	53,561	
7400 Nonoperating Taxes	43,225	
7510 Interest on Funded Debt	435,494	
7520 Interest Expense-Capital Leases		
7530 Amortization of Debt Issuance Expense	439	
7540 Other Interest Deductions	16,786	
7500 Interest and Related Items	452,719	
7610 Extraordinary Income Credits		
7620 Extraordinary Income Charges		
7630 Current Income Tax Effect of Extraordinary Items-Net		
7640 Provision for Deferred Income Tax Effect of Extraordinary Items-Net		
7600 Extraordinary Items		
7910 Income Effect of Jurisdictional Ratemaking Differences-Net		
7990 Nonregulated Net Income	218,306	
<b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>	<b>197,394</b>	



**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Local Network Services Revenues</b>		
5001 Basic Area Revenue	652,238	<b>Same as</b>
5002 Optional Extended Area Revenue		<b>total company</b>
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue		
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	79,375	
5069 Other Local Exchange Settlements	525,618	
<b>Network Access Services Revenues</b>		
5081 End User Revenue (SLC)	195,937	
5082 Switched Access Revenue (Interstate)	1,633,193	
5083 Special Access Revenue	94,594	
5084 State Access Revenue (Intrastate)	312,515	
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All		
<b>Miscellaneous Revenues</b>		
5230 Directory Revenue	7,711	
5240 Rent Revenue	2,100	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	402	
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue		
<b>Uncollectible Revenues</b>		
5301 Uncollectible Revenue - Telecommunications	(912)	
5302 Uncollectible Revenue - Other		
<b>TOTAL OPERATING REVENUES</b>	<b>3,504,595</b>	

Please identify the following revenues:

NECA USF \$ 524,895. To what account were they booked?

5069.1

State USF \$ 167,380. To what account were they booked?

5084.52

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Specific Operations Expense</b>		
6110 Network Support Expenses		<b>Same as</b>
6112 Motor Vehicle Expense	12,494	<b>total company</b>
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense		
6116 Other Work Equipment Expense		
6120 General Support Expenses		
6121 Land and Building Expenses	64,823	
6122 Furniture and Artworks Expense		
6123 Office Equipment Expense	1,974	
6124 General Purpose Computers Expense	95,581	
6210 Central Office Switching Expenses		
6211 Analog Electronic Expense		
6212 Digital Electronic Expense	185,833	
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	527,646	
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	78,703	
6310 Information Origination/Termination Expense		
6311 Station Apparatus Expense		
6341 Large Private Branch Exchange Expense		
6351 Public Telephone Terminal Equipment Expense		
6362 Other Terminal Equipment Expense		
6410 Cable and Wire Facilities Expenses		
6411 Pole Expense		
6421 Aerial Cable Expense		
6422 Underground Cable Expense		
6423 Buried Cable Expense	189,075	
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense		
6441 Conduit Systems Expense		
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>1,156,129</b>	

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Nonspecific Operations Expense</b>		
6510 Other Property/Plant/Equipment Expenses		<b>Same as</b>
6511 Property Held for Future Telecomm. Use Expenses		<b>total company</b>
6512 Provisioning Expense		
6530 Network Operations Expense		
6531 Power Expense		
6532 Network Administration Expense	3,969	
6533 Testing Expense	21	
6534 Plant Operations Administration Expense		
6535 Engineering Expense	11,042	
6540 Access Expense	38,882	
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,037,360	
6562 Depreciation Expense-Property Held for Future Use		
6563 Amortization Expense - Tangible		
6564 Amortization Expense - Intangible		
6565 Amortization Expense - Other		
Total Plant Nonspecific Operations Expenses	1,091,274	
<b>Customer Operations Expense</b>		
6610 Marketing	14,346	
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	12,080	
6623 Customer Services	221,139	
<b>Total Customer Operations Expense</b>	247,565	
<b>Corporate Operations Expense</b>		
6710 Executive and Planning		
6711 Executive	305,272	
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	218,048	
6722 External Relations		
6723 Human Resources		
6724 Information Management		
6725 Legal	4,311	
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	144,585	
6790 Provision for Uncollectible Notes Receivable		
<b>Total Corporate Operations Expense</b>	672,216	
<b>TOTAL OPERATING EXPENSES</b>	3,167,184	

**CENTRAL OFFICE DATA**  
as of December 31, 2008 (unless otherwise indicated)

Name of Central Office: Cambridge  
Prefix (es): 257

Central Office Switch Type: Taqua T7000

**Check all that apply:**  
Stand Alone       
Host X  
Remote     

**Check one:**  
Digital X  
Analog     

**Check one:**  
Electronic X  
Electro-Mechanical       
Other:     

**Access Line Capacity**  
Design: 1536

**Access Lines In Use**  
Customer Lines:       
(Include Centrex, PAL, Semi-Pub.)

Public Telephone Lines     

Company Official Lines     

Company Test Lines 0

Installed/Equipped: 768

**Classification of Customer Access**

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line	Multi- Line 1-Party	Multi- Line 1-Party	Single Line	Multi- Party	
Beginning of Year		395			98		493
New Connects		86			7		93
Disconnects		104			8		112
End of Year		377			97		474
		Subtotal Residence			Subtotal Business		
		395			98		

**Foreign Exchange:**

Dial Tone from this C.O.: 5  
Dial Tone from another C.O.: 0

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 124

**Custom Calling:**

Number of customers with at least one feature: 208  
Total number of features subscribed to: 28

**CENTRAL OFFICE DATA**  
**as of December 31, 2008 (unless otherwise indicated)**

Name of Central Office: Council  
 Prefix (es): 253

Central Office Switch Type: Calix C7  
 Analog \_\_\_\_\_  
**Check all that apply:**  
 Stand Alone \_\_\_\_\_ **Check one:**  
 Host \_\_\_\_\_ Digital X  
 Remote X Analog \_\_\_\_\_ Electro-Mechanical \_\_\_\_\_  
 Other: \_\_\_\_\_

**Access Line Capacity**  
 Design: 1200  
**Access Lines In Use**  
 Customer Lines: \_\_\_\_\_  
 (Include Centrex, PAL, Semi-Pub.)  
 Public Telephone Lines \_\_\_\_\_  
 Company Official Lines 10  
 Company Test Lines 0

**Classification of Customer Access**

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Residence	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Business	
Beginning of Year		777	777		215	215	992
New Connects		167	167		16	16	183
Disconnects		197	197		29	29	226
End of Year		747	747		202	202	949

**Foreign Exchange:**  
 Dial Tone from this C.O.: 3  
 Dial Tone from another C.O.: 0  
**Directory Listings:**  
 Number of Customers with Nonpublished or Nonlisted: 164

**Custom Calling:**  
 Number of customers with at least one feature: 587  
 Total number of features subscribed to: 26

**CENTRAL OFFICE DATA**  
as of December 31, 2008 (unless otherwise indicated)

Name of Central Office: Indian Valley  
Prefix (es): 256

Central Office Switch Type: Calix C7

**Check all that apply:**  
Stand Alone      **Check one:** Electronic X  
Host      Digital X Electro-Mechanical       
Remote X Analog      Other: Calix digital subscriber carrier (303 interface to Council)

**Access Line Capacity**  
Design: 1200  
Installed/Equipped: 288

**Access Lines in Use**  
Customer Lines:       
(Include Centrex, PAL, Semi-Pub.)  
Public Telephone Lines 0  
Company Official Lines 7  
Company Test Lines 0

**Classification of Customer Access**

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Residence	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Business	
Beginning of Year		157	157		14	14	171
New Connects		23	23		0	0	23
Disconnects		29	29		1	1	30
End of Year		151	151		13	13	164

**Foreign Exchange:**  
Dial Tone from this C.O.: 0  
Dial Tone from another C.O.: 0

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 17

**Custom Calling:**  
Number of customers with at least one feature: 63  
Total number of features subscribed to: 12

**CENTRAL OFFICE DATA**  
as of December 31, 2008 (unless otherwise indicated)

Name of Central Office: Lowman  
Prefix (es): 259

Central Office Switch Type: Tagua T7000

**Check all that apply:**  
Stand Alone  **Check one:**  
Host  Digital  Electronic   
Remote  Analog  Electro-Mechanical   
Other:

**Access Line Capacity**  
Design: 1080  
Installed/Equipped: 450

**Access Lines in Use**  
Customer Lines: \_\_\_\_\_  
(Include Centrex, PAL, Semi-Pub.)  
Public Telephone Lines \_\_\_\_\_  
Company Official Lines 10  
Company Test Lines 0

**Classification of Customer Access**

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Residence	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Business	
Beginning of Year		233	233		32	32	265
New Connects		84	84		5	5	89
Disconnects		93	93		3	3	96
End of Year		224	224		34	34	258

**Foreign Exchange:**  
Dial Tone from this C.O.: 2  
Dial Tone from another C.O.: 0

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 52

**Custom Calling:**  
Number of customers with at least one feature: 73  
Total number of features subscribed to: 20

**CENTRAL OFFICE DATA**  
as of December 31, 2008 (unless otherwise indicated)

Name of Central Office: Cuprum  
Prefix (es): 253

Central Office Switch Type: Calix C7

**Check all that apply:**  
Stand Alone       
Host       
Remote X

**Check one:**  
Digital X  
Analog       
Other:     

**Access Line Capacity**  
Design: 96

**Access Lines in Use**  
Customer Lines:       
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 96  
Public Telephone Lines 1

Company Official Lines 1

Company Test Lines 0

**Classification of Customer Access**

	Residence		Business		Total Residence & Business
	Single Line 1-Party	Multi- Line Party	Single Line 1-Party	Multi- Line Party	
Beginning of Year	52		1		53
New Connects	21		0		21
Disconnects	25		0		25
End of Year	48		1		49
	Subtotal Residence	Centrex N.A.R.	Subtotal Residence	Subtotal Business	
	52		52	1	
	21		21	0	
	25		25	0	
	48		48	1	

**Foreign Exchange:**  
Dial Tone from this C.O.: 0  
Dial Tone from another C.O.: 0

**Directory Listings:**

Number of Customers with Nonpublished or Nonlisted: 4

**Custom Calling:**  
Number of customers with at least one feature: 11  
Total number of features subscribed to: 7



**NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 2007**

Local Exchange	Average # of Customer Lines in Use	Local Calls		Toll Calls Originated (Total of all Carriers)			
		Number (1000s)	Avg./Line	Intrastate	Interstate	Total	Avg./Line
1 253	941			22,121	423,342	445,463	473
2 256	164			27,052	61,918	88,970	543
3 257	474			86,367	196,385	282,752	597
4 258	50			6,806	14,066	20,872	417
5 259	258			17,296	76,993	94,289	365
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							



CERTIFICATE

State of Idaho )  
 ) ss  
County of Washington )

WE, the undersigned RICHARD WIGGINS

and \_\_\_\_\_

of the CAMBRIDGE TELEPHONE COMPANY, INC. utility,

on our oath do severally say that the foregoing return has been prepared under our direction, from the original books, papers, and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business affairs of said utility for the period covered by the return in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.

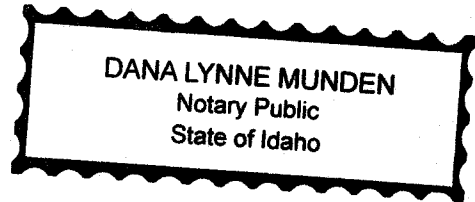
*Richard Wiggins*  
(Chief Officer)

*Richard Wiggins*  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 28 day of April, (Year) 2010

*Dana Lynne Munden*  
Notary Public

My Commission expires Feb 2, (Year) 2016



Rev 3/02