

ANNUAL REPORT

OF

INLAND TELEPHONE COMPANY
NAME

PO BOX 171, ROSLYN, WA 98941
ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2003

IDAHO PUBLIC
UTILITIES COMMISSION

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**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2003**

COMPANY INFORMATION

Exact name of utility: Inland Telephone Company
 Address of principal office: 103 South Second Street, Roslyn, Washington 98941
 Telephone Number (509) 649-2211
 Cities or towns served: Colton, Dewatto, Prescott, Roslyn & Uniontown, Washington & Gifford & Lenore, Idaho

Name and title of officer having custody of the general corporate books of account: _____
James K. Brooks, Controller
 Address of office where corporate books are kept and phone number: same as principal office

Organized under the laws of the State of: Washington
 Date of organization: 07/02/63
 Form of organization (proprietorship, association, corporation): Corporation
 If a Subchapter S Corporation, please specify: N/A
 Name and address of controlling company, if any Western Elite Incorporated Services, P.O. Box 687, Roslyn, Washington 98941

Names of affiliated companies. Give address and description of business: (1) Inland Cellular Telephone Co., P.O. Box 688, Roslyn, WA 98941-cellular telephone company, (2) R & R Cable Co., P.O. Box 610, Roslyn, WA 98941-cable television company, (3) Inland Long Distance Telephone Company, P.O. Box 904, Roslyn, WA 98941-long distance resale, (4) Newport Hills Land Co., Inc., P.O. Box 687, Roslyn, WA-land company, (5) Easton Ridge Land Co., Inc., P.O. Box 687, Roslyn, WA-land company, (6) R & R Heights Land Co., Inc., P.O. Box 687, Roslyn, WA-land company, (7) Moses Lake Views Land Co., Inc., P.O. Box 687, Roslyn, WA-land company, (8) Central Cascade Land Co., Inc. P.O. Box 687, Roslyn, WA 98941-land company

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.

Title	Name	Address
President	Douglas W. Weis	P.O. Box 171, Roslyn, Washington 98941
Vice President	Nathan R. Weis	P.O. Box 171, Roslyn, Washington 98941
Controller	James K. Brooks	P.O. Box 171, Roslyn, Washington 98941
Treasurer	John P. Coonan	P.O. Box 171, Roslyn, Washington 98941
Secretary	Gregory A. Maras	P.O. Box 171, Roslyn, Washington 98941

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 and Address	Term Expired or Current Term Will Expire	Meetings Attended This year	Fees Paid During Year
Douglas W. Weis	Continuous	1	None
Nathan R. Weis	Continuous	1	None
John P. Coonan	Continuous	1	None
Gregory A. Maras	Continuous	1	None

Name of Chairman of the Board: N/A
 Name of Secretary (or Clerk) of Board: Gregory A. Maras
 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.)

Name	Title	Wages and Bonuses Paid
Douglas W. Weis	President	\$155,026
Nathan R. Weis	Vice President	\$141,541
James K. Brooks	Controller	\$84,959
John P. Coonan	Treasurer	\$142,893
Gregory A. Maras	Secretary	\$152,812

BALANCE SHEET
Assets and Other Debits

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
Current Assets			
1120 Cash and Equivalents			
1130 Cash	329,244	290,309	(38,935)
1140 Special Cash Deposits			
1150 Working Cash Advances	1,400	1,400	0
1160 Temporary Investments	611,538	1,079,240	467,702
1180 Telecommunications Accts. Receivable	132,243	102,037	(30,206)
1181 Accts. Rec. Allow. -Telecommunications	(10,000)	(10,000)	0
1190 Other Accounts Receivable	5,570,542	6,423,238	852,696
1191 Accounts Receivable Allow. - Other			
1200 Notes Receivable			
1201 Notes Receivable Allowance			
1210 Interest & Dividends Receivable			
1220 Material and Supplies	221,093	208,495	(12,598)
1280 Prepayments		73,057	
1290 Prepaid Rents			
1300 Prepaid Taxes			
1310 Prepaid Insurance	18,505	18,256	(249)
1320 Prepaid Directory Expenses			
1330 Other Prepayments			
1350 Other Current Assets	477,085	0	(477,085)
Noncurrent Assets			
1401 Investment in Affiliated Companies			
1402 Investment in Nonaffiliated Companies	1,102,220	1,360,215	257,995
1406 Nonregulated Investments	182,811	160,624	(22,187)
1407 Unamortized Debt Issuance Expense	1,225	800	(425)
1408 Sinking Funds			
1410 Other Noncurrent Assets	85,693	90,416	4,723
1438 Deferred Maintenance & Retirements	0		0
1439 Deferred Charges			
1500 Other Jurisdiction Assets - Net			
Property, Plant and Equipment			
2001 Telecommunications Plants in Service	14,953,772	15,492,951	539,179
2002 Prop. Held for Future Telecom. Use	0	0	0
2003 Telecom. Plant under Constr. - Short Term	21,432	327,834	306,402
2004 Telecom. Plant under Constr. - Long Term			
2005 Telecom. Plant Adjustment			
2006 Nonoperating Plant			
2007 Goodwill			
Depreciation and Amortization Accounts			
3100 Accumulated Depreciated	8,094,117	9,503,944	1,409,827
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		3	
3600 Accumulated Amortization - Other			
TOTAL ASSETS	15,604,686	16,114,925	437,185

BALANCE SHEET
Liabilities & Stockholders' Equity

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
Current Liabilities			
4010 Accounts Payable	97,191	242,548	145,357
4020 Notes Payable	0	0	0
4030 Advance Billings and Payments			
4040 Customer Deposits	8,706	7,595	(1,111)
4050 Current Maturities - Long -Term Debt	249,400	261,673	12,273
4060 Current Maturities - Capital leases			
4070 Income Taxes - Accrued	0	101,460	101,460
4080 Other Taxes - Accrued	190,662	112,907	(77,755)
4100 Net Current Defer. Oper. Income Taxes			
4110 Net Current Defer. Nonoper. Income Taxes			
4120 Other Accrued Liabilities	376,357	405,701	29,344
4130 Other Current Liabilities	37,100	67,051	29,951
Long-Term Debt			
4210 Funded Debt	3,640,705	3,378,789	(261,916)
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			
Other Liabilities & Deferred Credits			
4310 Other Long-Term Liabilities			
4320 Unamort. Oper. Invest. Tax Credits - Net	23,838	17,201	(6,637)
4330 Unamort. Nonoper. Invest. Tax Credits - Net			
4340 Net Noncurrent Defer. Oper. Income Taxes	690,395	512,092	(178,303)
4350 Net Noncur. Defer. Nonoper. Income Taxes	(102,939)	81,958	184,897
4360 Other Deferred Credits			
4370 Other Juris. Liab. & Def. Credits - Net			
Stockholders' Equity			
4510 Capital Stock	93,150	93,150	0
4520 Additional Paid-In Capital	7,175	7,175	0
4530 Treasury Stock			
4540 Other Capital			
4550 Retained Earnings	10,292,946	10,825,625	532,679
TOTAL LIAB. & OTHER CREDITS	15,604,686	16,114,925	510,239

ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE

TOTAL Company Basis

	Balance Beginning of Year	Additions During year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
Analysis of Telecommunications Plant in Service					
2111 Land	75,236	24,758			99,994
2112 Motor Vehicles	959,906	203,092	9,800		1,153,198
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	21,925				21,925
2116 Other Work Equipment	573,335	43,848	19,440		597,743
2121 Buildings	1,729,327	37,298			1,766,625
2122 Furniture	116,833	4,182			121,015
2123 Office Equipment	275,243	11,961	75,456		211,748
2124 General Purpose Computers	682,396	34,356	52,646		664,106
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	2,121,562	13,273	11,816	(23,299)	2,099,720
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	0	0		36,842	36,842
2232 Circuit Equipment	1,539,709	32,453		(13,543)	1,558,619
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	24,807				24,807
2421 Aerial Cable	198,229				198,229
2422 Underground Cable	0				0
2423 Buried Cable	6,620,645	302,432			6,923,077
2424 Submarine Cable	0				0
2426 Intrabuilding Network Cable	0				0
2431 Aerial Wire	6,695				6,695
2441 Conduit Systems	0				0
2681 Capital Leases	0				0
2682 Leasehold Improvements	0				0
2690 Intangibles	7,924	684			8,608
TOTAL PLANT ACCOUNTS	14,953,772	708,337	169,158	0	15,492,951

ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS
IDAHO Operations Only

	Balance Beginning of Year	Additions During Year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
Analysis of Telecommunications Plant in Service					
2111 Land	19,853			(35) *	19,818
2112 Motor Vehicles	0				0
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	1,703			(5) *	1,698
2116 Other Work Equipment	13,119				13,119
2121 Buildings	384,112			2,974 *	387,086
2122 Furniture	16,950			397 *	17,347
2123 Office Equipment	53,253			(11,962) *	41,291
2124 General Purpose Computers	90,704			(5,185) *	85,519
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	319,441			(599) *	318,842
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	0			1,599	1,599
2232 Circuit Equipment	409,042			(145) *	408,897
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	1,577				1,577
2421 Aerial Cable	29,530				29,530
2422 Underground Cable	0				0
2423 Buried Cable	1,481,674	76,013		1 *	1,557,688
2424 Submarine Cable	0				0
2426 Intrabuilding Network Cable	0				0
2431 Aerial Wire	4,821				4,821
2441 Conduit Systems	0				0
2681 Capital Leases	0				0
2682 Leasehold Improvements	0				0
2690 Intangibles	4,764				4,764
TOTAL PLANT ACCOUNTS	2,830,543	76,013	0	(12,960) *	2,893,596

*Represents adjustments to the allocation of Washington plant to Idaho based upon jurisdictional procedures.

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
Account 3100

TOTAL Company Basis

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles	796,008	16.00/12.50	153,054	(2,742)	946,320
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	20,130	12.5	1,734		21,864
2116 Other Work Equipment	466,012	16.00/12.50	59,158	(6,507)	518,663
2121 Buildings	626,507	4.00/2.50	68,016		694,523
2122 Furniture	78,569	15.00/6.00	17,737		96,306
2123 Office Equipment	257,178	20.00/5.00 & 6.00	29,039	(74,856)	211,361
2124 General Purpose Computers	595,659	25.00/12.50	120,015	(52,646)	663,028
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	784,956	9.00/27.37	522,552	(34,615)	1,272,893
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	0			29,606	29,606
2232 Circuit Equipment	726,215	11.19/27.37	223,510	(6,308)	943,417
2311 Station Apparatus	0				0
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	23,969	7.59/5.00	79		24,048
2421 Aerial Cable	171,896	20.40/4.00	1,181		173,077
2422 Underground Cable	0				0
2423 Buried Cable	3,540,322	5.00&6.00/4.00&6.00	361,820		3,902,142
2424 Submarine Cable	0				0
2426 Intrabuilding Network Cable	0				0
2431 Aerial Wire	6,696	42.06/8.00			6,696
2441 Conduit Systems	0				0
TOTAL	8,094,117		1,557,895	(148,068)	9,503,944

*Please list individual depreciation rate for each account.

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
Account 3100

IDAHO Operations Only

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles	0				0
2113 Aircraft	0				0
2114 Special Purpose Vehicles	0				0
2115 Garage Work Equipment	1,536	12.50		162 **	1,698
2116 Other Work Equipment	6,681	12.50	1,640		8,321
2121 Buildings	136,290	2.50	2,852	10,332 **	149,474
2122 Furniture	11,928	6.00		2,487 **	14,415
2123 Office Equipment	50,828	5.00/6.00		(9,583) **	41,245
2124 General Purpose Computers	80,373	12.50		5,018 **	85,391
2211 Analog Electronic Switching	0				0
2212 Digital Electronic Switching	294,977	27.37	1,971	8,068 **	305,016
2215 Electro-Mechanical Switching	0				0
2220 Operator Systems	0				0
2231 Radio Systems	0				0
2232 Circuit Equipment	284,762	27.37	420	1,285	1,285
2311 Station Apparatus	0			23,286 **	308,468
2321 Customer Premises Wiring	0				0
2341 Large Private Branch Exchanges	0				0
2351 Public Telephone Terminal Equipment	0				0
2362 Other Terminal Equipment	0				0
2411 Poles	739	5.00	79		818
2421 Aerial Cable	3,197	4.00	1,181		4,378
2422 Underground Cable	0				0
2423 Buried Cable	774,239	4.00/6.00	59,002	973 **	834,214
2424 Submarine Cable	0				0
2426 Intrabuilding Network Cable	0				0
2431 Aerial Wire	4,821	8.00			4,821
2441 Conduit Systems	0				0
TOTAL	1,650,371		67,145	42,028 **	1,759,544

* Please list individual depreciation rate for each account.
 **Represents adjustments to the allocation of Washington plant to Idaho based upon jurisdictional separation procedures.
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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>
1402-Partnership Investment	Various		798,454
1402-RTB Class B Stock	Various		52,874
1402-RTB Class C Stock	1974		1,000
1402-Illuminet	1981		507,887
1406-Paging Equip./CPE/ Mobile CPE	Various		160,624
Totals			1,520,839

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>
1180-Due From Customers		102,037
1190-Other A/R-Interexchange Carriers & Exchange Carrier Association		415,445
1190-Other A/R-Western Elite Inc. Services		6,007,793
Totals		6,525,275

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>
None				
Totals				

ACCOUNTS PAYABLE

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

<u>Name of Creditor</u>	<u>Amount</u>
Trade Payables	242,548
Totals	242,548

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 & 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 Year Amortized Total</u>	<u>Interest for year Rate</u>	<u>Amount</u>
RUS 2030	Oct. 1969	Oct. 2004	84,000	2,573		2%	86
RUS 2040	Jun. 1971	Jun. 2006	53,000	4,544		2%	111
RUS 2050	Jun. 1971	Jun. 2006	129,000	13,637		2%	326
RUS 12060	May 1976	May 2011	578,000	171,769		2%	3,654
RUS 12070	May 1983	May 2018	1,129,000	617,019		2%	12,709
RUS 12140	Oct. 1979	Oct. 2014	581,000	346,104		5%	17,770
RUS 12150	Apr. 1995	Apr. 2014	947,000	696,460		7%	51,098
RUS 12151	Apr. 1995	Apr. 2014	270,000	198,164		6.91%	14,138
RUS 12152	Apr. 1995	Apr. 2014	329,000	240,385		6.26%	15,557
RTB S010	Oct. 1979	Oct. 2014	345,450	218,225		8%	17,936
RTB S020	Dec. 1986	Apr. 2011	439,950	313,109		8%	25,723
RTB S023	Dec. 1986	Dec. 2011	324,952	252,942		5.54%	14,509
RUS 12153	Apr. 1995	Apr. 2014	451,478	339,537		4.86%	17,108
RUS 12154	Apr. 1995	Apr. 2014	289,522	225,994		5.71%	13,356
			<u>5,951,352</u>	<u>3,640,462</u>			<u>204,081</u>

INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	5,274,275	720,429
Total Operating Expenses (from page 17)	4,298,846	583,935
7100 Other Operating Income and Expense		
7210 Operating Investment Tax Credits-Net	(6,637)	(1,896)
7220 Operating Federal Income Taxes	328,913	52,876
7230 Operating State and Local Income Taxes	23,165	23,165
7240 Operating Other Taxes	113,483	15,824
7250 Provision for Deferred Operating Income Taxes-Net	(178,303)	18,545
7200 Operating Taxes (Total)	280,621	108,514
7310 Dividend Income	1,355	160
7320 Interest Income	12,226	1,446
7330 Income from Sinking and Other Funds		
7340 Allowance for Funds Used During Construction		
7350 Gains/Losses from the Disposition of Certain Property		
7360 Other Nonoperating Income	144,000	144,000
7370 Special Charges	(70,184)	(5,464)
7300 Nonoperating Income and Expense	87,397	140,142
7410 Nonoperating Investment Tax Credits-Net		
7420 Nonoperating Federal Income Taxes		
7430 Nonoperating State and Local Income Taxes		
7440 Nonoperating Other Taxes		
7450 Provision for Deferred Nonoperating Income Taxes-Net	97,179	0
7400 Nonoperating Taxes	97,179	0
7510 Interest on Funded Debt	204,081	38,368
7520 Interest Expense-Capital Leases		
7530 Amortization of Debt Issuance Expense	425	80
7540 Other Interest Deductions	439	83
7500 Interest and Related Items	204,945	38,531
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	0	0
7910 Income Effect of Jurisdictional Ratemaking Differences-Net		
7990 Nonregulated Net Income	(117,678)	(2,856)
AMOUNT TRANSFERRED TO RETAINED EARNINGS	362,403	126,735

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	661,133	97,544
5002 Optional Extended Area Revenue		
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue	317	
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	61,712	6,110
5069 Other Local Exchange Settlements		
Network Access Services Revenues		
5081 End User Revenue (SLC)	233,038	27,136
5082 Switched Access Revenue (Interstate)	2,448,995	497,718
5083 Special Access Revenue	309,501	1,522
5084 State Access Revenue (Intrastate)	1,399,312	81,919
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All	(25,160)	(4,002)
Miscellaneous Revenues		
5230 Directory Revenue	10,740	1,257
5240 Rent Revenue	12,000	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue	32,889	6,068
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	50	0
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	129,414	10,054
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	(334)	4,897
5302 Uncollectible Revenue - Other		
TOTAL OPERATING REVENUES	5,274,275	720,429

Please identify the following revenues:

NECA USF \$459,045 To what account were they booked?
A/C 5082.13-Interstate Switched Access Revenue-USF (Idaho only)

State USF \$43,161 To what account were they booked?
A/C 5084.12-Intrastate Switched Access Revenue-USF (Idaho only)

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	661,133	97,544
5002 Optional Extended Area Revenue		
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue	317	
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	61,712	6,110
5069 Other Local Exchange Settlements		
Network Access Services Revenues		
5081 End User Revenue (SLC)	233,038	27,136
5082 Switched Access Revenue (Interstate)	2,448,995	497,718
5083 Special Access Revenue	309,501	1,522
5084 State Access Revenue (Intrastate)	1,399,312	81,919
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All	(25,160)	(4,002)
Miscellaneous Revenues		
5230 Directory Revenue	10,740	1,257
5240 Rent Revenue	12,000	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue	32,889	6,068
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	50	0
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	129,414	10,054
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	(334)	4,897
5302 Uncollectible Revenue - Other		
TOTAL OPERATING REVENUES	5,274,275	720,429

Please identify the following revenues:

NECA USF \$459,045 To what account were they booked?
A/C 5082.13-Interstate Switched Access Revenue-USF (Idaho only)

State USF \$43,161 To what account were they booked?
A/C 5084.12-Intrastate Switched Access Revenue-USF (Idaho only)

OPERATING REVENUES

Item	Total Company	Idaho Only
Plant Specific Operations Expense		
6110 Network Support Expenses		
6112 Motor Vehicle Expense	63,231	7,986
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense	54,433	6,875
6116 Other Work Equipment Expense	(5,999)	(758)
6120 General Support Expenses		
6121 Land and Building Expenses	220,808	27,888
6122 Furniture and Artworks Expense	718	91
6123 Office Equipment Expense	9,421	1,190
6124 General Purpose Computers Expense	95,855	12,106
6210 Central Office Switching Expenses	259,396	51,607
6211 Analog Electronic Expense		
6212 Digital Electronic Expense		
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	80,262	15,968
6231 Radio Systems Expense		
6232 Circuit Equipment Expense		
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	(473)	(105)
6421 Aerial Cable Expense	23,417	5,203
6422 Underground Cable Expense		
6423 Buried Cable Expense	239,354	53,180
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense		0
6441 Conduit Systems Expense		
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	1,040,423	181,231

OPERATING REVENUES

Item	Total Company	Idaho Only
Plant Nonspecific Operations Expense		
6510 Other Property/Plant/Equipment Expenses		
6511 Property Held for Future Telecomm. Use Expenses		
6512 Provisioning Expense	1,283	275
6530 Network Operations Expense		
6531 Power Expense	30,503	6,534
6532 Network Administration Expense	8,569	1,835
6533 Testing Expense	24,611	5,272
6534 Plant Operations Administration Expense	78,597	16,835
6535 Engineering Expense	34,330	7,353
6540 Access Expense	18,696	4,005
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,557,897	118,163
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	1,754,486	160,272
Customer Operations Expense		
6610 Marketing	55	7
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	12,378	1,464
6623 Customer Services	415,143	49,111
Total Customer Operations Expense	427,576	50,582
Corporate Operations Expense		
6710 Executive and Planning	208,055	37,084
6711 Executive		
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	431,970	76,994
6722 External Relations	39,123	6,973
6723 Human Resources	66,000	11,764
6724 Information Management		
6725 Legal	37,893	6,754
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	293,320	52,281
6790 Provision for Uncollectible Notes Receivable		
Total Corporate Operations Expense	1,076,361	191,850
TOTAL OPERATING EXPENSES	4,298,846	583,935

CENTRAL OFFICE DATA
as of December 31, 2003 (unless otherwise indicated)

Name of Central Office: Leon, Idaho (shares Uniontown, Washington switch)
 Prefix (es): (208)224

Central Office Switch Type: Mitel GX5000
Check all that apply:
 Stand Alone X **Check one:**
 Host Digital X Electronic X
 Remote Analog Electro-Mechanical
 Other:

Access Line Capacity
 Design: 10,000
 Installed/Equipped: 764
Access Lines in Use
 Customer Lines: 32
 (Include Centrex, PAL, Semi-Pub.)
 Public Telephone Lines 0
 Company Official Lines 1
 Company Test Lines 1

Classification of Customer Access

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party	Multi- Line 1-Party	Centrex N.A.R.	Single Line Multi- Party	
Beginning of Year	0	29	0	0	0	2	31
New Connects	0	3	0	0	0	0	3
Disconnects	0	2	0	0	0	0	2
End of Year	0	30	0	0	0	2	32

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: 1

Custom Calling:

Number of customers with at least one feature: 5
 Total number of features subscribed to: 4

CENTRAL OFFICE DATA
as of December 31, 2003 (unless otherwise indicated)

Name of Central Office: Lenore, Idaho
Prefix (es): (208)836

Central Office Switch Type: Mitel GX5000

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

Access Line Capacity
Design: 10,000 **Access Lines in Use**
Customer Lines: 324
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 375 Public Telephone Lines 0
Company Official Lines 28
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	Multi- Party	Subtotal Business	
Beginning of Year	0	297	0	0	11	12	23
New Connects	0	40	0	0	3	0	3
Disconnects	0	35	0	0	0	4	4
End of Year	0	302	0	0	14	8	22

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: 23

Custom Calling:

Number of customers with at least one feature: 102
Total number of features subscribed to: 6

NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) _____.

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 Leon, Idaho	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Lenore, Idaho	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3							
4							
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17							
18							

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
YEAR ENDED DECEMBER 31, 2003

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 <u> X </u>
Included in directory	Yes <u> X </u>	No _____
Date of notification	<u>December, 2002 through December, 2003</u>	
Alternate method of notification	<u>None</u>	

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 43

Category of complaints (if known):

Deposit Disputes 0

Charges on Bill 0

Denial/Termination 0

Quality or Availability
of Service 43

Carrier Selection/Assignment 0

Miscellaneous 0

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CERTIFICATE

State of Washington)
) ss
County of Kittitas)

WE, the undersigned Gregory A. Maras, Secretary

and James K. Brooks, Controller

of the Inland Telephone Company 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.

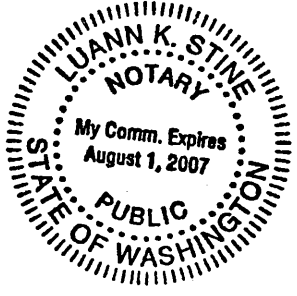
Gregory A. Maras
Secretary

James K. Brooks
Controller
James K. Brooks

Subscribed and Sworn to Before Me this 29th day of April, 2004

LuAnn K. Stine
Notary Public
LuAnn K. Stine

My Commission expires 08/01/07



Rev 3/02

gdk/excel/jnelson/anulrpts/telannualrpt