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IDAHO PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

OF

DIRECT COMMUNICATIONS ROCKLAND, INC.

NAME

150 SOUTH MAIN, ROCKLAND, IDAHO

ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED

DECEMBER 31,

2001

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2001**

COMPANY INFORMATION

Exact name of utility: DIRECT COMMUNICATIONS ROCKLAND, INC.

Address of principal office: 150 South Main Rockland, Idaho 83271

Telephone Number (Area Code 208) 548 - 2345

Cities or towns served: Rockland, Arbon, Paris, Bloomington, St. Charles, & Fish Haven

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

Leonard May, President

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

150 South Main Rockland, Idaho 83271 (208) 548 - 2345

Organized under the laws of the State of: Idaho

Date of organization: 1973

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

If a Subchapter S Corporation, please specify: _____

Name and address of controlling company, if any: _____

Names of affiliated companies. Give address and description of business: _____

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 - Treasurer	Leonard May	P.O. Box 269 Rockland, Idaho 83271
Vice Pres. - Secretary	Marilyn May	P.O. Box 269 Rockland, Idaho 83271

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
Leonard May P.O. Box 269 Rockland, Idaho 83271	May-02	12	
Marilyn May P.O. Box 269 Rockland, Idaho 83271	May-02	12	

Name of Chairman of the Board: Leonard May

Name of Secretary (or Clerk) of Board: Marilyn May

Number of Meetings of the Board during the year: 12

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
Leonard May	President - Treasurer	\$ 91,960.00
Marilyn May	Vice Pres. - Secretary	\$ 45,355.00

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Direct Communications Rockland, Inc. (Company) is a full service telecommunications provider whose main office is located in Rockland, Idaho. The service area of the Company consists of Southeastern Idaho and South-central Idaho. The Company provides local exchange service as well as providing access services for intrastate and interstate carriers.

The mission of the Company is to provide its customers with reliable, convenient and equitable telecommunications service, delivered by employees who are dedicated to customer satisfaction.

BASIS OF ACCOUNTING

The Company is subject to the accounting and reporting rules and regulations of the Rural Utilities Service (RUS). The Company follows the *Federal Communications Commission's Uniform System of Accounts* prescribed for Class B Telecommunications Utilities as modified by RUS. The accounting policies conform to generally accepted accounting principles as applied in the case of regulated telecommunication utilities.

Rates charged to customers are established by the Board of Directors and approved by the Idaho Public Utility Commission. The Idaho Public Utility Commission regulates all utility activity in the State of Idaho.

PLANT, EQUIPMENT AND DEPRECIATION

Plant is recorded at cost. The cost of additions to plant includes contracted work, direct labor and materials and allocable overheads. When units of property are retired, sold or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Repairs and the replacement and renewal of items determined to be less than units of property are charged to maintenance.

The provision for depreciation is based upon a straight-line method which is applied to groups of assets according to class. The rate is determined by RUS recommendation which is based on an estimation of useful lives for each asset group. The final rates are approved by the Idaho Public Utilities Commission.

PLANT CONSTRUCTION AND RETIREMENT

Overhead costs are charged each month to construction and retirement on a prorated basis. These directly related overhead costs include indirect labor, payroll taxes, insurance, transportation charges and storage expense.

INVENTORIES

Inventories of materials and supplies are valued at moving average cost. Items determined to be obsolete are written off.

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PLANT CONSTRUCTION AND RETIREMENT

Overhead costs are charged each month to construction and retirement on a prorated basis. These directly related overhead costs include indirect labor, payroll taxes, insurance, transportation charges and storage expense.

REVENUE RECOGNITION

Local and toll services are billed or accrued currently. Revenue is recognized using the accrual basis of accounting in that revenue is recognized when the earning process is complete.

INCOME TAXES

In accordance with SFAS 109, deferred tax liabilities have been adjusted to reflect deferred tax consequences at current enacted rates versus historical rates as required under previous accounting standards. Also SFAS 109 resulted in the establishment of certain regulatory liabilities to recognize the cumulative effect or rate making activity.

Under SFAS 109 income taxes are provided for the tax effects of transactions reported in the financial statements and include taxes currently due and deferred taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2001 and 2000, include the effects of accelerated depreciation, based debt reserve and other liabilities. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are covered or settled.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

The Company is required to calculate an amount to be capitalized to Plant Under Construction for funds used during construction and capitalizing the used funds at an average rate of 6.35% which is the Company's borrowing rate from Rural Telephone Finance Cooperative and RUS. The amount recorded in 2001 was \$64,019 and \$250,358 in 2000.

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PREPAID EXPENSES

Prepaid expenses are those paid in advance or that provide a benefit that extends beyond December 31. Such expenses include property insurance, employee insurance and workmens compensation insurance.

INVENTORIES

Inventories of materials and supplies are valued at moving average cost. Items determined to be obsolete are written off.

PROVISION FOR DOUBTFUL ACCOUNTS

A provision for doubtful accounts is maintained. Additions are estimated based on historical analysis of write-offs and collections as a percentage of sales and accounts receivable balances.

CLEARING ACCOUNTS

Transportation, heavy work equipment and stores expense are cleared each month of actual expenses. Transportation equipment is cleared by miles used and heavy equipment and stores are cleared by hours used.

ACCRUALS

Taxes are accrued each month with energy sales and individual purchases.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FINANCIAL INSTRUMENTS

The Company follows Statement of Financial Accounting Standards No. 107, Disclosures about Fair Value of Financial Instruments. The Statement extends fair value disclosure practices by requiring all entities to disclose the fair value of financial instruments, both assets and liabilities, recognized and not recognized in the balance sheets, for which it is practicable to estimate fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale.

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

The fair value of the Company's financial instruments approximates carrying value. Fair values were estimated based on quoted market prices and on current rates offered to the Company for debt with similar terms and maturities.

CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of debt agreements. Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers.

DEFERRED CREDITS

Deferred credits consist entirely of deferred tax liabilities which are considered to be long-term.

INVESTMENT IN AFFILIATED COMPANIES

Investment in affiliated companies represents an investment in stock of the CIT Communications Inc., System Seven, RTFC Capital Certificates, NRTC 220 MHZ Wire, and other items. The investments are recorded at cost.

CASH AND CASH EQUIVALENTS

All highly liquid investments with a maturity of six months or less from date of purchase are considered cash equivalents. Such items include money market savings accounts and certificates of deposit.

TEMPORARY INVESTMENTS

All investments are reported in accordance with SFAS 115 and are classified as trading securities. Trading securities are debt and equity securities that are held principally for the purpose of selling them in the near future. The Company reports these securities at fair market value, with unrealized gains and losses included in earnings.

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 2. PROPERTY AND EQUIPMENT

Telephone plant includes the following:

	2001	2000
Construction in process	\$ 37,304	\$ 517,114
In-service:		
Land	109,564	98,236
Buildings	1,514,277	1,440,658
Switching equipment	3,280,802	2,516,287
Outside plant	12,967,555	11,291,362
Furniture and office equipment	561,729	414,319
Vehicles and work equipment	1,021,996	895,959
	<u>19,493,227</u>	<u>17,173,935</u>
Non-operating plant:		
Subscriber lists, rights of way, etc...	1,176,943	1,176,943
	<u>1,176,943</u>	<u>1,176,943</u>
Total plant	<u>\$ 20,670,170</u>	<u>\$ 18,350,878</u>

Non-operating plant is amortized over a period of 5 - 15 years.

NOTE 3. LONG-TERM DEBT

Long-term debt consists of:

	2001	2000
Case Finance	\$ 33,600	\$ 42,777
First Security Bank		11,457
Ford Credit	23,195	
Caterpillar Finance Co.	11,485	25,708
Rural Telephone Finance Cooperative- Construction Loan (LOC)	3,266,588	4,293,070
Rural Telephone Finance Cooperative	2,399,202	2,575,027
Rural Telephone Finance Cooperative	187,731	408,455
2% RUS mortgage note	741,209	793,930
5% RUS mortgage note	7,311,982	4,835,592
Unadvanced funds	(21,115)	(21,115)
Stockholder note	35,922	71,849
	<u>13,989,799</u>	<u>13,036,750</u>
Less current maturity	<u>(3,955,889)</u>	<u>(4,851,476)</u>
	<u>\$ 10,033,910</u>	<u>\$ 8,185,274</u>

The First Security Bank note was paid off in 2001.

DIRECT COMMUNICATIONS ROCKLAND, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 3. LONG-TERM DEBT (continued)

The annual requirements for debt service on long-term debt are as follows:

	Principal		Interest (estimated)
2002	\$ 3,955,889	\$	750,100
2003	686,753		691,340
2004	723,535		645,950
2005	749,333		595,030
2006	786,546		543,325
Thereafter	7,087,743		3,331,239
Total	\$ 13,989,799	\$	6,556,984

Substantially all property and equipment of the Company are pledged as security for the long-term debt under certain loan agreements with the Rural Utilities Service (RUS) and Rural Telephone Finance Cooperative. These mortgage notes are to be repaid in equal quarterly installments covering principal and interest expiring by 2012.

The mortgage to the United States of America, underlying the RUS notes, contains certain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investment in affiliated companies.

Cash paid for interest during the years ended December 31, 2001 and 2000, totaled \$842,460 and \$728,808, respectively.

The Company has entered into a debt agreement with Rural Utilities Service for \$9,062,600 in hardship loan funds to finance (1) connection of new subscribers, (2) upgrade central office equipment, (3) purchase and install a broadband switch, (4) construct fiber and copper outside plant, (5) construct new headquarter facilities, (6) construct new toll facilities, (7) purchase vehicles and work equipment, and (8) construct an ETV facility. The funding sources are to include Rural Utilities Service (RUS) and Rural Telephone Bank (RTN). The funds loaned by the Rural Telephone Bank will require an advance sufficient to cover a 5% investment in RTB Class B stock. \$7,664,000 will be funded by RUS and \$1,398,000 will be funded by RTB. The interest rates will vary based on the timing of the loans with the first \$5,000,000 from RUS bearing a rate of 5%. The Company sought and received approval from RUS to obtain interim financing for the fiber project and headquarter facility construction from the Rural Telephone Finance cooperative (RTFC) in the amount of \$4,900,000 at a variable rate. \$7,119,943 of the RUS loan has been drawn down at December 31, 2001.

At December 31, 2001, the variable rate of the interim financing from RTFC was 5.95%. The amount outstanding at December 31, 2001, was \$3,266,588. This amount is reported as current long term debt in the financial statements because it is expected to be paid off with the long-term financing noted above.

DIRECT COMMUNICATIONS ROCKLAND, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 3. LONG-TERM DEBT (continued)

The note payable to Rural Telephone Finance Cooperative in the amount of \$247,186 began October 1996 and ends April 2009. The interest rate is variable but is considered by the Cooperative to average 4.65%. This rate is secured by a shared first lien on all assets and revenues of the Company. The balance outstanding at December 31, 2001, was \$187,731. The company also has a line of credit with RTFC of \$200,000. The balance outstanding at December 31, 2001 and 2000 was \$0 and \$200,000. See Note 8.

The last note payable to Rural Telephone Finance Cooperative began in October 1996, and was used to purchase service area from US West. Payments began in 1997. The note has been broken down into five separate payment schedules because the interest rate varies for each schedule. That rate ranges from 6.3% -7.5%. This note is secured by a shared lien on all assets and revenues of the Company. The maturity of the last payment schedule is December 31, 2012.

The note payable to Ford Credit is payable in monthly installments of \$682, including interest of 0%. Payments began November 22, 2001 and end October 22, 2004.

The note payable to Caterpillar Finance Co. is payable in monthly installments of \$1,209.01, including interest of 7.14%. Payments began December 1997 and end November 2002. The note is secured by a backhoe.

The note payable to Case Financing is due in monthly installments of \$865 including interest of 8.9%. Payments began July 1999 and end June 2005. The note is secured by an MX 110 tractor with loader.

The note payable to stockholder is due in monthly installments of \$3,216, including interest of 7.7%. Payments began February 2000 and end January 2003. The note is unsecured.

NOTE 4. INCOME TAXES

Income taxes reflected in the Statement of Income consist of the following:

	<u>2001</u>	<u>2000</u>
Operating income taxes		
Federal income taxes -		
Current tax expense (benefit)	\$ (29,919)	\$ (33,970)
Deferred tax expense	111,047	22,019
State income taxes -		
Current tax expense (benefit)	(6,787)	(8,012)
Deferred tax expense	35,535	2,936
Investment tax credit, net		
	<u> </u>	<u> </u>
Total income tax expense (benefit)	<u>\$ 109,876</u>	<u>\$ (17,027)</u>

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 4. INCOME TAXES

Cash paid for income taxes or estimated income taxes for 2001 and 2000 totaled \$20 and \$232,000, respectively.

The company has state investment tax credit carryovers of approximately \$374,983 which expire from 2004-2018.

The Company has tax benefits from federal and state net operating loss carryovers of \$27,366 and \$5,501 expiring in 2020.

Deferred Federal and State tax liabilities and assets are comprised of the following:

	<u>2001</u>	<u>2000</u>
Total deferred tax liabilities	\$ 319,469	\$ 172,887
Total deferred tax assets	<u>(43,244)</u>	<u>(5,501)</u>
Net deferred tax liability	<u>\$ 276,225</u>	<u>\$ 167,386</u>
Long-term portion	\$ 276,225	\$ 167,386
Current portion	<u> </u>	<u> </u>
Net deferred tax liability	<u>\$ 276,225</u>	<u>\$ 167,386</u>

Included in deferred items reported on the balance sheet are as follows:

Deferred credits	\$ 276,225	\$1,676,386
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The tax provision differs from the expense than would result from applying the Federal statutory rates to income before income taxes because of permanent differences related to officer life insurance premiums, the effect of state income taxes, and amortization of investment tax credits and excess deferred taxes. Temporary differences include depreciation, capitalized interest, bad debts and certain payroll accruals.

NOTE 5. RETIREMENT PLANS

The Company has a non-contributory defined benefit plan covering most employees. The multi-employer retirement programs are with the National Telephone Cooperative Association (NTCA) and have been approved by the Internal Revenue Service. Pension costs, expensed and capitalized for 2001 and 2000 were \$49,441 and \$34,806, respectively. The Company makes annual contributions to the plan equal to amounts accrued for pension expense. The Company also participates in a profit sharing savings plan administered by NTCA. This plan is a contributory plan based on 11% of eligible salary. All eligible employees are covered by the plan. The annual contributions were \$75,730 in 2001 and \$55,718 in 2000.

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 6. COMPENSATION AGREEMENT

In 1979, the Company entered into a compensation agreement with a former stockholder and employee, providing for payments of retirement benefits of \$4,800 annually, beginning January 1, 1980, and continuing for the lifetime of the employee, but, in any event, for a period certain of ten years. Such benefit shall be increased annually by the proportional increases in the Consumer Price Index for the metropolitan area of Boise, Idaho. The amount paid under this contract was \$1,995 for 2001 and \$7,980 for 2000.

NOTE 7. RELATED PARTY TRANSACTIONS

The Company had various transactions with CIT Communications, Inc. The Company's president and majority shareholder has an approximate 5.95% interest in CIT.

The Company has invested \$160,861 in the common stock of CIT, which approximates 10.5% interest. \$2,814 for newsletters and satisfaction surveys was paid to CIT in 2000.

The Company has entered into the following related party transactions during 2001 and 2000:

1 Direct Communications Internet, Inc.

This Company is a wholly-owned subsidiary of Direct Communications Star West, Inc. and charges the company for internet services, which the Company in turn charges to its customers who have signed up for these services. The net effect on the Company is zero because the Companies record the income for the charges and expense the charges from the internet provider. The income and expense are eliminated at year end. The amount paid during 2001 and 2000 amounted to \$107,908 and \$23,271, respectively. The Company also loaned \$50,000 during 2001. The balance outstanding at December 31, 2001, was \$44,889.

2 Direct Communications Long Distance, LC

The Company entered into an agreement with Direct Communications Long Distance, LC, which is 100% owned by Direct Communications Star West, Inc. The agreement is for long distance services to the Company. \$54,523 was paid in 2001 and \$74,344 was paid in 2000.

3 Direct Communications Star West, Inc.

This company is owned 50% by the officers of the Company. Services are provided to the Company for after hours calling, personnel management, marketing and rent of the building used by the Company. The amount paid during 2001 and 2000 amounted to \$116,598 and \$44,861, respectively.

4 Other transactions include rent, marketing services and computer consulting. The amount spent in 2001 and 2000 was \$22,655 and \$42,445, respectively.

DIRECT COMMUNICATIONS ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 8. LINE OF CREDIT

The Company has an unsecured line of credit from the Rural Telephone Finance Cooperative (RTFC) with a maximum limit of \$200,000 expiring September 2002. The credit line bears interest at prime plus 1.5%. During the years ended December 31, 2001 and 2000, there were borrowings of \$0 and \$200,000 against this line of credit. The line of credit agreement provides that no payment of cash dividends can be made while a loan balance remains outstanding without RTFC approval, and the balance outstanding must be reduced to \$-0- for 5 working days each year based on the date of the first outstanding advance. At December 31, 2001, the balance was \$0.

NOTE 9. CONCENTRATIONS OF CREDIT RISK -CASH BALANCES

The Company maintains most of its cash accounts in commercial banks located in Idaho. Accounts

	2001	2000
Total cash held (bank balance)	\$ 1,401,000	\$ 811,710
Portion insured by FDIC	(270,988)	(438,553)
Uninsured cash balances	\$ 1,130,012	\$ 373,157

Credit sales are made to the Company's customers in the ordinary course of business. Generally, these sales are unsecured.

NOTE 10. ACCOUNTS RECEIVABLE

The Company had the following accounts receivable at December 31, 2001 and 2000:

	2001	2000
Unbilled amounts	\$ 19,790	\$ 18,220
Billed to customers	108,848	116,247
Bad debt reserve	(12,815)	(10,745)
	115,823	123,722
Interexchange carriers and other	443,564	381,952
	\$ 559,387	\$ 505,674

DIRECT COMMUNICATIONS ROCKLAND, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 11. TEMPORARY INVESTMENTS

Temporary cash investments consist of amounts invested in certificates of deposit, mutual funds and stocks. They are categorized as trading securities.

	2001		2000	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Trading Securities	\$ 75,746	\$ 76,194	\$ 72,838	\$ 73,231

The unrealized gain (loss) on trading securities was \$55 and \$(8,750) for the years ended December 31, 2001 and 2000, respectively. Realized gains (losses) in 2001 and 2000 were \$0 and \$5,787.

NOTE 12. COMPREHENSIVE INCOME

The Company had no components of comprehensive income required to be disclosed under Statement of Financial Accounting Standards (SFAS) 130.

NOTE 13. SETTLEMENTS

The Company participates in cost recovery pools nationally and in the State of Idaho. The Company has significantly invested in plant over the past three years and is expecting recoveries from the pools to cover the increased costs.

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	146,356	162,672	16,316
1140 Special Cash Deposits	478,222	6,401	(471,821)
1150 Working Cash Advances	90	300	210
1160 Temporary Investments	72,843	76,194	3,351
1180 Telecommunications Accts. Receivable	134,467	128,637	(5,830)
1181 Accts. Rec. Allow. -Telecommunications	(10,745)	(12,815)	(2,070)
1190 Other Accounts Receivable	381,603	442,331	60,728
1191 Accounts Receivable Allow. - Other			
1200 Notes Receivable		44,889	
1201 Notes Receivable Allowance			
1210 Interest & Dividends Receivable	349	1,233	884
1220 Material and Supplies	163,754	261,335	97,581
1280 Prepayments			
1290 Prepaid Rents			
1300 Prepaid Taxes	23,180	23,180	0
1310 Prepaid Insurance	8,454	45,013	36,559
1320 Prepaid Directory Expenses			
1330 Other Prepayments			
1350 Other Current Assets			
Noncurrent Assets			
1401 Investment in Affiliated Companies	578,174	708,005	129,831
1402 Investment in Nonaffiliated Companies			
1406 Nonregulated Investments			
1407 Unamortized Debt Issuance Expense			
1408 Sinking Funds			
1410 Other Noncurrent Assets	9,787	9,787	0
1438 Deferred Maintenance & Retirements			
1439 Deferred Charges			
1500 Other Jurisdiction Assets - Net			
Property, Plant and Equipment			
2001 Telecommunications Plants in Service	16,656,821	19,455,923	2,799,102
2002 Prop. Held for Future Telecom. Use			
2003 Telecom. Plant under Constr. - Short Term	517,114	37,304	(479,810)
2004 Telecom. Plant under Constr. - Long Term			
2005 Telecom. Plant Adjustment			
2006 Nonoperating Plant	1,176,943	1,176,943	0
2007 Goodwill			
Depreciation and Amortization Accounts			
3100 Accumulated Depreciated	5,689,056	6,695,810	1,006,754
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			
TOTAL ASSETS	14,648,356	15,871,524	1,178,280

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	58,478	62,255	3,777
4020 Notes Payable			
4030 Advance Billings and Payments	35,949	39,044	3,095
4040 Customer Deposits	1,750	1,850	100
4050 Current Maturities - Long -Term Debt	4,851,476	3,955,889	(895,587)
4060 Current Maturities - Capital leases			
4070 Income Taxes - Accrued	0		0
4080 Other Taxes - Accrued	29,357	46,756	17,399
4100 Net Current Defer. Oper. Income Taxes			
4110 Net Current Defer. Nonoper. Income Taxes			
4120 Other Accrued Liabilities	117,905	72,892	(45,013)
4130 Other Current Liabilities			
Long-Term Debt			
4210 Funded Debt	8,033,483	9,929,708	1,896,225
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	151,791	104,202	(47,589)
Other Liabilities & Deferred Credits			
4310 Other Long-Term Liabilities			
4320 Unamort. Oper. Invest. Tax Credits - Net			
4330 Unamort. Nonoper. Invest. Tax Credits - Net			
4340 Net Noncurrent Defer. Oper. Income Taxes	167,386	276,225	108,839
4350 Net Noncur. Defer. Nonoper. Income Taxes			
4360 Other Deferred Credits			
4370 Other Juris. Liab. & Def. Credits - Net			
Stockholders' Equity			
4510 Capital Stock	50,000	50,000	0
4520 Additional Paid-In Capital			
4530 Treasury Stock			
4540 Other Capital			
4550 Retained Earnings	1,150,782	1,332,704	181,922
TOTAL LIAB. & OTHER CREDITS	14,648,357	15,871,524	1,223,167

ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE

TOTAL Company Basis

Analysis of Telecommunications Plant in Service

	Balance Beginning of Year	Additions During year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
2111 Land	98,236	11,328			109,564
2112 Motor Vehicles	204,241	31,929	31,506		204,665
2113 Aircraft					
2114 Special Purpose Vehicles	40,909	786			41,695
2115 Garage Work Equipment	99,242	6,212			105,454
2116 Other Work Equipment	551,566	118,616			670,182
2121 Buildings	1,440,658	73,619			1,514,277
2122 Furniture	53,700	10,417			64,117
2123 Office Equipment	76,849	28,584		69,481	174,914
2124 General Purpose Computers	283,770	38,928			322,698
2211 Analog Electronic Switching					
2212 Digital Electronic Switching	1,550,439	7,979	19,771	(75,781)	1,462,866
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment	965,848	845,788		6,300	1,817,936
2311 Station Apparatus					
2321 Customer Premises Wiring					
2341 Large Private Branch Exchanges					
2351 Public Telephone Terminal Equipment	61,064		61,064		0
2362 Other Terminal Equipment					
2411 Poles	20,946		20,946		0
2421 Aerial Cable					
2422 Underground Cable					
2423 Buried Cable					
2424 Submarine Cable	11,209,353	1,758,202			12,967,555
2426 Intra-building Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
2681 Capital Leases					
2682 Leasehold Improvements					
2690 Intangibles	1,176,943				1,176,943
TOTAL PLANT ACCOUNTS	17,833,764	2,932,387	133,286	0	20,632,866

ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS
IDAHO Operations Only

Analysis of Telecommunications Plant in Service

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

SAME AS TOTAL
COMPANY

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	154,924	25.0%	21,727	(21,660)	154,991
2113 Aircraft			2,709		2,709
2114 Special Purpose Vehicles	20,935	10.0%			
2115 Garage Work Equipment	9,454	12.5%			
2116 Other Work Equipment	304,420	12.5%			
2121 Buildings	150,847	3.0%			
2122 Furniture	1,427	12.5%			
2123 Office Equipment	58,793	12.5%			
2124 General Purpose Computers	232,176	20.0%			
2211 Analog Electronic Switching					
2212 Digital Electronic Switching	1,069,246	12.0%			
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment	713,852	12.0%			
2311 Station Apparatus					
2321 Customer Premises Wiring					
2341 Large Private Branch Exchanges					
2351 Public Telephone Terminal Equipment	61,064				
2362 Other Terminal Equipment					
2411 Poles	20,946	10.0%			
2421 Aerial Cable					
2422 Underground Cable					
2423 Buried Cable	2,556,718	6.5%			
2424 Submarine Cable					
2426 Intrabuilding Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
TOTAL	5,354,802				

So Paris to Soda Springs
Eng 693,904.80
Land Mats 29,025.94
Fiber Plant 1,500,008.12
Electrics 8,624.93
Clean Up 9,622.24
Fiber Mats 31,594.14
Soda to Poole No 2,282,780.17
Eng 495,799.08
F/E 115,958.53
Fiber 2,305,645.47
E/M 529,268.28
Mats 278,046.02

*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					
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					

**SAME AS TOTAL
COMPANY**

*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>
CIT COMMUNICATIONS	1991		160,861
RTFC CERTIFICATES	1993, 94, & 96		187,189
SYSTEM SEVEN	1994	19,668	0
ASSOCIATED NETWORK PART	1998		5,100
NRTC'S 220 MHz WIRELESS	1999		114,855
SYRINGA NETWORK	2000		232,000
NECA SERVICES	2000		8,000
Totals		19,668	708,005

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>
CUSTOMERS		115,823
INTEREXCHANGE CARRIERS AND OTHERS		443,564
DIRECT INTERNET, APRIL 2006, 6%	44,889	
Totals	44,889	559,387

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>
SEE ATTACHED LISTING	
Totals	

ACCOUNTS PAYABLE

<u>NAME OF CREDITOR</u>	<u>AMOUNT</u>
Computer Technology, Inc.	1,863.10
Dam Lumber	273.23
Direct Internet	14,575.35
Direct Communications Long Distance	10,147.40
Employee Flex Plan	629.03
Federal Excise Tax	845.19
Fremont Telcom	699.74
GVNW, Inc.	5,910.37
Idaho Power Company	567.06
Intermountain Gas Company	128.76
Jiffy Lube	159.50
NECA Services	1,241.81
Paris County Store	557.30
P.P.S. Company	470.40
Pro - Flame, Inc.	608.30
Schmidt Oil	637.66
Silver Star Telephone Co.	800.00
U.S. West	373.55
Unbilled Toll	19,790.00
Wiggins & Co.	1,450.00
All others under \$100	526.87
Total Accounts Payable	<u><u>62,254.62</u></u>

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.

Class & Series of Obligation	Date of Issue	Date of Maturity	Fact Amount Authorized	Outstanding Year-End	Premium/ Discount		Interest for year	
					Total	Year Amortized	Rate	Amount
FIRST SECURITY BANK	1999	2001	20,793	0			10.00%	193
CATERPILLAR FINANCE	1997	2002	60,811	11,485 ✓			7.14%	1,571
RTFC	1994	2009	465,305	187,731			4.65%	19,022
RTFC	1995	2012	3,030,202	2,399,202			VARIES	187,992
RUS	1979	2011	1,608,421	741,209			2.00%	302,414
RUS	1990	2012	5,080,583	7,311,982			5.00%	
CASE FINANCE	1999	2005	54,000	33,600 ✓			8.90%	2,686
RTFC - Construction Loan	1999	2001	4,900,000	3,266,588 ?			VARIES	322,069
LEONARD MAY	2000	2003	100,000	35,922			7.70%	5,900
FORD CREDIT	2001	2004	24,559	23,195 ✓			0.00%	0

INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	3,806,719	
Total Operating Expenses (from page 17)	2,651,335	SAME
7100 Other Operating Income and Expense		AS
		TOTAL
7210 Operating Investment Tax Credits-Net		
7220 Operating Federal Income Taxes	(29,919)	
7230 Operating State and Local Income Taxes	(6,787)	
7240 Operating Other Taxes	97,866	
7250 Provision for Deferred Operating Income Taxes-Net	146,582	
7200 Operating Taxes (Total)		
7310 Dividend Income	19,099	
7320 Interest Income	(23,163)	
7330 Income from Sinking and Other Funds		
7340 Allowance for Funds Used During Construction	(64,019)	
7350 Gains/Losses from the Disposition of Certain Property	2,476	
7360 Other Nonoperating Income	(37,916)	
7370 Special Charges	23,066	
7300 Nonoperating Income and Expense		
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		
7400 Nonoperating Taxes		
7510 Interest on Funded Debt	302,414	
7520 Interest Expense-Capital Leases		
7530 Amortization of Debt Issuance Expense		
7540 Other Interest Deductions	538,713	
7500 Interest and Related Items		
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	5,050	
AMOUNT TRANSFERRED TO RETAINED EARNINGS	181,922	

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	440,220	
5002 Optional Extended Area Revenue		
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	46,415	
5069 Other Local Exchange Settlements		
Network Access Services Revenues		
5081 End User Revenue (SLC)	73,004	
5082 Switched Access Revenue (Interstate)	2,909,742	
5083 Special Access Revenue		
5084 State Access Revenue (Intrastate)	300,957	
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All	2,051	
Miscellaneous Revenues		
5230 Directory Revenue		
5240 Rent Revenue		
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	14,222	
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	22,308	
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	(2,200)	
5302 Uncollectible Revenue - Other		
TOTAL OPERATING REVENUES	3,806,719	SAME AS TOTAL

Please identify the following revenues:

NECA USF \$ 2,647,365 . To what account were they booked?

5082.11, 5082.21, & 5082.22

State USF \$ 221,847 . To what account were they booked?

5084.60

OPERATING REVENUES

Item	Total Company	Idaho Only
Plant Specific Operations Expense		
6110 Network Support Expenses		
6112 Motor Vehicle Expense	1,398	SAME AS TOTAL
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense		
6116 Other Work Equipment Expense	471	
6120 General Support Expenses		
6121 Land and Building Expenses	48,711	
6122 Furniture and Artworks Expense	1,563	
6123 Office Equipment Expense		
6124 General Purpose Computers Expense	75,364	
6210 Central Office Switching Expenses		
6211 Analog Electronic Expense		
6212 Digital Electronic Expense	70,041	
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses		
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	87,209	
6310 Information Origination/Termination Expense		
6311 Station Apparatus Expense	905	
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	404,858	
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense	129	
6441 Conduit Systems Expense		
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	690,648	

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	11,384	SAME AS TOTAL
6530 Network Operations Expense		
6531 Power Expense	24,455	
6532 Network Administration Expense	60	
6533 Testing Expense	74	
6534 Plant Operations Administration Expense		
6535 Engineering Expense	56,538	
6540 Access Expense	26	
6560 Depreciation and Amortization Expenses	78,006	
6561 Depreciation Expense-Telecom. Plant in Service	1,038,503	
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	1,209,047	
Customer Operations Expense		
6610 Marketing		
6611 Product Management		
6612 Sales		
6613 Product Advertising	6,507	
6620 Services		
6621 Call Completion Services		
6622 Number Services	2,389	
6623 Customer Services	188,285	
Total Customer Operations Expense	197,181	
Corporate Operations Expense		
6710 Executive and Planning		
6711 Executive	178,103	
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	298,345	
6722 External Relations	6,520	
6723 Human Resources	43,233	
6724 Information Management		
6725 Legal	17,467	
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	10,792	
6790 Provision for Uncollectible Notes Receivable		
Total Corporate Operations Expense	554,459	
TOTAL OPERATING EXPENSES	2,651,335	

CENTRAL OFFICE DATA
as of December 31, 2001 (unless otherwise indicated)

Name of Central Office: ARBON
Prefix (es): 335

Central Office Switch Type: SIEMENS STROMBERG - CARLSON DCO - RLS

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

Access Line Capacity
Design: 180
Access Lines in Use
Customer Lines: 100
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 138
Public Telephone Lines 1
Company Official Lines 3
Company Test Lines 4

Classification of Customer Access

	Residence			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		90			7		97
New Connects		16			1		17
Disconnects		13			1		14
End of Year		93			7		100
		Subtotal Residence			Subtotal Business		
		90			7		
		16			1		
		13			1		
		93			7		

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: 2

Custom Calling:

Number of customers with at least one feature: 53
Total number of features subscribed to: 6

CENTRAL OFFICE DATA
as of December 31, 2001 (unless otherwise indicated)

Name of Central Office: PARIS
Prefix (es): 945

Central Office Switch Type: SIEMENS STROMBERG - CARLSON DCO

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

Access Line Capacity
Design: 1520
Installed/Equipped: 1442

Access Lines in Use
Customer Lines: 941
(Include Centrex, PAL, Semi-Pub.)
Public Telephone Lines 0
Company Official Lines 3
Company Test Lines 6

Classification of Customer Access

	Residence			Business			Total Residence & Business
	Multi-Line 1-Party	Single Line Multi-Party	Subtotal Residence	Multi-Line 1-Party	Single Line Multi-Party	Subtotal Business	
Beginning of Year	827	827	827		101	101	928
New Connects	174	174	174		21	21	195
Disconnects	168	168	168		14	14	182
End of Year	833	833	833	108	108	108	941

Foreign Exchange:
Dial Tone from this C.O.: 1
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: 340
Total number of features subscribed to: 12

CENTRAL OFFICE DATA
as of December 31, 2001 (unless otherwise indicated)

Name of Central Office: ROCKLAND
Prefix (es): 548

Central Office Switch Type: SIEMENS STROMBERG - CARLSON DCO

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

Access Line Capacity
Design: 720
Access Lines in Use
Customer Lines: 357
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 648
Public Telephone Lines 0

Company Official Lines 9

Company Test Lines 13

Classification of Customer Access

	Residence			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	244	244	244	96	96	96	340
New Connects	55	55	55	17	17	17	72
Disconnects	45	45	45	10	10	10	55
End of Year	254	254	254	103	103	103	357

Foreign Exchange:

Dial Tone from this C.O.: _____
Dial Tone from another C.O.: 1
Directory Listings:
Number of Customers with Nonpublished or Nonlisted: 4

Custom Calling:

Number of customers with at least one feature: 124
Total number of features subscribed to: 10

NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 2001

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>ARBON</u>	103			5,442	24,155	29,597	286
2 <u>ROCKLAND</u>	355			25,220	137,048	162,268	457
3 <u>PARIS</u>	959			27,946	396,419	424,365	443
4 _____	<u>1417</u>			<u>58608</u>	<u>557622</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, 2001.

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603

Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers Yes _____ No X

Included in directory Yes X No _____

Date of notification Paris in January, Rockland & Arbon in June

Alternate method of notification Local newspaper annually

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 246

Category of complaints (if known):

Deposit Disputes _____

Charges on Bill 34

Denial/Termination _____

Quality or Availability
of Service 180

Carrier Selection/Assignment 28

Miscellaneous 4

CERTIFICATE

State of Idaho)
) ss
County of)

WE, the undersigned Leonard May

and Bruce Steed

of the Direct Communications Rockland, 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.

Leonard May
(Chief Officer)
Bruce Steed
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 12 day of April, (Year) 2002.

Linda Ralphs
NOTARY
Notary Public
PUBLIC
STATE OF IDAHO

My Commission expires 12-16, (Year) 2006.