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# ANNUAL REPORT

OF

\_\_\_\_\_  
**NAME**

RICHARD WIGGINS  
CAMBRIDGE TELEPHONE CO  
PO BOX 88  
CAMBRIDGE ID 83610

RECEIVED  
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IDAHO PUBLIC  
UTILITIES COMMISSION

TO THE

**IDAHO PUBLIC**

**UTILITIES COMMISSION**

FOR THE

YEAR ENDED 2011



## Independent Accountants' Compilation Report

To the Board of Directors  
Cambridge Telephone Company, Inc.  
Cambridge, Idaho 83610

We have compiled the balance sheets of Cambridge Telephone Company, Inc. as of December 31, 2011 and 2010, and the related statement of income for the year ended December 31, 2011 included in the accompanying prescribed form. We have also compiled the supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance. We have not audited or reviewed the financial statements and the supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance is in accordance with the form prescribed by the Idaho Public Utilities Commission.

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance in accordance with requirements prescribed by the Idaho Public Utilities Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and the supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and the supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance.

These financial statements and the supplementary information presented in Company Information, Directors, Managers, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance are presented in accordance with the requirements of the Idaho Public Utilities Commission, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Idaho Public Utilities Commission and is not intended to be and should not be used by anyone other than this specified party.

*Kiesling Associates LLP*

Madison, Wisconsin  
April 10, 2012

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING DECEMBER 31, 2011**

**COMPANY INFORMATION**

Exact name of utility: Cambridge Telephone Company, Inc.

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

Telephone Number (Area Code 208) 257-3314

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

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

Richard Wiggins, General Manager/President

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

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

Organized under the laws of the State of: Idaho

Date of organization: 1966

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

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

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

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

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

83610-Telecommunications, Internet and Wireless (CLEC)

**OFFICERS**

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

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

**DIRECTORS**

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

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

Name of Chairman of the Board: Kermit Wiggins

Name of Secretary (or Clerk) of Board: Kristie Kanady

Number of Meetings of the Board during the year: 1

**MANAGERS**

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

<b>Name</b>	<b>Title</b>	<b>Wages and Bonuses Paid</b>
Richard Wiggins	President	120,000
Kristie Kanady	Secretary/Treasurer	53,460
Jerry Piper	Assistant Manager	85,810

**NOTES TO THE FINANCIAL STATEMENTS**

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

1 In 1998, CTC Telecom, Inc. (CTC), a wholly-owned subsidiary of Cambridge Telephone Company, was incorporated, with an initial investment of \$100,000. CTC operates as a Competitive Local Exchange Carrier in the state of Idaho. Additional capital investments of \$1,900,000 have been made through December 31, 2011.

In April, 1999, CTC secured a loan from CoBank, ACB in the amount of \$1,700,000, of which \$330,315 was unpaid as of December 31, 2011. The loan is secured by a Leasehold Deed of Trust and Security Agreement covering all real and personal property. In addition, the loan is secured by Personal Guarantee of Payment Agreements by certain shareholders of Cambridge Telephone Company, and Pledge Agreements for stock of Cambridge Telephone Company owned by certain shareholders.

2 Cambridge Telephone Company (Pledgor) is a member of Syringa Networks, LLC, an Idaho Limited Liability Company. Pledgor's investment in borrower as of December 31, 2011 was \$1,971,228 (equity method investment)

3 In 2003, the Company received approval from the Rural Utilities Service (RUS) for new loans from RUS and the Rural Telephone Bank (RTB) in the total amount of \$17,143,950. The loans were approved by the Idaho Public Utilities Commission by Order No. 29399 dated December 10, 2003. The loans were finalized in 2004, and notes dated April 4, 2004 in the total amount of \$17,143,950 were issued. Funds totaling \$12,959,716 were advanced, and \$7,831,134 were unpaid under these loans through December 31, 2011. From these advances, \$2,437,712 was used in 2004 to refinance the balance of the loan from CoBank, ACB.

**BALANCE SHEET**  
Assets and Other Debits

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Assets</b>			
1120 Cash and Equivalents			
1130 Cash	99,531	88,498	(11,033)
1140 Special Cash Deposits	45,744	2,000	(43,744)
1150 Working Cash Advances			-
1160 Temporary Investments			-
1180 Telecommunications Accts. Receivable	280,892	205,516	(75,376)
1181 Accts. Rec. Allow. -Telecommunications			-
1190 Other Accounts Receivable	1,176,042	1,040,751	(135,291)
1191 Accounts Receivable Allow. - Other			-
1200 Notes Receivable	63,956	55,822	(8,134)
1201 Notes Receivable Allowance			-
1210 Interest & Dividends Receivable	6,038	800	(5,238)
1220 Material and Supplies	95,114	86,182	(8,932)
1280 Prepayments			-
1290 Prepaid Rents			-
1300 Prepaid Taxes	6,937	6,291	(646)
1310 Prepaid Insurance	4,396	5,756	1,360
1320 Prepaid Directory Expenses			-
1330 Other Prepayments	49,180	27,284	(21,896)
1350 Other Current Assets			-
<b>Noncurrent Assets</b>			
1401 Investment in Affiliated Companies	793,803	862,412	68,609
1402 Investment in Nonaffiliated Companies	2,092,901	2,518,629	425,728
1406 Nonregulated Investments	138,284	126,166	(12,118)
1407 Unamortized Debt Issuance Expense	4,517	4,078	(439)
1408 Sinking Funds			-
1410 Other Noncurrent Assets	90,823	81,164	(9,659)
1438 Deferred Maintenance & Retirements			-
1439 Deferred Charges	1,470	1,470	-
1500 Other Jurisdiction Assets - Net			-
<b>Property, Plant and Equipment</b>			
2001 Telecommunications Plants in Service	21,253,785	21,190,238	(63,547)
2002 Prop. Held for Future Telecom. Use			-
2003 Telecom. Plant under Constr. - Short Term			-
2004 Telecom. Plant under Constr. - Long Term			-
2005 Telecom. Plant Adjustment			-
2006 Nonoperating Plant			-
2007 Goodwill	1,691,657	1,691,657	-
<b>Depreciation and Amortization Accounts</b>			
3100 Accumulated Depreciated	12,093,544	13,288,734	1,195,190
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>15,801,526</b>	<b>14,705,980</b>	<b>(1,095,546)</b>

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

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Liabilities</b>			
4010 Accounts Payable	481,203	367,040	(114,163)
4020 Notes Payable	425,000	296,169	(128,831)
4030 Advance Billings and Payments	91,552	90,563	(989)
4040 Customer Deposits	2,353	1,753	(600)
4050 Current Maturities - Long -Term Debt	1,596,600	1,210,700	(385,900)
4060 Current Maturities - Capital leases			-
4070 Income Taxes - Accrued			-
4080 Other Taxes - Accrued	24,333	27,412	3,079
4100 Net Current Defer. Oper. Income Taxes	(108,435)	(54,141)	54,294
4110 Net Current Defer. Nonoper. Income Taxes			-
4120 Other Accrued Liabilities	120,432	120,310	(122)
4130 Other Current Liabilities			-
<b>Long-Term Debt</b>			
4210 Funded Debt	8,622,630	7,509,938	(1,112,692)
4220 Premium on Long-Term Debt			-
4230 Discount on Long-Term Debt			-
4240 Reacquired Debt			-
4250 Obligations Under Capital Leases			-
4260 Advances from Affiliated Companies			-
4270 Other Long-Term Debt			-
<b>Other Liabilities &amp; Deferred Credits</b>			
4310 Other Long-Term Liabilities			-
4320 Unamort. Oper. Invest. Tax Credits - Net	56,656	254,714	198,058
4330 Unamort. Nonoper. Invest. Tax Credits - Net			-
4340 Net Noncurrent Defer. Oper. Income Taxes	601,813	597,901	(3,912)
4350 Net Noncur. Defer. Nonoper. Income Taxes	285,978	224,266	(61,712)
4360 Other Deferred Credits	3,635	3,015	(620)
4370 Other Juris. Liab. & Def. Credits - Net			-
<b>Stockholders' Equity</b>			
4510 Capital Stock	30,000	30,000	-
4520 Additional Paid-In Capital			-
4530 Treasury Stock	(12,511)	(12,511)	-
4540 Other Capital			-
4550 Retained Earnings	3,580,287	4,038,851	458,564
<b>TOTAL LIAB. &amp; OTHER CREDITS</b>	<b>15,801,526</b>	<b>14,705,980</b>	<b>(1,095,546)</b>

**ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE**

**TOTAL Company Basis**

		<b>Balance Beginning of Year</b>	<b>Additions During year</b>	<b>Plant Retired or Sold</b>	<b>Transfers and Adjustments</b>	<b>Balance End of Year</b>
<b>Analysis of Telecommunications Plant in Service</b>						
2111	Land	102,302				102,302
2112	Motor Vehicles	608,421				608,421
2113	Aircraft	-				-
2114	Special Purpose Vehicles	-				-
2115	Garage Work Equipment	-				-
2116	Other Work Equipment	920,164				920,164
2121	Buildings	2,265,348				2,265,348
2122	Furniture	61,387				61,387
2123	Office Equipment	40,001				40,001
2124	General Purpose Computers	87,121	10,530	(30,440)		67,211
2211	Analog Electronic Switching	-				-
2212	Digital Electronic Switching	1,595,972		(35,744)		1,560,228
2215	Electro-Mechanical Switching	-				-
2220	Operator Systems	-				-
2231	Radio Systems	495,779				495,779
2232	Circuit Equipment	2,283,170		(36,227)	6,418	2,253,361
2311	Station Apparatus	-				-
2321	Customer Premises Wiring	-				-
2341	Large Private Branch Exchanges	-				-
2351	Public Telephone Terminal Equipment	1,807				1,807
2362	Other Terminal Equipment	-				-
2411	Poles	21,888				21,888
2421	Aerial Cable	-				-
2422	Underground Cable	37,662				37,662
2423	Buried Cable	12,611,544	89,312	(58,038)	(9,358)	12,633,460
2424	Submarine Cable	-				-
2426	Intrabuilding Network Cable	7,359				7,359
2431	Aerial Wire	-				-
2441	Conduit Systems	113,860				113,860
2681	Capital Leases	-				-
2682	Leasehold Improvements	-				-
2690	Intangibles	-				-
<b>TOTAL PLANT ACCOUNTS</b>		<b>21,253,785</b>	<b>99,842</b>	<b>(160,449)</b>	<b>(2,940)</b>	<b>21,190,238</b>

**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
<b>Analysis of Telecommunications Plant in Service</b>					
2111 Land		<b>SAME AS TOTAL COMPANY</b>			
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					
	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
<b>Analysis of Entries in Accumulated Depreciation</b>					
2112 Motor Vehicles	608,421	25.00%			608,421
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	-				-
2116 Other Work Equipment	702,580	12.50%	65,081		767,661
2121 Buildings	1,213,707	3.00%	67,960		1,281,667
2122 Furniture	29,924		7,673		37,597
2123 Office Equipment	37,418		1,550		38,968
2124 General Purpose Computers	84,363	20.00%	1,762	(30,440)	55,685
2211 Analog Electronic Switching	-				-
2212 Digital Electronic Switching	878,868	12.00%	162,763	(35,744)	1,005,887
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	66,419	8.00%	49,577		115,996
2232 Circuit Equipment	1,067,281	8.00%	170,714	(36,227)	1,201,768
2311 Station Apparatus	-				-
2321 Customer Premises Wiring	-				-
2341 Large Private Branch Exchanges	-				-
2351 Public Telephone Terminal Equipment	1,807				1,807
2362 Other Terminal Equipment	-				-
2411 Poles	21,888	6.50%			21,888
2421 Aerial Cable	-	6.50%			-
2422 Underground Cable	37,662	6.50%			37,662
2423 Buried Cable	7,253,555	6.50%	820,679	(58,038)	8,016,196
2424 Submarine Cable	-				-
2426 Intrabuilding Network Cable	2,550	6.50%	479		3,029
2431 Aerial Wire	-				-
2441 Conduit Systems	87,101	6.50%	7,401		94,502
<b>TOTAL</b>	<b>12,093,544</b>		<b>1,355,639</b>	<b>(160,449)</b>	<b>13,288,734</b>

\*Please list individual depreciation rate for each account.

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

**IDAHO Operations Only**

	<b>Balance Beginning of Year</b>	<b>Depreciation Rate*</b>	<b>Credits During Year</b>	<b>Retirements and Adjustments</b>	<b>Balance End of Year</b>
<b>Analysis of Entries in Accumulated Depreciation</b>		<b>SAME AS TOTAL COMPANY</b>			
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					
<b>TOTAL</b>					

\*Please list individual depreciation rate for each account.

## INVESTMENTS

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

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
CTC Telecom, Inc.	1998		862,412
Cash value life insurance			163,494
Coins			34,497
Land	Various		224,975
Syringa Networks, LLC	2000-2008		1,971,228
CoBank equity	1999-2004		90,881
Buried cable-leased to Syringa Networks, LLC			126,166
NRTC	2003-2011		33,554
<b>Totals</b>		-	3,507,207

## RECEIVABLES

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

<u>Name of Company</u>	<u>Amount at End of Year</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Due from customers		205,516
Interexchange carriers		310,938
CTC Telecom, Inc.		671,269
CTC Construction		51,251
Other		7,293
R. & B. Crocket, 8.0%, due 2018	55,822	
Interest Receivable	800	
<b>Totals</b>	56,622	1,246,267

**NOTES PAYABLE**

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

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
Wells Fargo	7/15/2011	5.25%	6/15/2012	296,169
<b>Totals</b>				296,169

**ACCOUNTS PAYABLE**

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

<u>Name of Creditor</u>	<u>Amount</u>
NECA	63,692
Fed Excise	2,337
Adams County 911	1,956
Cable TV Franchise Fees	805
Federal Unemployment	169
Averistar Consulting, LLC	4,000
Cambridge Litho	5,568
Computer Technology Inc.	4,012
Farmers Supply Coop	1,633
Idaho Power Company	4,844
Idaho Dept. of Commerce	3,009
Idaho Optic Transport Ass	228,712
Kiesling Associates	10,669
Moss-Adams LLP	4,557
Delta Dental of Idaho	1,759
MTV Networks	1,170
National Cable Television	4,009
Pitney Bowes Global	1,495
Sinclair Fleet Track	1,948
United Oil	1,566
Universal Service Admin.	4,270
Washington County Assessor	2,725
Wells Fargo Remittance Center	4,557
Other Miscellaneous	7,578
<b>Totals</b>	367,040

**LONG - TERM DEBT**

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

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

<u>Class &amp; Series of Obligation</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Fact Amount Authorized</u>	<u>Outstanding Year-End</u>	<u>Premium/ Discount</u>		<u>Interest for year</u>	
					<u>Total</u>	<u>Year Amortized</u>	<u>Rate</u>	<u>Amount</u>
RUS Notes	1977	2012	975,000	1,001			5.00	1,533
RUS Notes	various	various	2,932,000	443,917			2.00	10,024
RUS Notes	1985	2050	818,379	448,293			5.00	23,405
RUS Notes	2004	various	12,959,716	7,831,134			various	379,138
Less RUS prepayment				(3,707)				
Less current maturities				(1,210,700)				
<b>Total</b>				<b>7,509,938</b>				<b>414,100</b>



## INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	4,011,319	<b>Same as</b>
Total Operating Expenses (from page 17)	3,560,906	<b>total company</b>
7100 Other Operating Income and Expense		
7210 Operating Investment Tax Credits-Net	(1,942)	
7220 Operating Federal Income Taxes		
7230 Operating State and Local Income Taxes	20	
7240 Operating Other Taxes	95,616	
7250 Provision for Deferred Operating Income Taxes-Net	141,841	
7200 Operating Taxes (Total)	235,535	
7310 Dividend Income	7,647	
7320 Interest Income	5,013	
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	506,650	
7370 Special Charges	(7,633)	
7300 Nonoperating Income and Expense	511,677	
7410 Nonoperating Investment Tax Credits-Net		
7420 Nonoperating Federal Income Taxes		
7430 Nonoperating State and Local Income Taxes	726	
7440 Nonoperating Other Taxes		
7450 Provision for Deferred Nonoperating Income Taxes-Net	46,209	
7400 Nonoperating Taxes	46,935	
7510 Interest on Funded Debt	414,100	
7520 Interest Expense-Capital Leases		
7530 Amortization of Debt Issuance Expense	439	
7540 Other Interest Deductions	17,785	
7500 Interest and Related Items	432,324	
7610 Extraordinary Income Credits		
7620 Extraordinary Income Charges		
7630 Current Income Tax Effect of Extraordinary Items-Net		
7640 Provision for Deferred Income Tax Effect of Extraordinary Items-Net		
7600 Extraordinary Items		
7910 Income Effect of Jurisdictional Ratemaking Differences-Net		
7990 Nonregulated Net Income	211,268	
<b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>	<b>458,564</b>	

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Local Network Services Revenues</b>		
5001 Basic Area Revenue	619,067	<b>Same as</b>
5002 Optional Extended Area Revenue		<b>total company</b>
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue		
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	84,562	
5069 Other Local Exchange Settlements	878,376	
<b>Network Access Services Revenues</b>		
5081 End User Revenue (SLC)	190,770	
5082 Switched Access Revenue (Interstate)	1,758,961	
5083 Special Access Revenue	203,028	
5084 State Access Revenue (Intrastate)	266,595	
<b>Long Distance Network Services Revenues</b>		
5100 Long Distance Message Revenue - All		
<b>Miscellaneous Revenues</b>		
5230 Directory Revenue	6,329	
5240 Rent Revenue	2,100	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	171	
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue		
<b>Uncollectible Revenues</b>		
5301 Uncollectible Revenue - Telecommunications	1,360	
5302 Uncollectible Revenue - Other		
<b>TOTAL OPERATING REVENUES</b>	<b>4,011,319</b>	

Please identify the following revenues:

NECA USF \$ 877,826. To what account were they booked? 5069.1

State USF \$ 138,162. To what account were they booked? 5084.52

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Specific Operations Expense</b>		
6110 Network Support Expenses		<b>Same as</b>
6112 Motor Vehicle Expense	13,640	<b>total company</b>
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense		
6116 Other Work Equipment Expense		
6120 General Support Expenses		
6121 Land and Building Expenses	74,082	
6122 Furniture and Artworks Expense		
6123 Office Equipment Expense	555	
6124 General Purpose Computers Expense	105,329	
6210 Central Office Switching Expenses		
6211 Analog Electronic Expense		
6212 Digital Electronic Expense	286,239	
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	431,008	
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	82,234	
6310 Information Origination/Termination Expense		
6311 Station Apparatus Expense		
6341 Large Private Branch Exchange Expense		
6351 Public Telephone Terminal Equipment Expense		
6362 Other Terminal Equipment Expense		
6410 Cable and Wire Facilities Expenses		
6411 Pole Expense		
6421 Aerial Cable Expense		
6422 Underground Cable Expense		
6423 Buried Cable Expense	247,463	
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense		
6441 Conduit Systems Expense		
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>1,240,550</b>	

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Nonspecific Operations Expense</b>		
6510 Other Property/Plant/Equipment Expenses		<b>Same as</b>
6511 Property Held for Future Telecomm. Use Expenses		<b>total company</b>
6512 Provisioning Expense		
6530 Network Operations Expense		
6531 Power Expense		
6532 Network Administration Expense	41,063	
6533 Testing Expense		
6534 Plant Operations Administration Expense		
6535 Engineering Expense	3,134	
6540 Access Expense	74,973	
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,355,639	
6562 Depreciation Expense-Property Held for Future Use		
6563 Amortization Expense - Tangible		
6564 Amortization Expense - Intangible		
6565 Amortization Expense - Other		
<b>Total Plant Nonspecific Operations Expenses</b>	<b>1,474,809</b>	
<b>Customer Operations Expense</b>		
6610 Marketing	36,643	
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	15,335	
6623 Customer Services	154,992	
<b>Total Customer Operations Expense</b>	<b>206,970</b>	
<b>Corporate Operations Expense</b>		
6710 Executive and Planning		
6711 Executive	302,659	
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	208,393	
6722 External Relations	3,357	
6723 Human Resources		
6724 Information Management	6,164	
6725 Legal	5,100	
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	112,904	
6790 Provision for Uncollectible Notes Receivable		
<b>Total Corporate Operations Expense</b>	<b>638,577</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>3,560,906</b>	

**CENTRAL OFFICE DATA**  
as of December 31, 2011 (unless otherwise indicated)

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

Central Office Switch Type: DCO-RLS & Taqua T7000  
Analog       
**Check all that apply:**      **Check one:**      **Check one:**  
Stand Alone           Digital X      Electronic X  
Host X      Analog           Electro-Mechanical       
Remote           Other:                                     

**Access Line Capacity**  
Design: 1296  
Installed/Equipped: 1296

**Access Lines in Use**  
Customer Lines:                       
(Include Centrex, PAL, Semi-Pub.)  
Public Telephone Lines       
Company Official Lines 11  
Company Test Lines 0

**Classification of Customer Access**

	Residence			Subtotal Residence	Centrex N.A.R.	Business			Subtotal Business	Total Residence & Business
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party			Multi- Line 1-Party	Single Line 1-Party	Multi- Party		
Beginning of Year		727		727			185		185	912
New Connects		144		144			12		12	156
Disconnects		179		179			20		20	199
End of Year		692		692			177		177	869

**Foreign Exchange:**  
Dial Tone from this C.O.: 3  
Dial Tone from another C.O.: 0

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 153

**Custom Calling:**  
Number of customers with at least one feature: 525  
Total number of features subscribed to: 14

**CENTRAL OFFICE DATA**  
as of December 31, 2011 (unless otherwise indicated)

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

Central Office Switch Type: DLC

**Check all that apply:**

Stand Alone   
Host   
Remote

**Check one:**

Digital   
Analog

**Check one:**

Electronic   
Electro-Mechanical   
Other: Calix digital subscriber carrier (303 interface to Council)

**Access Line Capacity**

Design: 1200

Installed/Equipped: 288

**Access Lines in Use**

Customer Lines: \_\_\_\_\_  
(Include Centrex, PAL, Semi-Pub.)

Public Telephone Lines 0

Company Official Lines 7

Company Test Lines 0

**Classification of Customer Access**

	Residence			Subtotal Residence	Centrex N.A.R.	Business			Subtotal Business	Total Residence & Business
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party			Multi- Line 1-Party	Single Line 1-Party	Multi- Party		
Beginning of Year		134		134			10		10	144
New Connects		19		19			1		1	20
Disconnects		17		17			2		2	19
End of Year		136		136			9		9	145

**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: 13

**Custom Calling:**

Number of customers with at least one feature: 75  
Total number of features subscribed to: 12

**CENTRAL OFFICE DATA**  
as of December 31, 2011 (unless otherwise indicated)

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

Central Office Switch Type: DCO AND TEKELEC T7000

**Check all that apply:**

Stand Alone \_\_\_  
Host X  
Remote \_\_\_

**Check one:**

Digital X  
Analog \_\_\_

**Check one:**

Electronic X  
Electro-Mechanical \_\_\_  
Other: \_\_\_\_\_

**Access Line Capacity**

Design: 1080 & 1536

Installed/Equipped: 810 & 768

**Access Lines in Use**

Customer Lines: \_\_\_\_\_  
(Include Centrex, PAL, Semi-Pub.)

Public Telephone Lines \_\_\_\_\_

Company Official Lines \_\_\_\_\_

Company Test Lines 0

**Classification of Customer Access**

	Residence				Centrex N.A.R.	Business			Total Residence & Business	
	Multi- Line 1-Party	Single Line		Subtotal Residence		Multi- Line 1-Party	Single Line			Subtotal Business
		1-Party	Multi- Party				1-Party	Multi- Party		
Beginning of Year		345		345			95		95	440
New Connects		55		55			4		4	59
Disconnects		65		65			13		13	78
End of Year		335		335			86		86	421

**Foreign Exchange:**

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

**Directory Listings:**

Number of Customers with Nonpublished or Nonlisted: 122

**Custom Calling:**

Number of customers with at least one feature: 267  
Total number of features subscribed to: 16

**CENTRAL OFFICE DATA**  
as of December 31, 2011 (unless otherwise indicated)

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

Central Office Switch Type: Tekelec T7000

**Check all that apply:**

Stand Alone   
Host   
Remote

**Check one:**

Digital   
Analog

**Check one:**

Electronic   
Electro-Mechanical   
Other: \_\_\_\_\_

**Access Line Capacity**

Design: 1080  
Installed/Equipped: 450

**Access Lines in Use**

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

**Classification of Customer Access**

	Residence			Subtotal Residence	Centrex N.A.R.	Business			Subtotal Business	Total Residence & Business
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party			Multi- Line 1-Party	Single Line 1-Party	Multi- Party		
Beginning of Year		224		224			31		31	255
New Connects		71		71			3		3	74
Disconnects		80		80			2		2	82
End of Year		215		215			32		32	247

**Foreign Exchange:**

Dial Tone from this C.O.: 2  
Dial Tone from another C.O.: 0

**Directory Listings:**

Number of Customers with Nonpublished or Nonlisted: 49

**Custom Calling:**

Number of customers with at least one feature: 102  
Total number of features subscribed to: 9

**NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 2011**

Local Exchange	Average # of Customer Lines in Use	Local Calls		Toll Calls Originated (Total of all Carriers)			Avg./ Line
		Number (1000s)	Avg./ Line	Intrastate	Interstate	Total	
1 253	869			139,869	294,651	434,520	500
2 256	145			16,231	38,858	55,089	380
3 257	421			50,937	124,835	175,772	418
5 259	247			13,319	37,638	50,957	206
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES  
YEAR ENDED DECEMBER 31, 2011.

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 X No \_\_\_\_\_  
Included in directory                                      Yes \_\_\_\_\_ No X  
Date of notification                      5/1/2011  
Alternate method of notification                      N/A

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company                      11

Category of complaints (if known):

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

Charges on Bill    4

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

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

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

Miscellaneous    7

CERTIFICATE

State of Idaho )  
 ) ss  
County of Washington )

WE, the undersigned RICHARD WIGGINS

and \_\_\_\_\_

of the CAMBRIDGE TELEPHONE COMPANY, INC. utility,

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

*Richard Wiggins*  
(Chief Officer)

*Richard Wiggins*  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 11 day of April, (Year) 2012

*Dana Lynne Munden*  
Notary Public



My Commission expires 2-2, (Year) 2016.

Rev 3/02