

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2002**

COMPANY INFORMATION

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

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

Organized under the laws of the State of: Washington
 Date of organization: 07/02/63
 Form of organization (proprietorship, association, corporation): Corporation
 If a Subchapter S Corporation, please specify: N/A

Name and address of controlling company, if any Western Elite Incorporated Services, P.O. Box 687,
 Roslyn, Washington 98941

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

OFFICERS

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

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

*Effective May 14, 2002

DIRECTORS

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

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

Name of Chairman of the Board: N/A
 Name of Secretary (or Clerk) of Board: Gregory A. Maras
 Number of Meetings of the Board during the year: 1

MANAGERS

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

Name	Title	Wages and Bonuses Paid
Douglas W. Weis	President	\$541,489
Nathan R. Weis	Vice President	\$526,489
James K. Brooks*	Controller	\$53,621
John P. Coonan	Treasurer	\$343,186
Gregory A. Maras	Secretary	\$338,365
*Hired 04/29/02		

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	437,301	329,244	(108,057)
1140 Special Cash Deposits			
1150 Working Cash Advances	1,250	1,400	150
1160 Temporary Investments	3,573,033	611,538	(2,961,495)
1180 Telecommunications Accts. Receivable	156,992	132,243	(24,749)
1181 Accts. Rec. Allow. -Telecommunications	(10,000)	(10,000)	0
1190 Other Accounts Receivable	1,635,710	5,570,542	3,934,832
1191 Accounts Receivable Allow. - Other			
1200 Notes Receivable			
1201 Notes Receivable Allowance			
1210 Interest & Dividends Receivable			
1220 Material and Supplies	292,164	221,093	(71,071)
1280 Prepayments			
1290 Prepaid Rents			
1300 Prepaid Taxes			
1310 Prepaid Insurance	8,286	18,505	10,219
1320 Prepaid Directory Expenses			
1330 Other Prepayments			
1350 Other Current Assets	784,612	477,085	(307,527)
Noncurrent Assets			
1401 Investment in Affiliated Companies			
1402 Investment in Nonaffiliated Companies	2,037,606	1,102,220	(935,386)
1406 Nonregulated Investments	144,042	182,811	38,769
1407 Unamortized Debt Issuance Expense	1,650	1,225	(425)
1408 Sinking Funds			
1410 Other Noncurrent Assets	80,178	85,693	5,515
1438 Deferred Maintenance & Retirements	0	0	0
1439 Deferred Charges			
1500 Other Jurisdiction Assets - Net			
Property, Plant and Equipment			
2001 Telecommunications Plants in Service	13,904,956	14,953,772	1,048,816
2002 Prop. Held for Future Telecom. Use	83,711	0	(83,711)
2003 Telecom. Plant under Constr. - Short Term	107,325	21,432	(85,893)
2004 Telecom. Plant under Constr. - Long Term			
2005 Telecom. Plant Adjustment			
2006 Nonoperating Plant			
2007 Goodwill			
Depreciation and Amortization Accounts			
3100 Accumulated Depreciated	6,925,758	8,094,117	1,168,359
3200 Accum. Depre. - Held for Future Use	67,054	0	(67,054)
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	16,246,004	15,604,686	(641,318)

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	212,320	97,191	(115,129)
4020 Notes Payable	32,506	0	(32,506)
4030 Advance Billings and Payments			
4040 Customer Deposits	11,110	8,706	(2,404)
4050 Current Maturities - Long -Term Debt	244,500	249,400	4,900
4060 Current Maturities - Capital leases			
4070 Income Taxes - Accrued	0	0	0
4080 Other Taxes - Accrued	84,042	190,662	106,620
4100 Net Current Defer. Oper. Income Taxes			
4110 Net Current Defer. Nonoper. Income Taxes			
4120 Other Accrued Liabilities	339,986	376,357	36,371
4130 Other Current Liabilities	18,441	37,100	18,659
Long-Term Debt			
4210 Funded Debt	3,890,384	3,640,705	(249,679)
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	30,635	23,838	(6,797)
4330 Unamort. Nonoper. Invest. Tax Credits - Net			
4340 Net Noncurrent Defer. Oper. Income Taxes	698,322	690,395	(7,927)
4350 Net Noncur. Defer. Nonoper. Income Taxes	319,717	(102,939)	(422,656)
4360 Other Deferred Credits			
4370 Other Juris. Liab. & Def. Credits - Net			
Stockholders' Equity			
4510 Capital Stock	93,150	93,150	0
4520 Additional Paid-In Capital	7,175	7,175	0
4530 Treasury Stock			
4540 Other Capital			
4550 Retained Earnings	10,263,716	10,292,946	29,230
TOTAL LIAB. & OTHER CREDITS	16,246,004	15,604,686	(641,318)

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	55,491	19,745			75,236
2112 Motor Vehicles	928,788	93,261	62,143		959,906
2113 Aircraft					0
2114 Special Purpose Vehicles					0
2115 Garage Work Equipment	20,776	1,149			21,925
2116 Other Work Equipment	518,875	54,460			573,335
2121 Buildings	1,750,818	8,919		(30,410)	1,729,327
2122 Furniture	113,326	3,507			116,833
2123 Office Equipment	274,276	967			275,243
2124 General Purpose Computers	649,634	33,355	593		682,396
2211 Analog Electronic Switching					0
2212 Digital Electronic Switching					0
2215 Electro-Mechanical Switching	2,079,260	11,892		30,410	2,121,562
2220 Operator Systems					0
2231 Radio Systems					0
2232 Circuit Equipment	1,097,466	363,263		78,980	1,539,709
2311 Station Apparatus					0
2321 Customer Premises Wiring					0
2341 Large Private Branch Exchanges					0
2351 Public Telephone Terminal Equipment					0
2362 Other Terminal Equipment					0
2411 Poles	24,807				24,807
2421 Aerial Cable	198,229				198,229
2422 Underground Cable					0
2423 Buried Cable	6,178,591	460,228		(18,174)	6,620,645
2424 Submarine Cable					0
2426 Intrabuilding Network Cable					0
2431 Aerial Wire	6,695				6,695
2441 Conduit Systems					0
2681 Capital Leases					0
2682 Leasehold Improvements					0
2690 Intangibles	7,924				7,924
TOTAL PLANT ACCOUNTS	13,904,956	1,050,746	62,736	60,806	14,953,772

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	20,071			(218) *	19,853
2112 Motor Vehicles					0
2113 Aircraft					0
2114 Special Purpose Vehicles				346 *	1,703
2115 Garage Work Equipment	1,357				13,119
2116 Other Work Equipment	13,119			(17,741) *	384,112
2121 Buildings	401,853			(73) *	16,950
2122 Furniture	17,023			(1,619) *	53,253
2123 Office Equipment	54,872			1,717 *	90,704
2124 General Purpose Computers	88,987				0
2211 Analog Electronic Switching	317,251	1,823		367 *	319,441
2212 Digital Electronic Switching					0
2215 Electro-Mechanical Switching					0
2220 Operator Systems					0
2231 Radio Systems	281,987	420		126,635 *	409,042
2232 Circuit Equipment					0
2311 Station Apparatus					0
2321 Customer Premises Wiring					0
2341 Large Private Branch Exchanges					0
2351 Public Telephone Terminal Equipment					0
2362 Other Terminal Equipment					1,577
2411 Poles	1,577				29,530
2421 Aerial Cable	29,530				0
2422 Underground Cable					1,481,674
2423 Buried Cable	1,400,484	81,190			0
2424 Submarine Cable					0
2426 Intrabuilding Network Cable					4,821
2431 Aerial Wire	4,821				0
2441 Conduit Systems					0
2681 Capital Leases					0
2682 Leasehold Improvements					0
2690 Intangibles	4,764				4,764
TOTAL PLANT ACCOUNTS	2,637,696	83,433	0	109,414 *	2,830,543

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

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
Account 3100

TOTAL Company Basis

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles	684,574	16.00/12.50	151,078	(39,644)	796,008
2113 Aircraft					0
2114 Special Purpose Vehicles	16,755	12.50	3,375		20,130
2115 Garage Work Equipment	385,000	16.00/12.50	78,012	3,000	466,012
2116 Other Work Equipment	560,345	4.00/2.50	68,493	(2,331)	626,507
2121 Buildings	61,313	15.00/6.00	17,256		78,569
2122 Furniture	206,125	20.00/5.00 & 6.00	51,053		257,178
2123 Office Equipment	439,348	25.00/12.50	156,878	(567)	595,659
2124 General Purpose Computers					0
2211 Analog Electronic Switching	587,263	9.00/27.37	195,872	1,821	784,956
2212 Digital Electronic Switching					0
2215 Electro-Mechanical Switching					0
2220 Operator Systems					0
2231 Radio Systems					0
2232 Circuit Equipment	574,750	11.19/27.37	93,300	58,165	726,215
2311 Station Apparatus					0
2321 Customer Premises Wiring					0
2341 Large Private Branch Exchanges					0
2351 Public Telephone Terminal Equipment					0
2362 Other Terminal Equipment					0
2411 Poles	23,891	7.59/5.00	78		23,969
2421 Aerial Cable	170,715	20.40/4.00	1,181		171,896
2422 Underground Cable	3,208,983	5.00&6.00/4.00&6.00	336,564	(5,225)	3,540,322
2423 Buried Cable					0
2424 Submarine Cable					0
2426 Intrabuilding Network Cable					0
2431 Aerial Wire	6,696	42.06/8.00			6,696
2441 Conduit Systems					0
TOTAL	6,925,758		1,153,140	15,219	8,094,117

*Please list individual depreciation rate for each account.

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
Account 3100

IDAHO Operations Only

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles					0
2113 Aircraft					0
2114 Special Purpose Vehicles	1,357	12.50		179 **	1,536
2115 Garage Work Equipment	5,041	12.50	1,640		6,681
2116 Other Work Equipment	125,830	2.50	2,852	7,608 **	136,290
2121 Buildings	9,702	6.00		2,226 **	11,928
2122 Furniture	42,873	5.00/6.00		7,955 **	50,828
2123 Office Equipment	62,947	12.50		17,426 **	80,373
2124 General Purpose Computers					0
2211 Analog Electronic Switching	257,137	27.37	35,892	1,948 **	294,977
2212 Digital Electronic Switching					0
2215 Electro-Mechanical Switching					0
2220 Operator Systems					0
2231 Radio Systems					0
2232 Circuit Equipment	273,135	27.37		11,627 **	284,762
2311 Station Apparatus					0
2321 Customer Premises Wiring					0
2341 Large Private Branch Exchanges					0
2351 Public Telephone Terminal Equipment					0
2362 Other Terminal Equipment					0
2411 Poles	660	5.00	79		739
2421 Aerial Cable	2,016	4.00	1,181		3,197
2422 Underground Cable					0
2423 Buried Cable					0
2424 Submarine Cable					0
2426 Intrabuilding Network Cable					0
2431 Aerial Wire	4,821	8.00			4,821
2441 Conduit Systems					0
TOTAL	1,504,009		96,315	50,047 **	1,650,371

* Please list individual depreciation rate for each account.

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

INVESTMENTS

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

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
1402-Partnership Investment	Various	_____	798,454
1402-RTB Class B Stock	Various	_____	52,874
1402-RTB Class C Stock	1974	_____	1,000
1402-Illuminet	1981	_____	249,892
1406-Paging Equip./CPE/ Mobile CPE	Various	_____	182,811

Totals		_____	1,285,031

RECEIVABLES

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

<u>Name of Company</u>	<u>Amount at End of Year</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
1180-Due From Customers	_____	132,243
1190-Other A/R-Interexchange Carriers & Exchange Carrier Association	_____	486,460
1190-Other A/R-Western Elite Inc. Services	_____	8,101
	_____	5,075,981

Totals	_____	5,702,785

NOTES PAYABLE

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

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
None				
Totals				

ACCOUNTS PAYABLE

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

<u>Name of Creditor</u>	<u>Amount</u>
Trade Payables	97,191
Totals	97,191

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 2120	Oct. 1967	Oct. 2002	72,000	0			2%	21
RUS 2130	Oct. 1967	Oct. 2002	173,000	0			2%	54
RUS 2030	Oct. 1969	Oct. 2004	84,000	6,040			2%	155
RUS 2040	Jun. 1971	Jun. 2006	53,000	6,559			2%	151
RUS 2050	Jun. 1971	Jun. 2006	129,000	18,924			2%	430
RUS 12060	May 1976	May 2011	578,000	193,585			2%	4,086
RUS 12070	May 1983	May 2018	1,129,000	653,856			2%	13,438
RUS 12140	Oct. 1979	Oct. 2014	581,000	364,704			5%	18,678
RUS 12150	Apr. 1995	Apr. 2014	947,000	741,459			7%	53,371
RUS 12151	Apr. 1995	Apr. 2014	270,000	211,037			6.91%	14,998
RUS 12152	Apr. 1995	Apr. 2014	329,000	256,643			6.26%	16,544
RTB S010	Oct. 1979	Oct. 2014	345,450	230,179			8%	18,856
RTB S020	Dec. 1986	Apr. 2011	439,950	329,958			8%	27,019
RTB S023	Dec. 1986	Dec. 2011	324,952	270,831			5.71%	15,473
RUS 12153	Apr. 1995	Apr. 2014	451,478	364,511			4.86%	18,293
RUS 12154	Apr. 1995	Apr. 2014	289,522	241,819			5.71%	14,235
			<u>6,196,352</u>	<u>3,890,105</u>				<u>215,802</u>

INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	<u>5,057,004</u>	<u>744,961</u>
Total Operating Expenses (from page 17)	<u>4,093,510</u>	<u>651,809</u>
7100 Other Operating Income and Expense	<u> </u>	<u> </u>
7210 Operating Investment Tax Credits-Net	<u>(6,797)</u>	<u>(1,903)</u>
7220 Operating Federal Income Taxes	<u>202,433</u>	<u>15,952</u>
7230 Operating State and Local Income Taxes	<u>53,685</u>	<u>53,685</u>
7240 Operating Other Taxes	<u>110,133</u>	<u>15,637</u>
7250 Provision for Deferred Operating Income Taxes-Net	<u>(7,927)</u>	<u>9,320</u>
7200 Operating Taxes (Total)	<u>351,527</u>	<u>92,691</u>
7310 Dividend Income	<u>36,945</u>	<u>4,400</u>
7320 Interest Income	<u>11,339</u>	<u>1,351</u>
7330 Income from Sinking and Other Funds	<u> </u>	<u> </u>
7340 Allowance for Funds Used During Construction	<u> </u>	<u> </u>
7350 Gains/Losses from the Disposition of Certain Property	<u> </u>	<u> </u>
7360 Other Nonoperating Income	<u>184,004</u>	<u>144,000</u>
7370 Special Charges	<u>(51,165)</u>	<u>(3,712)</u>
7300 Nonoperating Income and Expense	<u>181,123</u>	<u>146,039</u>
7410 Nonoperating Investment Tax Credits-Net	<u> </u>	<u> </u>
7420 Nonoperating Federal Income Taxes	<u> </u>	<u> </u>
7430 Nonoperating State and Local Income Taxes	<u> </u>	<u> </u>
7440 Nonoperating Other Taxes	<u> </u>	<u> </u>
7450 Provision for Deferred Nonoperating Income Taxes-Net	<u>(104,625)</u>	<u>0</u>
7400 Nonoperating Taxes	<u>(104,625)</u>	<u>0</u>
7510 Interest on Funded Debt	<u>208,804</u>	<u>39,564</u>
7520 Interest Expense-Capital Leases	<u> </u>	<u> </u>
7530 Amortization of Debt Issuance Expense	<u>425</u>	<u>81</u>
7540 Other Interest Deductions	<u>781</u>	<u>148</u>
7500 Interest and Related Items	<u>210,010</u>	<u>39,793</u>
7610 Extraordinary Income Credits	<u> </u>	<u> </u>
7620 Extraordinary Income Charges	<u> </u>	<u> </u>
7630 Current Income Tax Effect of Extraordinary Items-Net	<u> </u>	<u> </u>
7640 Provision for Deferred Income Tax Effect of Extraordinary Items-Net	<u> </u>	<u> </u>
7600 Extraordinary Items	<u>0</u>	<u>0</u>
7910 Income Effect of Jurisdictional Ratemaking Differences-Net	<u> </u>	<u> </u>
7990 Nonregulated Net Income	<u>(41,121)</u>	<u>(29,620)</u>
AMOUNT TRANSFERRED TO RETAINED EARNINGS	<u><u>646,584</u></u>	<u><u>77,087</u></u>

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	650,455	97,456
5002 Optional Extended Area Revenue		
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue	185	
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	65,242	7,481
5069 Other Local Exchange Settlements		
Network Access Services Revenues		
5081 End User Revenue (SLC)	207,551	24,023
5082 Switched Access Revenue (Interstate)	2,419,911	516,677
5083 Special Access Revenue	105,828	11,463
5084 State Access Revenue (Intrastate)	1,583,727	82,981
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All	(840)	820
Miscellaneous Revenues		
5230 Directory Revenue	9,356	1,297
5240 Rent Revenue	12,000	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue	34,517	(537)
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	120	30
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	155,726	13,748
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	186,774	10,478
5302 Uncollectible Revenue - Other		
TOTAL OPERATING REVENUES	5,057,004	744,961

Please identify the following revenues:

NECA USF \$415,229 To what account were they booked?
A/C 5082.13-Interstate Switched Access Revenue-USF (Idaho only)

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

OPERATING REVENUES

Item	Total Company	Idaho Only
Plant Specific Operations Expense		
6110 Network Support Expenses		
6112 Motor Vehicle Expense	52,900	7,119
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense	95,701	12,878
6116 Other Work Equipment Expense		
6120 General Support Expenses		
6121 Land and Building Expenses	315,150	42,410
6122 Furniture and Artworks Expense	2,900	390
6123 Office Equipment Expense	15,526	2,089
6124 General Purpose Computers Expense	72,587	9,768
6210 Central Office Switching Expenses	215,806	41,903
6211 Analog Electronic Expense		
6212 Digital Electronic Expense		
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	92,014	17,866
6231 Radio Systems Expense		
6232 Circuit Equipment Expense		
6310 Information Origination/Termination Expense		
6311 Station Apparatus Expense		
6341 Large Private Branch Exchange Expense		
6351 Public Telephone Terminal Equipment Expense		
6362 Other Terminal Equipment Expense		
6410 Cable and Wire Facilities Expenses		
6411 Pole Expense	(390)	(87)
6421 Aerial Cable Expense	36,045	8,031
6422 Underground Cable Expense		
6423 Buried Cable Expense	233,069	51,928
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intra-building Network Cable Expense		
6431 Aerial Wire Expense	1,664	371
6441 Conduit Systems Expense		
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	1,132,972	194,666

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	436	93
6530 Network Operations Expense		
6531 Power Expense	28,546	6,082
6532 Network Administration Expense	10,373	2,210
6533 Testing Expense	23,650	5,039
6534 Plant Operations Administration Expense	146,788	31,275
6535 Engineering Expense	56,775	12,096
6540 Access Expense	(14)	(3)
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,161,932	147,788
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	1,428,486	204,580
Customer Operations Expense		
6610 Marketing	12	1
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	11,759	1,401
6623 Customer Services	381,442	45,430
Total Customer Operations Expense	393,213	46,832
Corporate Operations Expense		
6710 Executive and Planning	316,967	57,260
6711 Executive		
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	414,175	74,821
6722 External Relations	32,296	5,834
6723 Human Resources	55,964	10,110
6724 Information Management		
6725 Legal	26,193	4,732
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	293,244	52,974
6790 Provision for Uncollectible Notes Receivable		
Total Corporate Operations Expense	1,138,839	205,731
TOTAL OPERATING EXPENSES	4,093,510	651,809

CENTRAL OFFICE DATA
as of December 31, 2002 (unless otherwise indicated)

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

Central Office Switch Type: Mitel GX5000

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

Access Line Capacity
 Design: 10,000

Access Lines in Use
 Customer Lines: _____ 31
 (Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 764

Public Telephone Lines _____ 0
 Company Official Lines _____ 1
 Company Test Lines _____ 1

	Residence				Business				Total Residence & Business	
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party	Subtotal Residence	Multi- Line 1-Party	Centrex N.A.R.	1-Party	Multi- Party		Subtotal Business
Beginning of Year	0	29	0	29	0	0	1	0	1	30
New Connects	0	3	0	3	0	0	1	0	1	4
Disconnects	0	3	0	3	0	0	0	0	0	3
End of Year	0	29	0	29	0	0	2	0	2	31

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

Directory Listings:
 Number of Customers with Nonpublished or Nonlisted: _____ 1

Custom Calling:
 Number of customers with at least one feature: _____ 9
 Total number of features subscribed to: _____ 4

CENTRAL OFFICE DATA
as of December 31, 2002 (unless otherwise indicated)

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

Central Office Switch Type: Mitel GX5000

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

Access Line Capacity
Design: 10,000 **Access Lines in Use**
Customer Lines: 320
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 375 Public Telephone Lines 0
Company Official Lines 18
Company Test Lines 0

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	0	292	0	0	11	0	21
New Connects	0	54	0	0	0	5	5
Disconnects	0	49	0	0	0	3	3
End of Year	0	297	0	0	11	0	23
Subtotal		292					21
Residence		54					5
Business		49					3
Subtotal		297					23

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: 24

Custom Calling:
Number of customers with at least one feature: 101
Total number of features subscribed to: 7

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

Local Exchange	Average # of Customer Lines in Use	Local Calls		Toll Calls Originated (Total of all Carriers)			Avg./ Line
		Number (1000s)	Avg./ Line	Intrastate	Interstate	Total	
1 Leon, Idaho	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2 Lenore, Idaho	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3							
4							
5							
6							
7							
8							
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11							
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14							
15							
16							
17							
18							

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
YEAR ENDED DECEMBER 31, 2002

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603
Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers	Yes _____	No <u> X </u>
Included in directory	Yes <u> X </u>	No _____
Date of notification	<u>December, 2001 through December, 2002</u>	
Alternate method of notification	<u>None</u>	

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 39

Category of complaints (if known):

Deposit Disputes 0

Charges on Bill 0

Denial/Termination 0

Quality or Availability
of Service 33

Carrier Selection/Assignment 4

Miscellaneous 2

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CERTIFICATE

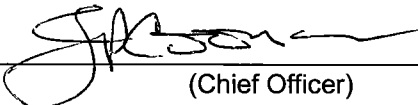
State of Washington)
) ss
County of Kittitas)

WE, the undersigned John P. Coonan, Treasurer

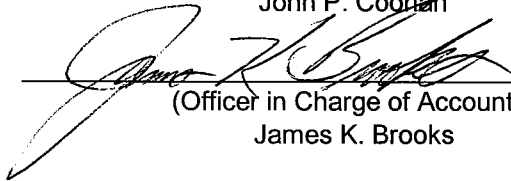
and James K. Brooks, Controller

of the Inland Telephone Company utility,

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

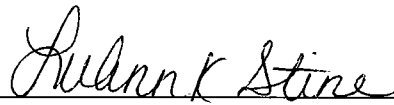


(Chief Officer)
John P. Coonan

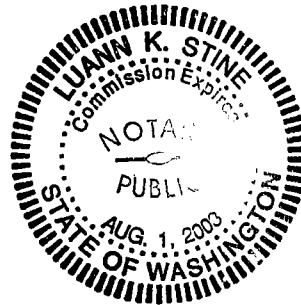


(Officer in Charge of Accounts)
James K. Brooks

Subscribed and Sworn to Before Me this 9th day of April, 2003



Notary Public
LuAnn K. Stine



My Commission expires August 1, 2003

Rev 3/02

gdk/excel/jnelson/anulrpts/telannualrpt