

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING December 31, 2007**

**FRE-T**

**COMPANY INFORMATION**

Exact name of utility: Fremont Telcom

Address of principal office: 110 East Main Street, Saint Anthony, ID 83445-1543

Telephone Number Area Code (208) 624-7300 E-mail address: jmanterola@fairpoint.com

Cities or towns served: Saint Anthony, Ashton, Teton, and Island Park, ID

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

Address of office where corporate books are kept and phone number: \_\_\_\_\_  
908 W. Frontview, Dodge City, KS 67801-0199 (620) 227-4400

Organized under the laws of the State of: Idaho

Date of organization: March 9, 1994

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

If a Subchapter S Corporation, please specify: \_\_\_\_\_

Name and address of controlling company, if any: FairPoint Communications, 521 East Morehead,  
Charlotte, NC 28202

Names of affiliated companies. Give address and description of business: None

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IDAHO PUBLIC UTILITIES COMMISSION

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**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>                                    |
|------------------------------|----------------------|---|
| Chairman and CEO             | Eugene B. Johnson    | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| COO                          | Peter G. Nixon       | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| Exec VP Corp Development     | Walter E. Leach, Jr. | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| Senior VP & General Counsel  | Shirley J. Linn      | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| Senior VP & Controller       | Lisa R. Hood         | 908 W. Frontview; PO Box 199 Dodge City, KS 67801 |
| Exec VP/CFO                  | John Crowley         | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| VP of Regulatory Affairs     | Patrick L. Morse     | 908 W. Frontview; PO Box 199 Dodge City, KS 67801 |
| Vice President               | Michael J. Stein     | 908 W. Frontview; PO Box 199 Dodge City, KS 67801 |
| Asst. Treasurer & Asst. Sec. | Thomas E. Griffin    | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| Assistant Secretary          | Neil A. Torpey       | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |
| Assistant Secretary          | Thomas E. Kruger     | 521 E. Morehead; Suite 250 Charlotte, NC 28202    |

**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.)

| Name   | Term Expired<br>or Current Term<br>Will Expire | Meetings Attended<br>This year | Fees Paid<br>During Year |
|--|--|--------------------------------|--------------------------|
| <b>and Address</b>   |  |                                |                          |
| Eugene B. Johnson  |  |                                |                          |
| John P. Crowley  |  |                                |                          |
| Peter G. Nixon   |  |                                |                          |
| Walter E. Leach  |  |                                |                          |
| Shirley J. Linn  |  |                                |                          |
| Susan L. Sowell  |  |                                |                          |
| Patricia Garrison-Corbin   |  |                                |                          |
| David Hauser   |  |                                |                          |
| Claude Lilly   |  |                                |                          |
| Robert Lilien  |  |                                |                          |
| Address for all is 521 E. Morehead, Ste 250, Charlotte, NC 28202 |  |                                |                          |

Name of Chairman of the Board: Eugene B. Johnson

Name of Secretary (or Clerk) of Board: Shirley J. Linn

Number of Meetings of the Board during the year: 4

**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.)

| Name         | Title                 | Wages and Bonuses Paid |
|--------------|-----------------------|------------------------|
| Corey Packer | Operations Supervisor | \$ 71,580.00           |
|              |                       |                        |
|              |                       |                        |
|              |                       |                        |
|              |                       |                        |
|              |                       |                        |
|              |                       |                        |
|              |                       |                        |
|              |                       |                        |



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

| Title of Account                               | Balance<br>Beginning<br>of Year | Balance<br>at End<br>of Year | Increase<br>or<br>(Decrease) |
|--|---------------------------------|------------------------------|------------------------------|
| <b>Current Assets</b>                          |                                 |                              |                              |
| 1120 Cash and Equivalents                      | 440,255                         | 65,518                       | (374,737)                    |
| 1130 Cash                                      |                                 |                              |                              |
| 1140 Special Cash Deposits                     |                                 |                              |                              |
| 1150 Working Cash Advances                     | 700                             | 700                          | -                            |
| 1160 Temporary Investments                     |                                 |                              |                              |
| 1180 Telecommunications Accts. Receivable      | 105,895                         | 133,889                      | 27,994                       |
| 1181 Accts. Rec. Allow. -Telecommunications    | (21,177)                        | (29,749)                     | (8,572)                      |
| 1190 Other Accounts Receivable                 | 1,506,254                       | 1,620,094                    | 113,840                      |
| 1191 Accounts Receivable Allow. - Other        |                                 |                              |                              |
| 1200 Notes Receivable                          |                                 |                              |                              |
| 1201 Notes Receivable Allowance                |                                 |                              |                              |
| 1210 Interest & Dividends Receivable           |                                 |                              |                              |
| 1220 Material and Supplies                     | 135,022                         | 104,346                      | (30,676)                     |
| 1280 Prepayments                               |                                 |                              |                              |
| 1290 Prepaid Rents                             | 7,014                           | 101,131                      | 94,117                       |
| 1300 Prepaid Taxes                             |                                 |                              |                              |
| 1310 Prepaid Insurance                         |                                 |                              |                              |
| 1320 Prepaid Directory Expenses                |                                 |                              |                              |
| 1330 Other Prepayments                         |                                 |                              |                              |
| 1350 Other Current Assets                      | 14,829                          | 18,980                       | 4,151                        |
| <b>Noncurrent Assets</b>                       |                                 |                              |                              |
| 1401 Investment in Affiliated Companies        | 112,360                         | 112,360                      | -                            |
| 1402 Investment in Nonaffiliated Companies     | 1,279,985                       | 1,647,906                    | 367,921                      |
| 1406 Nonregulated Investments                  | 66,783                          | 62,243                       | (4,540)                      |
| 1407 Unamortized Debt Issuance Expense         |                                 |                              |                              |
| 1408 Sinking Funds                             |                                 |                              |                              |
| 1410 Other Noncurrent Assets                   |                                 |                              |                              |
| 1438 Deferred Maintenance & Retirements        | 893,121                         | 313,839                      | (579,282)                    |
| 1439 Deferred Charges                          |                                 |                              |                              |
| 1500 Other Jurisdiction Assets - Net           |                                 |                              |                              |
| <b>Property, Plant and Equipment</b>           |                                 |                              |                              |
| 2001 Telecommunications Plants in Service      | 29,537,350                      | 30,172,230                   | 634,879                      |
| 2002 Prop. Held for Future Telecom. Use        |                                 |                              |                              |
| 2003 Telecom. Plant under Constr. - Short Term | 176,846                         | 721,382                      | 544,536                      |
| 2004 Telecom. Plant under Constr. - Long Term  |                                 |                              |                              |
| 2005 Telecom. Plant Adjustment                 |                                 |                              |                              |
| 2006 Nonoperating Plant                        | -                               | -                            | -                            |
| 2007 Goodwill                                  | 3,998,088                       | 3,998,088                    | -                            |
| <b>Depreciation and Amortization Accounts</b>  |                                 |                              |                              |
| 3100 Accumulated Depreciated                   | (23,700,926)                    | (25,926,676)                 | (2,225,750)                  |
| 3200 Accum. Depre. - 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>14,552,399</b>               | <b>13,116,280</b>            | <b>(1,436,119)</b>           |

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

| Title of Account                                 | Balance<br>Beginning<br>of Year | Balance<br>at End<br>of Year | Increase<br>or<br>(Decrease) |
|--|---------------------------------|------------------------------|------------------------------|
| <b>Current Liabilities</b>                       |                                 |                              |                              |
| 4010 Accounts Payable                            | 1,140,872                       | 917,583                      | (223,289)                    |
| 4020 Notes Payable                               |                                 |                              |                              |
| 4030 Advance Billings and Payments               | 6,355                           | (96)                         | (6,451)                      |
| 4040 Customer Deposits                           | 21,072                          | 14,771                       | (6,301)                      |
| 4050 Current Maturities - Long -Term Debt        |                                 |                              |                              |
| 4060 Current Maturities - Capital leases         |                                 |                              |                              |
| 4070 Income Taxes - Accrued                      | 93,573                          | 168,076                      | 74,503                       |
| 4080 Other Taxes - Accrued                       | 33,249                          | 19,294                       | (13,955)                     |
| 4100 Net Current Defer. Oper. Income Taxes       |                                 |                              |                              |
| 4110 Net Current Defer. Nonoper. Income Taxes    |                                 |                              |                              |
| 4120 Other Accrued Liabilities                   | 73,138                          | 75,018                       | 1,880                        |
| 4130 Other Current Liabilities                   |                                 |                              |                              |
| <b>Long-Term Debt</b>                            |                                 |                              |                              |
| 4210 Funded Debt                                 |                                 |                              |                              |
| 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                 | 291,857                         | 437,442                      | 145,585                      |
| 4320 Unamort. Oper. Invest. Tax Credits - Net    |                                 |                              |                              |
| 4330 Unamort. Nonoper. Invest. Tax Credits - Net |                                 |                              |                              |
| 4340 Net Noncurrent Defer. Oper. Income Taxes    | -                               | -                            | -                            |
| 4350 Net Noncur. Defer. Nonoper. Income Taxes    | 1,212,380                       | 373,896                      | (838,484)                    |
| 4360 Other Deferred Credits                      |                                 |                              |                              |
| 4370 Other Juris. Liab. & Def. Credits - Net     |                                 |                              |                              |
| <b>Stockholders' Equity</b>                      |                                 |                              |                              |
| 4510 Capital Stock                               | 6,120                           | 6,120                        | -                            |
| 4520 Additional Paid-In Capital                  | 16,275,508                      | 16,275,508                   | -                            |
| 4530 Treasury Stock                              |                                 |                              |                              |
| 4540 Other Capital                               |                                 |                              |                              |
| 4550 Retained Earnings                           | (4,601,726)                     | (5,171,332)                  | (569,606)                    |
| <b>TOTAL LIAB. &amp; OTHER CREDITS</b>           | <b>14,552,398</b>               | <b>13,116,279</b>            | <b>(1,436,119)</b>           |

**ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE**

**TOTAL Company Basis**

**Analysis of Telecommunications Plant in Service**

|  | Balance<br>Beginning<br>of Year | Additions<br>During year | Plant<br>Retired<br>or Sold | Transfers<br>and<br>Adjustments | Balance<br>End<br>of Year |
|--|---------------------------------|--------------------------|-----------------------------|---------------------------------|---------------------------|
| 2111 Land                                | 39,421                          |                          |                             |                                 | 39,421                    |
| 2112 Motor Vehicles                      | 180,518                         | 46,164                   |                             |                                 | 226,682                   |
| 2113 Aircraft                            |                                 |                          |                             |                                 | -                         |
| 2114 Special Purpose Vehicles            |                                 |                          |                             |                                 | -                         |
| 2115 Garage Work Equipment               |                                 |                          |                             |                                 | -                         |
| 2116 Other Work Equipment                | 119,749                         | 22,683                   |                             |                                 | 142,432                   |
| 2121 Buildings                           | 729,122                         | 11,683                   |                             |                                 | 740,805                   |
| 2122 Furniture                           |                                 |                          |                             |                                 | -                         |
| 2123 Office Equipment                    | 4,776                           |                          |                             |                                 | 4,776                     |
| 2124 General Purpose Computers           | 285,785                         | 3,162                    |                             |                                 | 288,947                   |
| 2211 Analog Electronic Switching         |                                 |                          |                             |                                 | -                         |
| 2212 Digital Electronic Switching        | 1,837,899                       | 16,048                   |                             |                                 | 1,853,947                 |
| 2212 Digital Switching Software          | 1,458,807                       |                          |                             |                                 | 1,458,807                 |
| 2220 Operator Systems                    |                                 |                          |                             |                                 | -                         |
| 2231 Radio Systems                       | 350,501                         |                          |                             |                                 | 350,501                   |
| 2232 Circuit Equipment                   | 7,721,212                       | 261,313                  |                             |                                 | 7,982,525                 |
| 2311 Station Apparatus                   |                                 |                          |                             |                                 | -                         |
| 2321 Customer Premises Wiring            |                                 |                          |                             |                                 | -                         |
| 2341 Large Private Branch Exchanges      |                                 |                          |                             |                                 | -                         |
| 2351 Public Telephone Terminal Equipment |                                 |                          |                             |                                 | -                         |
| 2362 Other Terminal Equipment            |                                 |                          |                             |                                 | -                         |
| 2411 Poles                               | 137,875                         |                          | (52)                        |                                 | 137,823                   |
| 2421 Aerial Cable                        | 361,615                         |                          | (10,969)                    |                                 | 350,646                   |
| 2422 Underground Cable                   | 2,487,080                       | 254                      |                             |                                 | 2,487,333                 |
| 2423 Buried Cable                        | 13,493,896                      | 272,896                  | (2,317)                     |                                 | 13,764,476                |
| 2424 Submarine Cable                     |                                 |                          |                             |                                 | -                         |
| 2426 Intra-building Network Cable        |                                 |                          |                             |                                 | -                         |
| 2431 Aerial Wire                         | 3,000                           |                          |                             |                                 | 3,000                     |
| 2441 Conduit Systems                     | 326,096                         | 14,014                   |                             |                                 | 340,109                   |
| 2681 Capital Leases                      |                                 |                          |                             |                                 | -                         |
| 2682 Leasehold Improvements              |                                 |                          |                             |                                 | -                         |
| 2690 Intangibles                         |                                 |                          |                             |                                 | -                         |
| <b>TOTAL PLANT ACCOUNTS</b>              | <b>29,537,350</b>               | <b>648,217</b>           | <b>(13,337)</b>             | <b>-</b>                        | <b>30,172,230</b>         |

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

**Analysis of Telecommunications Plant in Service**

|  | Balance<br>Beginning<br>of Year | Same as Total Company | Additions<br>During Year | Plant<br>Retired<br>or Sold | Transfers<br>and<br>Adjustments | Balance<br>End<br>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>              |                                 |                       |                          |                             |                                 |                           |

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

|  | TOTAL Company Basis       |                    |                     |                 | Retirements and Adjustments | Balance End of Year |
|--|---------------------------|--------------------|---------------------|-----------------|-----------------------------|---------------------|
|  | Balance Beginning of Year | Depreciation Rate* | Credits During Year |                 |                             |                     |
| <b>Analysis of Entries in Accumulated Depreciation</b> |                           |                    |                     |                 |                             |                     |
| 2112 Motor Vehicles                                    | 154,118                   | 33.3               | 64,210              | -               | 218,328                     |                     |
| 2113 Aircraft  |                           |                    |                     |                 |                             |                     |
| 2114 Special Purpose Vehicles                          |                           |                    |                     |                 |                             |                     |
| 2115 Garage Work Equipment                             |                           |                    |                     |                 |                             |                     |
| 2116 Other Work Equipment                              | 108,635                   | 20                 | 17,572              | -               | 126,207                     |                     |
| 2121 Buildings   | 529,283                   | 5                  | 36,456              |                 | 565,739                     |                     |
| 2122 Furniture   |                           |                    |                     |                 |                             |                     |
| 2123 Office Equipment                                  | 4,776                     | 20                 | -                   |                 | 4,776                       |                     |
| 2124 General Purpose Computers                         | 285,785                   | 33.3               | 3,162               |                 | 288,947                     |                     |
| 2211 Analog Electronic Switching                       |                           |                    |                     |                 |                             |                     |
| 2212 Digital Electronic Switching                      | 2,326,386                 | 12                 | 220,548             |                 | 2,546,934                   |                     |
| 2215 Electro-Mechanical Switching                      | -                         | 0                  | -                   |                 | -                           |                     |
| 2220 Operator Systems                                  |                           |                    |                     |                 |                             |                     |
| 2231 Radio Systems                                     | 350,501                   | 12.5               | -                   |                 | 350,501                     |                     |
| 2232 Circuit Equipment                                 | 6,611,428                 | 12.5               | 829,872             | -               | 7,441,300                   |                     |
| 2311 Station Apparatus                                 |                           |                    |                     |                 |                             |                     |
| 2321 Customer Premises Wiring                          |                           |                    |                     |                 |                             |                     |
| 2341 Large Private Branch Exchanges                    |                           |                    |                     |                 |                             |                     |
| 2351 Public Telephone Terminal Equipment               |                           |                    |                     |                 |                             |                     |
| 2362 Other Terminal Equipment                          |                           |                    |                     |                 |                             |                     |
| 2411 Poles   | 137,875                   | 12.5               |                     | (52)            | 137,823                     |                     |
| 2421 Aerial Cable                                      | 342,860                   | 8.6                | 8,729               | (10,969)        | 340,621                     |                     |
| 2421 Aerial Fiber                                      | 5,163                     | 6                  | 602                 |                 | 5,765                       |                     |
| 2422 Underground Cable                                 | 113,519                   | 10                 | 23,756              |                 | 137,275                     |                     |
| 2422 Underground Fiber                                 | 913,348                   | 6                  | 134,925             |                 | 1,048,273                   |                     |
| 2423 Buried Cable                                      | 11,196,851                | 6.5                | 837,358             | (2,317)         | 12,031,891                  |                     |
| 2423 Buried Fiber                                      | 399,585                   | 6.7                | 43,350              |                 | 442,935                     |                     |
| 2423 Buried Cable - Line Extensions                    | -                         |                    | -                   |                 | -                           |                     |
| 2431 Aerial Wire                                       | 3,000                     | 14.6               | -                   |                 | 3,000                       |                     |
| 2441 Conduit Systems                                   | 217,816                   | 5.5                | 18,546              |                 | 236,361                     |                     |
| <b>TOTAL</b>   | <b>23,700,928</b>         |                    | <b>2,239,086</b>    | <b>(13,337)</b> | <b>25,926,676</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<br>Beginning<br>of Year | Depreciation<br>Rate* | Credits<br>During<br>Year | Retirements<br>and<br>Adjustments | Balance<br>End<br>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<br/>Investments<br/>Disposed of<br/>This year</u> | <u>Book Cost of<br/>Investments<br/>Held at<br/>End of Year</u> |
|-------------------------------|----------------------|---|---|
| Internet, Lease, Payphone Eq  | 1997-2007            | _____   | 62,243  |
| Fall River Electric Dividends | Mar-00               | _____   | 3,239   |
| Syringa Network               | 2001-2002            | _____   | 1,644,667   |
| Fremont Broadband             | 2004                 | _____   | 112,360   |
| _____                         | _____                | _____   | _____   |
| _____                         | _____                | _____   | _____   |
| _____                         | _____                | _____   | _____   |
| <b>Totals</b>                 | _____                | _____   | 1,822,509   |

## 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<br/>Receivable</u>  | <u>Accounts<br/>Receivable</u> |
| Customers              | _____                        | 133,889                        |
| CABS                   | _____                        | 227,352                        |
| NECA/USAC              | _____                        | 299,092                        |
| State USF              | _____                        | 10,325                         |
| Related Party          | _____                        | 1,082,716                      |
| Miscellaneous          | _____                        | 610                            |
| _____                  | _____                        | _____                          |
| <b>Totals</b>          | _____                        | 1,753,984                      |

**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> |
|-------------------------|---------------------|----------------------|-----------------|--------------------|
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
|                         |                     |                      |                 |                    |
| <b>Totals</b>           |                     |                      |                 |                    |

**ACCOUNTS PAYABLE**

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

| <u>Name of Creditor</u> | <u>Amount</u>  |
|-------------------------|----------------|
| A/P Trade               | 62,754         |
| NECA                    | 126,255        |
| Related Party           | 728,575        |
|                         |                |
|                         |                |
|                         |                |
|                         |                |
|                         |                |
|                         |                |
| <b>Totals</b>           | <b>917,583</b> |





**INCOME & RETAINED EARNINGS STATEMENT**

| Item  | Total Company               | Idaho Only                  |
|---|-----------------------------|-----------------------------|
| Total Operating Income (from page 16)                                       | <u>8,473,083</u>            | Same as                     |
| Total Operating Expenses (from page 18)                                     | <u>6,435,806</u>            | Total Company               |
| 7100 Other Operating Income and Expense                                     | <u>                    </u> | <u>                    </u> |
| 7210 Operating Investment Tax Credits-Net                                   | <u>                    </u> | <u>                    </u> |
| 7220 Operating Federal Income Taxes   | <u>1,018,119</u>            | <u>                    </u> |
| 7230 Operating State and Local Income Taxes                                 | <u>252,949</u>              | <u>                    </u> |
| 7240 Operating Other Taxes  | <u>41,028</u>               | <u>                    </u> |
| 7250 Provision for Deferred Operating Income Taxes-Net                      | <u>(438,269)</u>            | <u>                    </u> |
| 7200 Operating Taxes (Total)  | <u>873,827</u>              | <u>                    </u> |
| 7310 Dividend Income  | <u>                    </u> | <u>                    </u> |
| 7320 Interest Income  | <u>-</u>                    | <u>                    </u> |
| 7330 Income from Sinking and Other Funds                                    | <u>                    </u> | <u>                    </u> |
| 7340 Allowance for Funds Used During Construction                           | <u>                    </u> | <u>                    </u> |
| 7350 Gains/Losses from the Disposition of Certain Property                  | <u>                    </u> | <u>                    </u> |
| 7360 Other Nonoperating Income  | <u>-</u>                    | <u>                    </u> |
| 7370 Special Charges  | <u>                    </u> | <u>                    </u> |
| 7300 Nonoperating Income and Expense  | <u>-</u>                    | <u>                    </u> |
| 7410 Nonoperating Investment Tax Credits-Net                                | <u>                    </u> | <u>                    </u> |
| 7420 Nonoperating Federal Income Taxes                                      | <u>149,900</u>              | <u>                    </u> |
| 7430 Nonoperating State and Local Income Taxes                              | <u>37,535</u>               | <u>                    </u> |
| 7440 Nonoperating Other Taxes   | <u>                    </u> | <u>                    </u> |
| 7450 Provision for Deferred Nonoperating Income Taxes-Net                   | <u>174,916</u>              | <u>                    </u> |
| 7400 Nonoperating Taxes   | <u>362,351</u>              | <u>                    </u> |
| 7510 Interest on Funded Debt  | <u>                    </u> | <u>                    </u> |
| 7520 Interest Expense-Capital Leases  | <u>                    </u> | <u>                    </u> |
| 7530 Amortization of Debt Issuance Expense                                  | <u>                    </u> | <u>                    </u> |
| 7540 Other Interest Deductions  | <u>233</u>                  | <u>                    </u> |
| 7500 Interest and Related Items   | <u>233</u>                  | <u>                    </u> |
| 7610 Extraordinary Income Credits   | <u>                    </u> | <u>                    </u> |
| 7620 Extraordinary Income Charges   | <u>                    </u> | <u>                    </u> |
| 7630 Current Income Tax Effect of Extraordinary Items-Net                   | <u>                    </u> | <u>                    </u> |
| 7640 Provision for Deferred Income Tax Effect of<br>Extraordinary Items-Net | <u>                    </u> | <u>                    </u> |
| 7600 Extraordinary Items  | <u>                    </u> | <u>                    </u> |
| 7910 Income Effect of Jurisdictional Ratemaking<br>Differences-Net          | <u>                    </u> | <u>                    </u> |
| 7990 Nonregulated Net Income  | <u>977,527</u>              | <u>                    </u> |
| <b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>                              | <u><b>1,778,393</b></u>     | <u>                    </u> |

**OPERATING REVENUES**

| Item  | Total Company               | Idaho Only                  |
|---|-----------------------------|-----------------------------|
| <b>Local Network Services Revenues</b>          |                             |                             |
| 5001 Basic Area Revenue                         | <u>1,777,794</u>            | Same as Total Company       |
| 5002 Optional Extended Area Revenue             | <u>                    </u> | <u>                    </u> |
| 5003 Cellular Mobile Revenue                    | <u>193,819</u>              | <u>                    </u> |
| 5004 Other Mobile Services Revenue              | <u>                    </u> | <u>                    </u> |
| 5010 Public Telephone Revenue                   | <u>                    </u> | <u>                    </u> |
| 5040 Local Private Line Revenue                 | <u>51,452</u>               | <u>                    </u> |
| 5050 Customer Premises Revenue                  | <u>                    </u> | <u>                    </u> |
| 5060 Other Local Exchange Revenue               | <u>326,814</u>              | <u>                    </u> |
| 5069 Other Local Exchange Settlements           | <u>2,125,516</u>            | <u>                    </u> |
| <b>Network Access Services Revenues</b>         |                             |                             |
| 5081 End User Revenue (SLC)                     | <u>498,312</u>              | <u>                    </u> |
| 5082 Switched Access Revenue (Interstate)       | <u>2,400,938</u>            | <u>                    </u> |
| 5083 Special Access Revenue                     | <u>662,678</u>              | <u>                    </u> |
| 5084 State Access Revenue (Intrastate)          | <u>398,667</u>              | <u>                    </u> |
| <b>Long Distance Network Services Revenues</b>  |                             |                             |
| 5100 Long Distance Message Revenue - All        | <u>                    </u> | <u>                    </u> |
| <b>Miscellaneous Revenues</b>                   |                             |                             |
| 5230 Directory Revenue                          | <u>20,426</u>               | <u>                    </u> |
| 5240 Rent Revenue                               | <u>4,800</u>                | <u>                    </u> |
| 5250 Corporate Operations Revenue               | <u>                    </u> | <u>                    </u> |
| 5261 Special Billing Arrangements Revenue       | <u>                    </u> | <u>                    </u> |
| 5262 Customer Operations Revenue                | <u>                    </u> | <u>                    </u> |
| 5263 Plant Operations Revenue                   | <u>                    </u> | <u>                    </u> |
| 5264 Other Incidental Regulated Revenue         | <u>5,230</u>                | <u>                    </u> |
| 5269 Other Revenue Settlements                  | <u>                    </u> | <u>                    </u> |
| 5270 Carrier Billing & Collection Revenue       | <u>37,629</u>               | <u>                    </u> |
| <b>Uncollectible Revenues</b>                   |                             |                             |
| 5301 Uncollectible Revenue - Telecommunications | <u>                    </u> | <u>                    </u> |
| 5302 Uncollectible Revenue - Other              | <u>(30,990)</u>             | <u>                    </u> |
| <b>TOTAL OPERATING REVENUES</b>                 | <u><b>8,473,083</b></u>     | <u>                    </u> |

Please identify the following revenues:

|                       |                                   |      |
|-----------------------|-----------------------------------|------|
| NECA USF \$ 2,125,516 | To what account were they booked? | 5069 |
| State USF \$ 123,894  | To what account were they booked? | 5084 |

**OPERATING REVENUES**

| Item   | Total Company    | Idaho Only            |
|--|------------------|-----------------------|
| <b>Plant Specific Operations Expense</b>         |                  |                       |
| 6110 Network Support Expenses                    | -                | Same as Total Company |
| 6112 Motor Vehicle Expense                       | -                |                       |
| 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                  | 152,229          |                       |
| 6122 Furniture and Artworks Expense              | -                |                       |
| 6123 Office Equipment Expense                    | 13,244           |                       |
| 6124 General Purpose Computers Expense           | 337,024          |                       |
| 6210 Central Office Switching Expenses           |                  |                       |
| 6211 Analog Electronic Expense                   | -                |                       |
| 6212 Digital Electronic Expense                  | 283,484          |                       |
| 6215 Electro-Mechanical Expense                  | -                |                       |
| 6220 Operators System Expense                    | -                |                       |
| 6230 Central Office Transmission Expenses        |                  |                       |
| 6231 Radio Systems Expense                       | -                |                       |
| 6232 Circuit Equipment Expense                   | 161,818          |                       |
| 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                                | 3,095            |                       |
| 6421 Aerial Cable Expense                        | 3,958            |                       |
| 6422 Underground Cable Expense                   | 8,347            |                       |
| 6423 Buried Cable Expense                        | 1,318,825        |                       |
| 6424 Submarine Cable Expense                     | -                |                       |
| 6425 Deep Sea Cable Expense                      | -                |                       |
| 6426 Intrabuilding Network Cable Expense         | -                |                       |
| 6431 Aerial Wire Expense                         | 124              |                       |
| 6441 Conduit Systems Expense                     | -                |                       |
| <b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>   | <b>2,282,147</b> |                       |



**OPERATING REVENUES**

| Item   | Total Company | Idaho Only            |
|--|---------------|-----------------------|
| <b>Plant Nonspecific Operations Expense</b>            |               |                       |
| 6510 Other Property/Plant/Equipment Expenses           |               | Same as Total Company |
| 6511 Property Held for Future Telecomm. Use Expenses   |               |                       |
| 6512 Provisioning Expense                              | (59,461)      |                       |
| 6530 Network Operations Expense                        |               |                       |
| 6531 Power Expense                                     | 57,015        |                       |
| 6532 Network Administration Expense                    | 26,559        |                       |
| 6533 Testing Expense                                   | 148,190       |                       |
| 6534 Plant Operations Administration Expense           | 71,921        |                       |
| 6535 Engineering Expense                               | 85,552        |                       |
| 6540 Access Expense                                    | 61,969        |                       |
| 6560 Depreciation and Amortization Expenses            |               |                       |
| 6561 Depreciation Expense-Telecom. Plant in Service    | 2,242,766     |                       |
| 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            | 2,634,512     |                       |
| <b>Customer Operations Expense</b>                     |               |                       |
| 6610 Marketing   |               |                       |
| 6611 Product Management                                | 22,177        |                       |
| 6612 Sales   | 13,376        |                       |
| 6613 Product Advertising                               | 25,417        |                       |
| 6620 Services  |               |                       |
| 6621 Call Completion Services                          | 2,446         |                       |
| 6622 Number Services                                   | 8,545         |                       |
| 6623 Customer Services                                 | 371,664       |                       |
| <b>Total Customer Operations Expense</b>               | 443,625       |                       |
| <b>Corporate Operations Expense</b>                    |               |                       |
| 6710 Executive and Planning                            |               |                       |
| 6711 Executive   | 256,952       |                       |
| 6712 Planning  | 41,523        |                       |
| 6720 General and Administrative                        |               |                       |
| 6721 Accounting and Finance                            | 381,706       |                       |
| 6722 External Relations                                | 88,054        |                       |
| 6723 Human Resources                                   | 26,727        |                       |
| 6724 Information Management                            | 28,941        |                       |
| 6725 Legal   | 78,294        |                       |
| 6726 Procurement                                       |               |                       |
| 6727 Research and Development                          |               |                       |
| 6728 Other General and Administrative                  | 173,326       |                       |
| 6790 Provision for Uncollectible Notes Receivable      |               |                       |
| <b>Total Corporate Operations Expense</b>              | 1,075,522     |                       |
| <b>TOTAL OPERATING EXPENSES</b>                        | 6,435,806     |                       |

**CENTRAL OFFICE DATA**  
as of December 31, 2007 (unless otherwise indicated)

Name of Central Office: Saint Anthony, ID  
 Prefix (es): (208) 624, 458, 558, 652  
 Central Office Switch Type: Nortel DMS 500

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

**Access Line Capacity**  
 Design: Nortel DMS 500 **Access Lines in Use** 5010  
 (Include Centrex, PAL, Semi-Pub.)  
 Installed/Equipped: 2794/3780 Public Telephone Lines 37  
 Company Official Lines 170  
 Company Test Lines 120

**Classification of Customer Access**

|                   | Residence             |                            |                       | Business              |                            |                      | Total<br>Residence<br>& Business |
|-------------------|-----------------------|----------------------------|-----------------------|-----------------------|----------------------------|----------------------|----------------------------------|
|                   | Multi-Line<br>1-Party | Single Line<br>Multi-Party | Subtotal<br>Residence | Multi-Line<br>1-Party | Single Line<br>Multi-Party | Subtotal<br>Business |                                  |
| Beginning of Year |                       | 4022                       | 4022                  | 39                    | 626                        | 368                  | 5055                             |
| New Connects      |                       |                            |                       |                       |                            |                      |                                  |
| Disconnects       |                       |                            |                       |                       |                            |                      |                                  |
| End of Year       | 0                     | 3974                       | 3974                  | 39                    | 624                        | 373                  | 5010                             |

**Foreign Exchange:**  
 Dial Tone from this C.O.:      **Directory Listings:** 1102  
 Dial Tone from another C.O.:      Number of Customers with Nonpublished or Nonli:

**Custom Calling:**  
 Number of customers with at least one feature: 2412  
 Total number of features subscribed to: 38

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

| Local Exchange        | Average #<br>of Customer<br>Lines in Use | Local Calls       |               | Toll Calls Originated (Total of all Carriers) |            |        | Avg./<br>Line |
|-----------------------|--|-------------------|---------------|---|------------|--------|---------------|
|                       |  | Number<br>(1000s) | Avg./<br>Line | Intrastate                                    | Interstate | Total  |               |
| 1 Teton - 458         | 568                                      | Not Available     |               | 10903   | 51467      | 62370  | 109.81        |
| 2 Island Park - 558   | 1129                                     | Not Available     |               | 33619   | 76093      | 109712 | 97.18         |
| 3 Saint Anthony - 624 | 2168                                     | Not Available     |               | 54056   | 88799      | 142855 | 65.89         |
| 4 Ashton - 652        | 1130                                     | Not Available     |               | 28816   | 45927      | 74743  | 66.14         |
| 5 _____               |  |                   |               |   |            |        |               |
| 6 _____               |  |                   |               |   |            |        |               |
| 7 _____               |  |                   |               |   |            |        |               |
| 8 _____               |  |                   |               |   |            |        |               |
| 9 _____               |  |                   |               |   |            |        |               |
| 10 _____              |  |                   |               |   |            |        |               |
| 11 _____              |  |                   |               |   |            |        |               |
| 12 _____              |  |                   |               |   |            |        |               |
| 13 _____              |  |                   |               |   |            |        |               |
| 14 _____              |  |                   |               |   |            |        |               |
| 15 _____              |  |                   |               |   |            |        |               |
| 16 _____              |  |                   |               |   |            |        |               |
| 17 _____              |  |                   |               |   |            |        |               |
| 18 _____              |  |                   |               |   |            |        |               |

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES  
YEAR ENDED DECEMBER 31, 2007

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603  
Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers Yes \_\_\_\_\_ No X

Included in directory Yes X No \_\_\_\_\_

Date of notification \_\_\_\_\_ December 1, 2006 \_\_\_\_\_

Alternate method of notification \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company \_\_\_\_\_ 1 \_\_\_\_\_

Category of complaints (if known):

Deposit Disputes \_\_\_\_\_

Charges on Bill \_\_\_\_\_ ✓

Denial/Termination \_\_\_\_\_

Quality or Availability  
of Service \_\_\_\_\_ ✓

Carrier Selection/Assignment \_\_\_\_\_

Miscellaneous \_\_\_\_\_

Rev 3/02

CERTIFICATE

State of KANSAS )  
County of FORD ) ss

WE, the undersigned \_\_\_\_\_

and \_\_\_\_\_

of the \_\_\_\_\_ Fremont Telcom \_\_\_\_\_ 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.

*Lisa R. Heed*  
\_\_\_\_\_

Lisa R. Heed

*Patrick L. Morse*  
\_\_\_\_\_

Patrick L. Morse

Subscribed and Sworn to Before Me this 9 day of April, (Year) 2008

*Betty J. Young*  
Betty J. Young  
Notary Public

My Commission expires November 16, (Year) 2010

Rev 3/02

gdk/excel/nelson/annualrpts/te/annualrpt

