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ANNUAL REPORT

RICHARD WIGGINS
CAMBRIDGE TELEPHONE CO
PO BOX 88
CAMBRIDGE ID 83610

IDAHO PUBLIC
UTILITIES COMMISSION

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NAME

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TO THE
IDAHO PUBLIC
UTILITIES COMMISSION

FOR THE

YEAR ENDED 2012



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, 2012 and 2011, and the related statement of income for the year ended December 31, 2012 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 15, 2013

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2012**

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.

Title	Name	Address
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.)

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

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.)

Name	Title	Wages and Bonuses Paid
<u>Richard Wiggins</u>	<u>President</u>	<u>125,000</u>
<u>Kristie Kanady</u>	<u>Secretary/Treasurer</u>	<u>54,615</u>
<u>Jerry Piper</u>	<u>Assistant Manager</u>	<u>80,340</u>
_____	_____	
_____	_____	
_____	_____	
_____	_____	

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, 2012.

2 Cambridge Telephone Company (Cambridge) is a member of Syringa Networks, LLC, an Idaho Limited Liability Company. Cambridge's investment in borrower as of December 31, 2011 was \$2,279,938 (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 \$6,781,187 were unpaid under RUS through December 31, 2012.

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	88,498	34,710	(53,788)
1140 Special Cash Deposits	2,000	2,000	-
1150 Working Cash Advances			-
1160 Temporary Investments			-
1180 Telecommunications Accts. Receivable	205,516	204,940	(576)
1181 Accts. Rec. Allow. -Telecommunications			-
1190 Other Accounts Receivable	1,040,751	544,553	(496,198)
1191 Accounts Receivable Allow. - Other			-
1200 Notes Receivable	55,822	55,822	-
1201 Notes Receivable Allowance			-
1210 Interest & Dividends Receivable	800	5,240	4,440
1220 Material and Supplies	86,182	82,615	(3,567)
1280 Prepayments			-
1290 Prepaid Rents			-
1300 Prepaid Taxes	6,291	87,261	80,970
1310 Prepaid Insurance	5,756	5,995	239
1320 Prepaid Directory Expenses			-
1330 Other Prepayments	27,284	10,006	(17,278)
1350 Other Current Assets			-
Noncurrent Assets			
1401 Investment in Affiliated Companies	862,412	1,031,688	169,276
1402 Investment in Nonaffiliated Companies	2,518,629	2,789,310	270,681
1406 Nonregulated Investments	126,166	114,048	(12,118)
1407 Unamortized Debt Issuance Expense	4,078	3,638	(440)
1408 Sinking Funds			-
1410 Other Noncurrent Assets	81,164	82,225	1,061
1438 Deferred Maintenance & Retirements			-
1439 Deferred Charges	1,470	1,470	-
1500 Other Jurisdiction Assets - Net			-
Property, Plant and Equipment			
2001 Telecommunications Plants in Service	21,190,238	20,616,551	(573,687)
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	-
Depreciation and Amortization Accounts			
3100 Accumulated Depreciated	13,288,734	13,719,499	430,765
3200 Accum. Depr. - Held for Future Use			-
3300 Accumulated Depreciation - Nonoperating			-
3400 Accumulated Amortization - Tangible			-
3410 Accum. Amort. - Capitalized Leases			-
3420 Accum. Amort. - Leasehold Improvements			-
3500 Accumulated Amortization - Intangible			-
3600 Accumulated Amortization - Other			-
TOTAL ASSETS	14,705,980	13,644,230	(1,061,750)

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	367,040	176,000	(191,040)
4020 Notes Payable	296,169	-	(296,169)
4030 Advance Billings and Payments	90,563	91,811	1,248
4040 Customer Deposits	1,753	2,640	887
4050 Current Maturities - Long -Term Debt	1,210,700	1,122,800	(87,900)
4060 Current Maturities - Capital leases	-	-	-
4070 Income Taxes - Accrued	-	-	-
4080 Other Taxes - Accrued	27,412	25,663	(1,749)
4100 Net Current Defer. Oper. Income Taxes	(54,141)	(71,463)	(17,322)
4110 Net Current Defer. Nonoper. Income Taxes	-	-	-
4120 Other Accrued Liabilities	120,310	146,074	25,764
4130 Other Current Liabilities	-	-	-
Long-Term Debt			
4210 Funded Debt	7,509,938	6,393,019	(1,116,919)
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	254,714	822,758	568,044
4330 Unamort. Nonoper. Invest. Tax Credits - Net	-	-	-
4340 Net Noncurrent Defer. Oper. Income Taxes	597,901	95,984	(501,917)
4350 Net Noncur. Defer. Nonoper. Income Taxes	224,266	304,270	80,004
4360 Other Deferred Credits	3,015	56,763	53,748
4370 Other Juris. Liab. & Def. Credits - Net	-	-	-
Stockholders' Equity			
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	4,038,851	4,460,422	421,571
TOTAL LIAB. & OTHER CREDITS	14,705,980	13,644,230	(1,061,750)

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	102,302				102,302
2112	Motor Vehicles	608,421			(227,719)	380,702
2113	Aircraft	-				-
2114	Special Purpose Vehicles	-				-
2115	Garage Work Equipment	-				-
2116	Other Work Equipment	920,164	8,500	(89,519)	(393,789)	445,356
2121	Buildings	2,265,348		(22,477)		2,242,871
2122	Furniture	61,387				61,387
2123	Office Equipment	40,001				40,001
2124	General Purpose Computers	67,211	1,978	(1,493)		67,696
2211	Analog Electronic Switching	-				-
2212	Digital Electronic Switching	1,560,228	52,086	-		1,612,314
2215	Electro-Mechanical Switching	-				-
2220	Operator Systems	-				-
2231	Radio Systems	495,779				495,779
2232	Circuit Equipment	2,253,361	39,468			2,292,829
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	12,633,460	62,888	(3,610)		12,692,738
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	-				-
TOTAL PLANT ACCOUNTS		21,190,238	164,920	(117,099)	(621,508)	20,616,551

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		SAME AS TOTAL COMPANY			
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 Intra-building Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
2681 Capital Leases					
2682 Leasehold Improvements					
2690 Intangibles					
TOTAL PLANT ACCOUNTS					

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	608,421	25.00%		(227,719)	380,702
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	-				-
2116 Other Work Equipment	767,661	12.50%	50,578	(483,308)	334,931
2121 Buildings	1,281,667	3.00%	67,511	(22,477)	1,326,701
2122 Furniture	37,597	12.50%	7,674		45,271
2123 Office Equipment	38,968	20.00%	1,033		40,001
2124 General Purpose Computers	55,685	20.00%	2,880	(1,493)	57,072
2211 Analog Electronic Switching	-				-
2212 Digital Electronic Switching	1,005,887	12.00%	168,189		1,174,076
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	115,996	10.00%	49,578		165,574
2232 Circuit Equipment	1,201,768	8.00%	174,464		1,376,232
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	-				-
2422 Underground Cable	37,662	6.50%			37,662
2423 Buried Cable	8,016,196	6.50%	639,585	(3,610)	8,652,171
2424 Submarine Cable	-				-
2426 Intra-building Network Cable	3,029	6.50%	479		3,508
2431 Aerial Wire	-				-
2441 Conduit Systems	94,502	6.50%	7,401		101,903
TOTAL	13,288,734		1,169,372	(738,607)	13,719,499

*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		SAME AS TOTAL COMPANY			
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	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____

*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		1,031,688
Cash value life insurance			168,935
Coins			20,397
Land	Various		224,975
Syringa Networks, LLC	2000-2008		2,279,938
CoBank equity	1999-2004		62,457
Buried cable-leased to Syringa Networks, LLC			114,048
NRTC	2003-2011		32,608
Totals		-	3,935,046

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		204,940
Interexchange carriers		271,870
CTC Telecom, Inc.		223,872
CTC Construction		44,034
Other		4,777
R. & B. Crocket, 8.0%, due 2018	55,822	
Interest Receivable	5,240	
Totals	61,062	749,493

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>
Totals				-

ACCOUNTS PAYABLE

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

<u>Name of Creditor</u>	<u>Amount</u>
NECA	111,787
Fed Excise	2,404
Use & Sales Tax	202
USF	262
Adams County 911	1,590
Cable TV Franchise Fees	809
Cable TV Regulatory Fees	579
Cambridge Franchise Fee	323
B & W Fuels, Inc.	573
Robert L. Williams	3,646
Cambridge Lumber Company	364
Commercial Tire	1,041
Computer Technology Inc.	3,175
Digline	128
Earth Energy, Inc.	2,750
Idaho Dept. of Commerce	3,702
Idaho Power	4,740
Idaho Transportation Dept.	2,303
Kiesling Associates LLP	11,833
Karen Wiggins	1,216
Mint Computer Resources	1,834
Moss Adams LLP	3,157
MTV Networks	1,276
National Cable Television	4,252
Neustar, Inc.	130
Norco Welding	111
Pitney Bowes Global Finan	1,495
Sinclair Fleet Track	1,862
TV Guide Network	131
Vantage Point	300
V1 Propane	959
Washington County Assessor	2,986
Westside Enterprises, Inc.	310
Wells Fargo Remittance Center	1,927
Western States Equipment	129
Other Miscellaneous	1,714
Totals	176,000

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</u>		<u>Interest for year</u>	
					<u>Total</u>	<u>Year Amortized</u>	<u>Rate</u>	<u>Amount</u>
RUS Notes	various	various	2,442,000	331,819			2.00	7,757
RUS Notes	1985	2020	818,379	406,676			5.00	21,399
RUS Notes	2004	various	10,528,925	6,781,187			various	321,650
Less RUS prepayment				(3,863)				
Less current maturities				(1,122,800)				
Total				6,393,019				350,806

INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	3,728,304	<u>Same as</u>
Total Operating Expenses (from page 17)	3,311,110	<u>total company</u>
7100 Other Operating Income and Expense		
7210 Operating Investment Tax Credits-Net	59,578	
7220 Operating Federal Income Taxes	(3,945)	
7230 Operating State and Local Income Taxes	(46,915)	
7240 Operating Other Taxes	74,263	
7250 Provision for Deferred Operating Income Taxes-Net	18,543	
7200 Operating Taxes (Total)	101,524	
7310 Dividend Income		
7320 Interest Income	4,445	
7330 Income from Sinking and Other Funds		
7340 Allowance for Funds Used During Construction		
7350 Gains/Losses from the Disposition of Certain Property	8,100	
7360 Other Nonoperating Income	419,635	
7370 Special Charges	(5,049)	
7300 Nonoperating Income and Expense	427,131	
7410 Nonoperating Investment Tax Credits-Net		
7420 Nonoperating Federal Income Taxes	47,374	
7430 Nonoperating State and Local Income Taxes	46,988	
7440 Nonoperating Other Taxes		
7450 Provision for Deferred Nonoperating Income Taxes-Net	80,004	
7400 Nonoperating Taxes	174,366	
7510 Interest on Funded Debt	350,806	
7520 Interest Expense-Capital Leases	26,597	
7530 Amortization of Debt Issuance Expense	439	
7540 Other Interest Deductions	121	
7500 Interest and Related Items	377,963	
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	231,099	
AMOUNT TRANSFERRED TO RETAINED EARNINGS	421,571	

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	582,172	Same as
5002 Optional Extended Area Revenue		total company
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	73,600	
5069 Other Local Exchange Settlements	890,204	
Network Access Services Revenues		
5081 End User Revenue (SLC)	195,337	
5082 Switched Access Revenue (Interstate)	1,555,763	
5083 Special Access Revenue	165,600	
5084 State Access Revenue (Intrastate)	256,567	
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All		
Miscellaneous Revenues		
5230 Directory Revenue	6,257	
5240 Rent Revenue	922	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	592	
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue		
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	1,290	
5302 Uncollectible Revenue - Other		
TOTAL OPERATING REVENUES	3,728,304	

Please identify the following revenues:

NECA USF \$ 894,080. 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
Plant Specific Operations Expense		
6110 Network Support Expenses		Same as
6112 Motor Vehicle Expense	13,937	total company
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	79,642	
6122 Furniture and Artworks Expense		
6123 Office Equipment Expense	366	
6124 General Purpose Computers Expense	74,397	
6210 Central Office Switching Expenses		
6211 Analog Electronic Expense		
6212 Digital Electronic Expense	222,496	
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	362,928	
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	188,430	
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	200,732	
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intra-building Network Cable Expense		
6431 Aerial Wire Expense		
6441 Conduit Systems Expense		
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	1,142,928	

OPERATING REVENUES

Item	Total Company	Idaho Only
Plant Nonspecific Operations Expense		
6510 Other Property/Plant/Equipment Expenses		Same as
6511 Property Held for Future Telecomm. Use Expenses		total company
6512 Provisioning Expense		
6530 Network Operations Expense		
6531 Power Expense		
6532 Network Administration Expense	52,898	
6533 Testing Expense		
6534 Plant Operations Administration Expense		
6535 Engineering Expense		
6540 Access Expense	85,489	
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,169,372	
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	1,307,759	
Customer Operations Expense		
6610 Marketing	24,420	
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	8,993	
6623 Customer Services	184,193	
Total Customer Operations Expense	217,606	
Corporate Operations Expense		
6710 Executive and Planning		
6711 Executive	316,463	
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	216,141	
6722 External Relations	1,758	
6723 Human Resources		
6724 Information Management	2,418	
6725 Legal	2,948	
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	103,089	
6790 Provision for Uncollectible Notes Receivable		
Total Corporate Operations Expense	642,817	
TOTAL OPERATING EXPENSES	3,311,110	

CENTRAL OFFICE DATA
as of December 31, 2012 (unless otherwise indicated)

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

Central Office Switch Type: DCO-RLS & Taqua T7000

Check all that apply: Analog
Stand Alone
Host X
Remote
Check one: Digital X
Analog
Check one: Electronic X
Electro-Mechanical
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		692		692			177		177	869
New Connects		179		179			10		10	189
Disconnects		210		210			23		23	233
End of Year		661		661			164		164	825

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: 181

Custom Calling:
Number of customers with at least one feature: 514
Total number of features subscribed to: 14

CENTRAL OFFICE DATA
as of December 31, 2012 (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 X

Check one:

Digital X

Analog

Check one:

Electronic X

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		136		136			9		9	145
New Connects		27		27			0		0	27
Disconnects		24		24			1		1	25
End of Year		139		139			8		8	147

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: 12

Custom Calling:

Number of customers with at least one feature: 78

Total number of features subscribed to: 12

CENTRAL OFFICE DATA
as of December 31, 2012 (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

Remote

Check one:

Digital

Analog

Check one:

Electronic

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			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		335		335			86		86	421
New Connects		54		54			5		5	59
Disconnects		81		81			20		20	101
End of Year		308		308			71		71	379

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: 128

Custom Calling:

Number of customers with at least one feature: 255

Total number of features subscribed to: 16

CENTRAL OFFICE DATA
as of December 31, 2012 (unless otherwise indicated)

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

Central Office Switch Type: 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

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		
Beginning of Year		215		215			32	32	247
New Connects		93		93			4	4	97
Disconnects		100		100			3	3	103
End of Year		208		208			33	33	241

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: 51

Custom Calling:
Number of customers with at least one feature: 86
Total number of features subscribed to: 9

NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 2012

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 <u>253</u>	<u>825</u>			<u>115,718</u>	<u>290,122</u>	<u>405,840</u>	<u>491</u>
2 <u>256</u>	<u>147</u>			<u>13,883</u>	<u>36,948</u>	<u>50,831</u>	<u>345</u>
3 <u>257</u>	<u>379</u>			<u>45,322</u>	<u>129,147</u>	<u>174,469</u>	<u>460</u>
5 <u>259</u>	<u>241</u>			<u>11,170</u>	<u>39,297</u>	<u>50,467</u>	<u>209</u>
5 _____	_____	_____	_____	_____	_____	_____	_____
6 _____	_____	_____	_____	_____	_____	_____	_____
7 _____	_____	_____	_____	_____	_____	_____	_____
8 _____	_____	_____	_____	_____	_____	_____	_____
9 _____	_____	_____	_____	_____	_____	_____	_____
10 _____	_____	_____	_____	_____	_____	_____	_____
11 _____	_____	_____	_____	_____	_____	_____	_____
12 _____	_____	_____	_____	_____	_____	_____	_____
13 _____	_____	_____	_____	_____	_____	_____	_____
14 _____	_____	_____	_____	_____	_____	_____	_____
15 _____	_____	_____	_____	_____	_____	_____	_____
16 _____	_____	_____	_____	_____	_____	_____	_____
17 _____	_____	_____	_____	_____	_____	_____	_____
18 _____	_____	_____	_____	_____	_____	_____	_____

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
YEAR ENDED DECEMBER 31, 2012.

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 5/1/2012

Alternate method of notification N/A

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 6

Category of complaints (if known):

Deposit Disputes

Charges on Bill 1

Denial/Termination

Quality or Availability
of Service

Carrier Selection/Assignment

Miscellaneous 5

Rev 3/02

CERTIFICATE

State of Idaho)
) ss
County of Washington)

WE, the undersigned RICHARD WIGGINS

and _____

of the CAMBRIDGE TELEPHONE COMPANY, INC. utility,

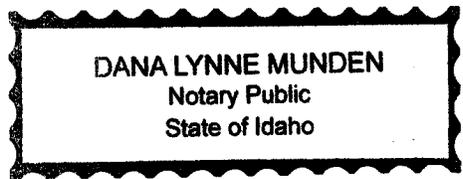
on our oath do severally say that the foregoing return has been prepared under our direction, from the original books, papers, and records of said utility, that we have carefully examined same, and declare the same to be a correct statement of the business affairs of said utility for the period covered 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 15 day of April, (Year) 2013.

Dana Lynne Munden
Notary Public



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