

# ***ANNUAL REPORT***

OF

Rural Telephone Company

**NAME**

892 W. Madison Ave., Glenns Ferry, Idaho 83623

**ADDRESS**

TO THE

**IDAHO PUBLIC**

**UTILITIES COMMISSION**

FOR THE

YEAR ENDED December 31, 2004

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**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING December 31, 2004**

**COMPANY INFORMATION**

Exact name of utility: Rural Telephone Company  
 Address of principal office: 892 West Madison Avenue  
 Telephone Number (208) 366-2614  
 Cities or towns served: Shoup, Boise River, Tipanuk, Three Creek, Atlanta, Prairie, ID

Name and title of officer having custody of the general corporate books of account:  
James R. Martell, President

Address of office where corporate books are kept and phone number:  
892 West Madison Avenue, Glens Ferry, Idaho 83623 (208) 366-2614

Organized under the laws of the State of: Idaho

Date of organization: 7/27/79

Form of organization (proprietorship, association, corporation): S-Corp.

If a Subchapter S Corporation, please specify: \_\_\_\_\_

Name and address of controlling company, if any: Martell Enterprises  
892 West Madison Avenue, Glens Ferry, Idaho 83623

Names of affiliated companies. Give address and description of business:  
Pend Oreille Telephone Company, 892 W. Madison Ave., Glens Ferry, ID 83623, Telecommunications  
Nehalem Telecommunications, Inc., 892 W. Madison Ave., Glens Ferry, ID 83623, Telecommunications

**OFFICERS**

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

<b>Title</b>	<b>Name</b>	<b>Address</b>
President	James R. Martell	892 W. Madison Ave., Glens Ferry, ID 83623
Vice-President	Michael J. Martell	Same as above
Sec./ Treasurer	Carmela M. Martell	Same as above

**DIRECTORS**

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

<b>Name and Address</b>	<b>Term Expired or Current Term Will Expire</b>	<b>Meetings Attended This year</b>	<b>Fees Paid During Year</b>
James R. Martell	Non-terminating	12	\$18,000
Carmela M. Martell	Non-terminating	12	\$12,000
Michael J. Martell	Non-terminating	12	\$16,800
Angela Carpenter	Non-terminating	12	\$12,000
Andrea Roberts	Non-terminating	12	\$18,000
Mark R. Martell	Non-terminating	12	\$12,000
Matthew J. Martell	Non-terminating	12	\$12,000

Name of Chairman of the Board: James R. Martell

Name of Secretary (or Clerk) of Board: Carmela M. Martell

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.)

<b>Name</b>	<b>Title</b>	<b>Wages and Bonuses Paid</b>
James R. Martell	President	\$129,940
Michael J. Martell	Vice-President	\$134,750
Carmela M. Martell	Sec./ Treasurer	\$57,500
Mark R. Martell	Administrative Manager	\$66,930



**BALANCE SHEET**  
**Assets and Other Debits**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Assets</b>			
1120 Cash and Equivalents	729,960.00	728,516.79	(1,443.21)
1130 Cash	-	-	-
1140 Special Cash Deposits	-	-	-
1150 Working Cash Advances	-	-	-
1160 Temporary Investments	139,608.00	106.42	(139,501.58)
1180 Telecommunications Accts. Receivable	-	-	-
1181 Accts. Rec. Allow. - Telecommunications	66,328.00	52,988.19	(13,339.81)
1190 Other Accounts Receivable	-	-	-
1191 Accounts Receivable Allow. - Other	1,169,269.00	1,057,269.97	(111,999.03)
1200 Notes Receivable	-	-	-
1201 Notes Receivable Allowance	-	-	-
1210 Interest & Dividends Receivable	-	-	-
1220 Material and Supplies	-	-	-
1280 Prepayments	318,958.00	339,787.50	20,829.50
1290 Prepaid Rents	-	-	-
1300 Prepaid Taxes	6,326.00	1,720.52	(4,605.48)
1310 Prepaid Insurance	-	-	-
1320 Prepaid Directory Expenses	-	-	-
1330 Other Prepayments	-	-	-
1350 Other Current Assets	-	-	-
<b>Noncurrent Assets</b>			
1401 Investment in Affiliated Companies	4,387,385.00	4,337,531.11	(49,853.89)
1402 Investment in Nonaffiliated Companies	-	-	-
1406 Nonregulated Investments	300,100.00	330,398.00	30,298.00
1407 Unamortized Debt Issuance Expense	-	-	-
1408 Sinking Funds	-	-	-
1410 Other Noncurrent Assets	264,087.00	208,676.85	(55,410.15)
1438 Deferred Maintenance & Retirements	-	-	-
1439 Deferred Charges	88,725.00	-	(88,725.00)
1500 Other Jurisdiction Assets - Net	-	-	-
<b>Property, Plant and Equipment</b>			
2001 Telecommunications Plants in Service	17,153,772.00	18,273,816.28	1,120,044.28
2002 Prop. Held for Future Telecom. Use	4,000.00	4,000.00	-
2003 Telecom. Plant under Constr. - Short Term	178,522.00	240,497.45	61,975.45
2004 Telecom. Plant under Constr. - Long Term	-	-	-
2005 Telecom. Plant Adjustment	-	-	-
2006 Nonoperating Plant	-	-	-
2007 Goodwill	-	-	-
<b>Depreciation and Amortization Accounts</b>			
3100 Accumulated Depreciated	(7,906,407.00)	(8,616,477.45)	(710,070.45)
3200 Accum. Depre. - Held for Future Use	-	-	-
3300 Accumulated Depreciation - Nonoperating	-	-	-
3400 Accumulated Amortization - Tangible	-	-	-
3410 Accum. Amort. - Capitalized Leases	-	-	-
3420 Accum. Amort. - Leasehold Improvements	-	-	-
3500 Accumulated Amortization - Intangible	-	-	-
3600 Accumulated Amortization - Other	-	-	-
<b>TOTAL ASSETS</b>	<b>16,900,633.00</b>	<b>16,958,831.63</b>	<b>58,198.63</b>

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

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Liabilities</b>			
4010 Accounts Payable	(923,189.00)	(1,074,403.82)	(151,214.82)
4020 Notes Payable		(1,000,000.00)	(1,000,000.00)
4030 Advance Billings and Payments	(17,003.00)	(24,893.36)	(7,890.36)
4040 Customer Deposits	(21,507.00)	(28,192.96)	(6,685.96)
4050 Current Maturities - Long -Term Debt	(454,411.00)	(283,156.03)	171,254.97
4060 Current Maturities - Capital leases		-	-
4070 Income Taxes - Accrued	-	-	-
4080 Other Taxes - Accrued	1,025.00	2,374.35	1,349.35
4100 Net Current Defer. Oper. Income Taxes		-	-
4110 Net Current Defer. Nonoper. Income Taxes		-	-
4120 Other Accrued Liabilities	(178,189.00)	(5,092.71)	173,096.29
4130 Other Current Liabilities	(7,441.00)	(4,294.38)	3,146.62
<b>Long-Term Debt</b>			
4210 Funded Debt	(5,956,041.00)	(5,672,977.69)	283,063.31
4220 Premium on Long-Term Debt		-	-
4230 Discount on Long-Term Debt		-	-
4240 Recquired Debt		-	-
4250 Obligations Under Capital Leases		-	-
4260 Advances from Affiliated Companies	(2,929,758.00)	(1,984,620.20)	945,137.80
4270 Other Long-Term Debt	(58,941.00)	(29,024.25)	29,916.75
<b>Other Liabilities &amp; Deferred Credits</b>			
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		-	-
4350 Net Noncur. Defer. Nonoper. Income Taxes		-	-
4360 Other Deferred Credits		-	-
4370 Other Juris. Liab. & Def. Credits - Net		-	-
<b>Stockholders' Equity</b>			
4510 Capital Stock	(56,900.00)	(56,900.00)	-
4520 Additional Paid-In Capital	(10,197.00)	(10,197.00)	-
4530 Treasury Stock		-	-
4540 Other Capital	63,391.00	-	(63,391.00)
4550 Retained Earnings	(6,351,472.00)	(6,787,453.58)	(435,981.58)
<b>TOTAL LIAB. &amp; OTHER CREDITS</b>	<b>(16,900,633.00)</b>	<b>(16,958,831.63)</b>	<b>(58,198.63)</b>

**ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE**

**TOTAL Company Basis**

	<b>Balance Beginning of Year</b>	<b>Additions During year</b>	<b>Plant Retired or Sold</b>	<b>Transfers and Adjustments</b>	<b>Balance End of Year</b>
<b>Analysis of Telecommunications Plant in Service</b>					
2111 Land	176,005.18	(48,912.58)		(1,087.42)	126,005.18
2112 Motor Vehicles	336,698.79		(26,477.03)		310,221.76
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	440,506.54	52,015.30		(21,623.48)	470,898.36
2116 Other Work Equipment	827,439.13	6,257.48		(7,228.07)	826,468.54
2121 Buildings	106,038.20	15,122.73			121,160.93
2122 Furniture	-				-
2123 Office Equipment	411,383.39	8,275.12		(1,907.55)	417,750.96
2124 General Purpose Computers	-				-
2211 Analog Electronic Switching	2,555,048.24	19,927.59	(14,675.18)	116,741.67	2,677,042.32
2212 Digital Electronic Switching	-				-
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	9,632.20				9,632.20
2232 Circuit Equipment	2,955,868.92	786,115.81	(168,062.35)	(120,589.60)	3,453,332.78
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	10,265.10				10,265.10
2422 Underground Cable	-				-
2423 Buried Cable	8,911,108.38	280,688.46		(7,245.44)	9,184,551.40
2424 Submarine Cable	-				-
2426 Intrabuilding Network Cable	-				-
2431 Aerial Wire	-				-
2441 Conduit Systems	367,473.47	227,272.89		(6,330.08)	588,416.28
2681 Capital Leases	-				-
2682 Leasehold Improvements	50,305.30	31,765.17			82,070.47
2690 Intangibles	-				-
<b>TOTAL PLANT ACCOUNTS</b>	<b>17,157,772.84</b>	<b>1,378,527.97</b>	<b>(209,214.56)</b>	<b>(49,269.97)</b>	<b>18,277,816.28</b>

**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	126,457.18	(48,912.58)	(26,477.03)	(1,087.42)	76,457.18
2112 Motor Vehicles	336,698.79				310,221.76
2113 Aircraft					-
2114 Special Purpose Vehicles					-
2115 Garage Work Equipment	440,506.54	52,015.30		(21,623.48)	470,898.36
2116 Other Work Equipment	460,337.83	6,257.48		(7,228.07)	459,367.24
2121 Buildings	106,038.20	15,122.73			121,160.93
2122 Furniture					-
2123 Office Equipment	411,383.39	8,275.12		(1,907.55)	417,750.96
2124 General Purpose Computers					-
2211 Analog Electronic Switching	1,043,923.76	13,423.46	(4,896.04)	2,586.85	1,055,038.03
2212 Digital Electronic Switching					-
2215 Electro-Mechanical Switching					-
2220 Operator Systems					-
2231 Radio Systems	9,632.20				9,632.20
2232 Circuit Equipment	1,782,819.13	339,594.94	(15,376.52)	(6,387.96)	2,100,649.59
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	5,048,735.68	110,957.24		(13,465.75)	5,146,227.17
2424 Submarine Cable					-
2426 Intrabuilding Network Cable					-
2431 Aerial Wire	10,265.10				10,265.10
2441 Conduit Systems	89,180.92	222,506.83		(6,330.08)	305,357.67
2681 Capital Leases					-
2682 Leasehold Improvements	50,305.30	31,765.17			82,070.47
2690 Intangibles					-
<b>TOTAL PLANT ACCOUNTS</b>	<b>9,916,284.02</b>	<b>751,005.69</b>	<b>(46,749.59)</b>	<b>(55,443.46)</b>	<b>10,565,096.66</b>



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

	TOTAL Company Basis				Credits During Year	Retirements and Adjustments	Balance End of Year
	Balance Beginning of Year	Depreciation Rate*					
<b>Analysis of Entries in Accumulated Depreciation</b>							
2112 Motor Vehicles	336,698.79	33.33		(12,985.00)	(13,492.03)	310,221.76	
2113 Aircraft						-	
2114 Special Purpose Vehicles						-	
2115 Garage Work Equipment						-	
2116 Other Work Equipment	440,506.54	14.3		42,022.82	(11,631.00)	470,898.36	
2121 Buildings	169,037.66	Id=3.0, Nv=2.8		23,879.95		192,917.61	
2122 Furniture	76,574.34	12.5		14,525.06		91,099.40	
2123 Office Equipment						-	
2124 General Purpose Computers	370,577.87	20		47,173.09		417,750.96	
2211 Analog Electronic Switching						-	
2212 Digital Electronic Switching	1,751,312.43	Id=12.0, Nv=5.26		102,744.70	14,175.11	1,868,232.24	
2215 Electro-Mechanical Switching						-	
2220 Operator Systems						-	
2231 Radio Systems	9,632.20	20				9,632.20	
2232 Circuit Equipment	1,377,483.65	Id=10.0, Nv=5.26		235,700.99	(188,565.17)	1,424,619.47	
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	235.24	5		513.26		748.50	
2422 Underground Cable						-	
2423 Buried Cable	3,321,819.59	Id=6.5&5, Nv=4		432,834.37	2,738.67	3,757,392.63	
2424 Submarine Cable						-	
2426 Intrabuilding Network Cable						-	
2431 Aerial Wire						-	
2441 Conduit Systems	21,389.84	Id=7.0, Nv=4.0		18,886.14		40,275.98	
2682 Leasehold Improvements	31,139.47	3		1,548.87		32,688.34	
<b>TOTAL</b>	<b>7,906,407.62</b>			<b>906,844.25</b>	<b>(196,774.42)</b>	<b>8,616,477.45</b>	

\*Please list individual depreciation rate for each account.

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

**IDAHO Operations Only**

**Analysis of Entries in Accumulated Depreciation**

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
2112 Motor Vehicles	336,698.79	33.33	(12,985.00)	(13,492.03)	310,221.76
2113 Aircraft					
2114 Special Purpose Vehicles					
2115 Garage Work Equipment	440,506.54	14.3	42,022.82	(11,631.00)	470,898.36
2116 Other Work Equipment	70,868.58	3	13,601.11		84,469.69
2121 Buildings	76,574.34	12.5	14,525.06		91,099.40
2122 Furniture					
2123 Office Equipment	370,577.87	20	47,173.09		417,750.96
2124 General Purpose Computers					
2211 Analog Electronic Switching	1,043,923.76	12	17,182.74	(6,068.47)	1,055,038.03
2212 Digital Electronic Switching					
2215 Electro-Mechanical Switching					
2220 Operator Systems	9,632.20	20			9,632.20
2231 Radio Systems	901,241.67	10	179,361.59	(5,829.52)	1,074,773.74
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	235.24	5	513.26		748.50
2421 Aerial Cable					
2422 Underground Cable	1,312,012.44	6.5	111,434.59	2,718.07	1,426,165.10
2423 Buried Cable	259,879.10	5	166,452.02		426,331.12
2423 Buried Cable - Fiber Optic					
2424 Submarine Cable					
2426 Intra Building Network Cable					
2431 Aerial Wire	16,690.55	7	7,746.49		24,437.04
2441 Conduit Systems	31,139.47	3	1,548.87		32,688.34
2682 Leasehold Improvements					
<b>TOTAL</b>	<b>4,869,980.55</b>		<b>588,576.64</b>	<b>(34,302.95)</b>	<b>5,424,254.24</b>

\*Please list individual depreciation rate for each account.

## INVESTMENTS

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

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
1406 - ANPI Investment			100.00
1406 - Syringa Partnership	2001		330,298.00
1401 - Pend Oreille Telephone	March 1997		2,280,407.18
1401 - Nehalem Telecomm., Inc.	Dec. 2003		2,057,123.93
<b>Totals</b>			4667929.11

## 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>
Customer Accounts Receivable		52,988.19
NECA		440,782.00
Carrier Accounts Receivable		197,171.81
Idaho USF		52,688.00
Employee		28,098.76
Related Parties		330,376.10
Cable TV - Customer		8,153.30
<b>Totals</b>		1110258.16

## 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>
Ford Motor Credit	Nov. 2001	0.00%	Nov. 2004	36,633.26
GMAC	Dec. 2001	0.00%	Dec. 2004	41,856.84
Ida-Ore	Aug. 1994	7.25%	Aug. 2004	100,000.00
Washington Mutual	Nov. 2002	5.50%	Nov. 2006	96,000.00
<b>Totals</b>				<b>274,490.10</b>

## ACCOUNTS PAYABLE

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

<u>Name of Creditor</u>	<u>Amount</u>
AT&T	11,590.29
Elmore County Tax Collector	37,472.29
Farmers Mutual Telephone	6,897.95
Fidelity Investments	5,797.68
GVNW	9,612.46
Idaho State Tax Commission	6,157.53
Nevada Department of Taxation	8,033.44
USDA - RUS	56,165.28
Redcom Laboratories, Inc.	20,759.44
Voicestream PCS II Corporation	36,102.77
TelStrat	550,047.65
Other General Trade Payables	75,243.30
<b>Totals</b>	<b>823,880.08</b>

**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	Face Amount Authorized	Outstanding Year-End	Premium/ Discount		Interest for year	
					Total	Year Amortized	Rate	Amount
RUS 12010	Sep-82	2017	60000	27071.25			2.00%	559.32
RUS 12020	Sep-82	2017	971000	461860.87			2.00%	9,542.55
RUS 12030	Oct-84	2019	957000	626108.12			5.00%	32,340.20
RUS 12040	May-86	2021	2380000	1666376.98			5.00%	86,072.92
RUS 12041	Jun-89	2021	281000	205419.23			5.00%	10,610.46
RUS 12051	May-86	2024	198000	136638.72			5.00%	7,057.76
RUS12060	Dec-92	2027	1107000	373850.28			5.00%	19,310.38
RUS 12070	Feb-94	2029	633000	489483.48			5.00%	25,283.15
RUS 12080	Jul-95	2030	27000	17864.59			5.00%	922.75
RUS 12081	Nov-95	2030	132000	87338.04			5.00%	4,511.25
RUS 12082	Dec-96	2031	294000	193988.88			5.00%	10,020.05
RUS 12083	May-97	2010	89300	60189.72			5.00%	3,108.96
RUS 12084	Oct-97	2014	141320	96682			5.00%	4,993.89
RUS 12085	Apr-98	2014	160000	111599.33			5.00%	5,764.41
RUS 12086	Sep-98	2014	182900	129710.71			5.00%	6,699.91
RUS 12087	Nov-98	2014	223759	159778.63			5.00%	8,253.00
RUS 12088	Sep-99	2015	45184	33554.61			5.00%	1,733.19
RUS 12580	Sep-02	2014	485308	388813.44			5.00%	20,083.27
RUS 12581	Sep-02	2014	261008	216693.56			5.00%	11,192.81
RUS 12582	Jan-03	2014	546221	481035.52			5.00%	24,846.79
GMAC	Nov-01	2005	41856.84	1162.69			0.00%	-
WAMU	Dec-01	2006	96000	42352.12			4.75%	2,582.98

### CAPITAL STOCK

Report below the particulars called for concerning common and preferred stock at end of year, designating separate series of any general class. Show totals separately for common and preferred.

For each class of preferred stock, show the dividend rate and whether dividends are cumulative or noncumulative.

Show details in a footnote of capital stock sold during the year. Include number of shares, consideration received, premium or discount, and expenses incurred.

<u>Class &amp; Series of Stock</u>	<u>Number of Shares Authorized</u>	<u>Par Value per Share</u>	<u>Outstanding per Balance Sheet</u>	
			<u>Shares</u>	<u>Amount</u>
Common Stock	2500	100	569	56900

**INCOME & RETAINED EARNINGS STATEMENT**

<b>Item</b>	<b>Total Company</b>	<b>Idaho Only</b>
Total Operating Income (from page 16)	5,878,219.79	2,415,881.82
Total Operating Expenses (from page 18)	3,573,526.09	1,833,244.61
7100 Other Operating Income and Expense	96,710.21	37,300.28 *
7210 Operating Investment Tax Credits-Net	-	-
7220 Operating Federal Income Taxes	-	-
7230 Operating State and Local Income Taxes	-	-
7240 Operating Other Taxes	(132,997.73)	(89,840.49)
7250 Provision for Deferred Operating Income Taxes-Net	-	-
7200 Operating Taxes (Total)	-	-
7310 Dividend Income	-	-
7320 Interest Income	18,330.63	7,069.96 *
7330 Income from Sinking and Other Funds	-	-
7340 Allowance for Funds Used During Construction	10,832.58	6,610.06
7350 Gains/Losses from the Disposition of Certain Property	-	-
7360 Other Nonoperating Income	-	-
7370 Special Charges	(50,538.67)	(19,492.32) *
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	(289,657.02)	(111,718.17) *
7520 Interest Expense-Capital Leases	-	-
7530 Amortization of Debt Issuance Expense	-	-
7540 Other Interest Deductions	(58,278.20)	(22,477.39) *
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	(324,082.36)	(242,077.03) *
<b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>	<b>1,575,013.14</b>	<b>n/a</b>

\* Allocated based on Idaho percentage of total company lines

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Local Network Services Revenues</b>		
5001 Basic Area Revenue	415,429.31	203,322.60
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	-	-
5069 Other Local Exchange Settlements	9,840.71	4,288.45
<b>Network Access Services Revenues</b>	<b>425,270.02</b>	<b>207,611.05</b>
5081 End User Revenue (SLC)	128,037.06	48,063.09
5082 Switched Access Revenue (Interstate)	3,073,084.51	1,567,027.66
5083 Special Access Revenue	51,912.08	23,380.54
5084 State Access Revenue (Intrastate)	1,909,038.34	350,898.63
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All	2,032.35	153.02
<b>Miscellaneous Revenues</b>	<b>5,164,104.34</b>	<b>1,989,522.94</b>
5230 Directory Revenue	297.45	191.35
5240 Rent Revenue	214,615.46	214,615.46
5250 Corporate Operations Revenue	-	-
5261 Special Billing Arrangements Revenue	-	-
5262 Customer Operations Revenue	-	-
5263 Plant Operations Revenue	-	-
5264 Other Incidental Regulated Revenue	-	-
5269 Other Revenue Settlements	3,942.49	2,420.22
5270 Carrier Billing & Collection Revenue	92,470.33	2,738.55
<b>Uncollectible Revenues</b>	<b>311,325.73</b>	<b>219,965.58</b>
5301 Uncollectible Revenue - Telecommunications	(22,480.30)	(1,217.75)
5302 Uncollectible Revenue - Other	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>5,878,219.79</b>	<b>2,415,881.82</b>

Please identify the following revenues:

NECA USF \$604,208.16. To what account were they booked?

State USF \$316,128.00. To what account were they booked?



**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Specific Operations Expense</b>		
6110 Network Support Expenses	-	-
6112 Motor Vehicle Expense	7,488.13	2,888.11 *
6113 Aircraft Expense	-	-
6114 Special Purpose Vehicles Expense	-	-
6115 Garage Work Equipment Expense	-	-
6116 Other Work Equipment Expense	-	-
6120 General Support Expenses	75,081.72	28,958.36 *
6121 Land and Building Expenses	215,324.52	209,310.04
6122 Furniture and Artworks Expense	-	-
6123 Office Equipment Expense	-	-
6124 General Purpose Computers Expense	-	-
6210 Central Office Switching Expenses	70,934.96	46,680.83
6211 Analog Electronic Expense	-	-
6212 Digital Electronic Expense	-	-
6215 Electro-Mechanical Expense	-	-
6220 Operators System Expense	-	-
6230 Central Office Transmission Expenses	119,690.72	97,051.05
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	466,542.85	215,969.76
6411 Pole Expense	-	-
6421 Aerial Cable Expense	-	-
6422 Underground Cable Expense	-	-
6423 Buried Cable Expense	-	-
6424 Submarine Cable Expense	-	-
6425 Deep Sea Cable Expense	-	-
6426 Intrabuilding Network Cable Expense	-	-
6431 Aerial Wire Expense	-	-
6441 Conduit Systems Expense	-	-
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>955,062.90</b>	<b>600,858.15</b>

\* Allocated based on Idaho percentage of total company lines

**OPERATING REVENUES**

<b>Item</b>	<b>Total Company</b>	<b>Idaho Only</b>
<b>Plant Nonspecific Operations Expense</b>		
6510 Other Property/Plant/Equipment Expenses	-	-
6511 Property Held for Future Telecomm. Use Expenses	-	-
6512 Provisioning Expense	2,538.74	1,260.81
6530 Network Operations Expense	-	-
6531 Power Expense	36,274.74	20,241.22
6532 Network Administration Expense	71,392.84	38,330.78
6533 Testing Expense	-	-
6534 Plant Operations Administration Expense	-	-
6535 Engineering Expense	85,548.42	41,292.17
6540 Access Expense	831.07	-
6560 Depreciation and Amortization Expenses	-	-
6561 Depreciation Expense-Telecom. Plant in Service	906,299.39	588,038.28
6562 Depreciation Expense-Property Held for Future Use	-	-
6563 Amortization Expense - Tangible	-	-
6564 Amortization Expense - Intangible	-	-
6565 Amortization Expense - Other	-	-
<b>Total Plant Nonspecific Operations Expenses</b>	<b>1,102,885.20</b>	<b>689,163.26</b>
<b>Customer Operations Expense</b>		
6610 Marketing	22,532.69	8,690.66 *
6611 Product Management	-	-
6612 Sales	-	-
6613 Product Advertising	-	-
6620 Services	-	-
6621 Call Completion Services	6,000.18	3,995.01
6622 Number Services	983.18	393.27
6623 Customer Services	119,572.16	61,121.03
<b>Total Customer Operations Expense</b>	<b>149,088.21</b>	<b>74,199.97</b>
<b>Corporate Operations Expense</b>		
6710 Executive and Planning	428,318.58	165,198.72 *
6711 Executive	-	-
6712 Planning	-	-
6720 General and Administrative	546,903.79	210,936.00 *
6721 Accounting and Finance	290,230.77	85,862.28 *
6722 External Relations	-	-
6723 Human Resources	-	-
6724 Information Management	-	-
6725 Legal	101,036.64	7,026.24
6726 Procurement	-	-
6727 Research and Development	-	-
6728 Other General and Administrative	-	-
6790 Provision for Uncollectible Notes Receivable	-	-
<b>Total Corporate Operations Expense</b>	<b>1,366,489.78</b>	<b>469,023.23</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>2,618,463.19</b>	<b>1,232,386.47</b>

\* Allocated based on Idaho percentage of total company lines.

**CENTRAL OFFICE DATA**  
as of December 31, 2004 (unless otherwise indicated)

Name of Central Office: Shoup  
Prefix (es): 208-394

Central Office Switch Type: Redcom MDX

**Check all that apply:**  
Stand Alone X  
Host \_\_\_\_\_  
Remote \_\_\_\_\_

**Check one:**  
Digital X  
Analog \_\_\_\_\_  
Other: \_\_\_\_\_

**Access Line Capacity**  
Design: 1200 \_\_\_\_\_

**Access Lines in Use**  
Customer Lines: 50 \_\_\_\_\_  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 88/124 \_\_\_\_\_

Public Telephone Lines: 6 \_\_\_\_\_

Company Official Lines: 3 \_\_\_\_\_

Company Test Lines: 9 \_\_\_\_\_

**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	_____	46 _____	46 _____	1 _____	10 _____	11 _____	57
New Connects	_____	_____	_____	23 _____	_____	23 _____	23
Disconnects	_____	11 _____	11 _____	_____	1 _____	1 _____	12
End of Year	_____	35 _____	35 _____	24 _____	9 _____	33 _____	68

**Foreign Exchange:**  
Dial Tone from this C.O.: \_\_\_\_\_  
Dial Tone from another C.O.: \_\_\_\_\_

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 3 \_\_\_\_\_

**Custom Calling:**  
Number of customers with at least one feature: 20 \_\_\_\_\_  
Total number of features subscribed to: 3 \_\_\_\_\_

**CENTRAL OFFICE DATA**  
as of December 31, 2004 (unless otherwise indicated)

Name of Central Office: Boise River  
Prefix (es): 208-653

Central Office Switch Type: Redcom MDX

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

**Access Line Capacity**  
Design: 1200  
**Access Lines in Use**  
Customer Lines: 312  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 400/404  
Public Telephone Lines: 17

Company Official Lines: 4

Company Test Lines: 13

**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		268	268		12	24	292
New Connects				48	8	56	56
Disconnects		2	2				2
End of Year		266	266	60	20	80	346

**Foreign Exchange:**

Dial Tone from this C.O.: \_\_\_\_\_  
Dial Tone from another C.O.: \_\_\_\_\_

**Directory Listings:**

Number of Customers with Nonpublished or Nonlisted: 7

**Custom Calling:**

Number of customers with at least one feature: 43  
Total number of features subscribed to: 6

**CENTRAL OFFICE DATA**  
as of December 31, 2004 (unless otherwise indicated)

Name of Central Office: Tipanuk  
Prefix (es): 208-796

Central Office Switch Type: Redcom MDXI

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

**Access Line Capacity**  
Design: 1200  
**Access Lines in Use**  
Customer Lines: 114  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 152/152  
Public Telephone Lines: 1  
Company Official Lines: 2  
Company Test Lines: 5

**Classification of Customer Access**

	Residence		Business			Total Residence & Business
	Multi- Line 1-Party	Single Line Multi- Party	Multi- Line 1-Party	Centrex N.A.R.	Single Line Multi- Party	
Beginning of Year	_____	114 _____	_____	_____	6 _____	122
New Connects	_____	_____	_____	_____	7 _____	8
Disconnects	_____	8 _____	_____	_____	_____	8
End of Year	_____	106 _____	_____	_____	13 _____	122

**Foreign Exchange:**  
Dial Tone from this C.O.: \_\_\_\_\_  
Dial Tone from another C.O.: \_\_\_\_\_

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

**Custom Calling:**  
Number of customers with at least one feature: 37  
Total number of features subscribed to: 9

**CENTRAL OFFICE DATA**  
as of December 31, 2004 (unless otherwise indicated)

Name of Central Office: Three Creek  
Prefix (es): 208-857

Central Office Switch Type: Redcom MDX

**Check all that apply:**  
Stand Alone: X      **Check one:**  
Host \_\_\_\_\_      Digital: X  
Remote \_\_\_\_\_      Analog \_\_\_\_\_  
Other: \_\_\_\_\_

**Access Line Capacity**  
Design: 1200  
**Access Lines in Use**  
Customer Lines: 45  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 84/104  
Public Telephone Lines: 8  
Company Official Lines: 3  
Company Test Lines: 4

**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	_____	41 _____	41 _____	_____	3 _____	12 _____	53 _____
New Connects	_____	_____	_____	15 _____	_____	15 _____	15 _____
Disconnects	_____	7 _____	7 _____	_____	1 _____	1 _____	8 _____
End of Year	_____	34 _____	34 _____	24 _____	2 _____	26 _____	60 _____

**Foreign Exchange:**  
Dial Tone from this C.O.: \_\_\_\_\_  
Dial Tone from another C.O.: \_\_\_\_\_

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 0

**Custom Calling:**  
Number of customers with at least one feature: 7  
Total number of features subscribed to: 6

**CENTRAL OFFICE DATA**  
as of December 31, 2004 (unless otherwise indicated)

Name of Central Office: Atlanta  
Prefix (es): 208-864

Central Office Switch Type: Redcom MDX

**Check all that apply:**  
Stand Alone: X      **Check one:**  
Host \_\_\_\_\_      Digital: X  
Remote \_\_\_\_\_      Analog \_\_\_\_\_  
Other: \_\_\_\_\_

**Access Line Capacity**  
Design: 1200  
**Access Lines in Use**  
Customer Lines: 43  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 67/68  
Public Telephone Lines: 4  
Company Official Lines: 2  
Company Test Lines: 4

**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	34	1	34	2	9	11	45
New Connects	1	1	1	11	11	11	12
Disconnects					4	4	4
End of Year	35	35	35	13	5	18	53

**Foreign Exchange:**  
Dial Tone from this C.O.: \_\_\_\_\_  
Dial Tone from another C.O.: \_\_\_\_\_

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 0

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

**CENTRAL OFFICE DATA**  
as of December 31, 2004 (unless otherwise indicated)

Name of Central Office: Prairie  
Prefix (es): 208-868

Central Office Switch Type: Redcom MDX

**Check all that apply:**  
Stand Alone: X      **Check one:**  
Host \_\_\_\_\_      Digital: X  
Remote \_\_\_\_\_      Analog \_\_\_\_\_  
Other: \_\_\_\_\_

**Access Line Capacity**  
Design: 1200  
**Access Lines in Use**  
Customer Lines: 54  
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 70/72  
Public Telephone Lines: 3  
Company Official Lines: 2  
Company Test Lines: 9

**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	_____	48 _____	48	_____	3 _____	3	51
New Connects	_____	1 _____	1	_____	2 _____	16	17
Disconnects	_____	_____	_____	_____	_____	_____	_____
End of Year	_____	49 _____	49	_____	5 _____	19	68

**Foreign Exchange:**  
Dial Tone from this C.O.: \_\_\_\_\_  
Dial Tone from another C.O.: \_\_\_\_\_

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 2

**Custom Calling:**  
Number of customers with at least one feature: 14  
Total number of features subscribed to: 4



**NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING 2004.**

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. 394 - Shoup	67	not available		15464	8942	24406	364.27
2. 653 - Boise River	328	not available		29936	72608	102544	312.63
3. 796 - Tipanuk	123	not available		4390	25267	29657	241.11
4. 857 - Three Creek	59	not available		20628	17803	38431	651.37
5. 864 - Atlanta	52	not available		13790	19802	33592	646.00
6. 868 - Prairie	62	not available		4223	13995	18218	293.84
7. _____	_____	_____	_____	_____	_____	_____	_____
8. _____	_____	_____	_____	_____	_____	_____	_____
9. _____	_____	_____	_____	_____	_____	_____	_____
10. _____	_____	_____	_____	_____	_____	_____	_____
11. _____	_____	_____	_____	_____	_____	_____	_____
12. _____	_____	_____	_____	_____	_____	_____	_____
13. _____	_____	_____	_____	_____	_____	_____	_____
14. _____	_____	_____	_____	_____	_____	_____	_____
15. _____	_____	_____	_____	_____	_____	_____	_____
16. _____	_____	_____	_____	_____	_____	_____	_____
17. _____	_____	_____	_____	_____	_____	_____	_____
18. _____	_____	_____	_____	_____	_____	_____	_____

**ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES  
YEAR ENDED DECEMBER 31, 2004.**

**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 N/A

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers                      Yes X      No \_\_\_\_\_  
Included in directory                                      Yes X      No \_\_\_\_\_  
Date of notification      15-Jan-05  
Alternate method of notification      Newspaper

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Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company                      2

Category of complaints (if known):

Deposit Disputes                                      \_\_\_\_\_  
Charges on Bill    1  
Denial/Termination                                      1  
Quality or Availability  
of Service    \_\_\_\_\_  
Carrier Selection/Assignment                      \_\_\_\_\_  
Miscellaneous    \_\_\_\_\_

Rev 3/02

# ***What Else Should I Know***

## **Annoying, Obscene and Threatening Calls**

If you get an annoying, obscene or threatening call, hang up immediately. If the calls persist, inform your telephone company business office. Threatening calls should be reported immediately to the police.

## **When you hear a "beep" tone**

A short "beep" tone heard on your telephone line about every 15 seconds means that the person with whom you are talking is recording your conversation. The signal is required by the Telephone Company for your protection. Use of a recorder without recorder-connector equipment containing a tone-warning device is contrary to the company's tariffs and is not permitted. If you do not want a record made of what you are saying, ask the person with whom you are talking to disconnect the recording machine. When it is disconnected, you will no longer hear the "beep" tone.

## **WARNINGS**

It is unlawful for a person to refuse to relinquish a party line immediately when he has been informed that the line is needed for an emergency call.

It is unlawful for a person not to relinquish a public telephone immediately when he has been informed that it is needed for an emergency call and in fact the line is needed for an emergency call and there is no other reasonably apparent and immediately accessible telephone from which to make the call.

## **If You Receive Unwanted Sales Calls**

1. Hang-up if you aren't interested in talking to the caller.
2. Sales calls that are computer generated can be disconnected by hanging up 12-15 seconds
3. Do **NOT** give out your credit card number to anyone who calls and ask for it.
4. Washington state law provides that residential subscribers have the right to prevent telephone solicitors from calling back. Solicitors are required to identify themselves, their company or organization and the purpose of the call within 30 seconds. You can request not to be called again, or to have your name and number removed from their calling list. The State Attorney General's Office can provide you with further information on your rights or help you file a complaint.
5. To remove your name from telephone solicitation lists, you may write to:  
Direct Marketing Association, Inc.  
Telephone Preference Svs.  
P.O. Box 9014  
Farmingdale, N.Y. 11735-9014

## **Your Privacy Is Important**

We make every effort to protect your telecommunications services from unlawful wire-tapping or other illegal interceptions. Customer service records, credit information and related confidential personal account information are fully protected. *Therefore, only the customers listed on the account are able to inquire, add, change, or delete services on the account.*

### **What do I need to know about telephone safety?**

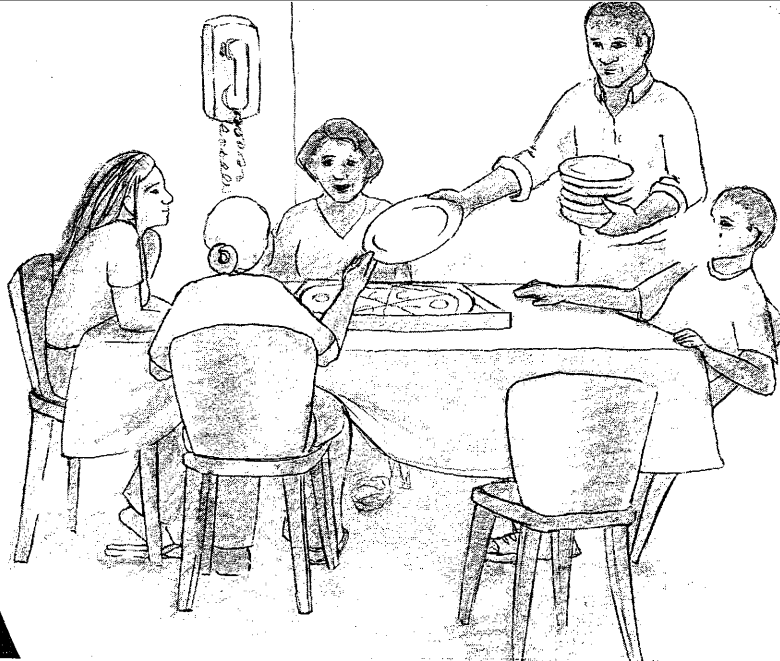
- 1. Do not use the telephone near water.**  
For example, it is unsafe to use the telephone while you are bathing, washing dishes, or in a swimming pool. Contact with water could cause electrical shock.
- 2. Do not use your telephone to report a gas leak.**  
Telephones contain electrical contacts that could generate a tiny spark when you lift the handset. While unlikely, this spark could trigger an explosion if gas is present.
- 3. Avoid using the telephone during an electrical storm.**  
Although Rural Telephone Company uses protective measures to limit abnormal electrical surges from entering your home, absolute protection is impossible. There is a remote risk that you could receive a dangerous electrical shock from lightning while using the telephone during an electrical storm. Your telephone equipment can be protected against a voltage surge just as electrical equipment is protected from power surges. Primary over-voltage protection is provided by Rural Telephone Company. *(Secondary over-voltage protection against damage to equipment such as modems and answering machines is your responsibility.)*

### **What should I know about telephone solicitors?**

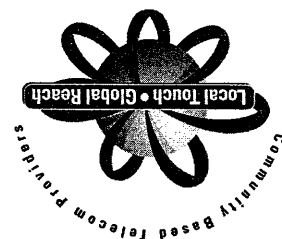
A telephone solicitor is a person who calls to ask you to buy something or to make a donation. State and Federal laws require that telephone solicitors who call residences must identify themselves and the business they represent by; identifying the purpose of the call; and providing a telephone number where the solicitor or the company can be reached. Additionally, a telephone solicitor can't legally call a residence before 8 a.m. or after 9 p.m.

Keep in mind that these requirements do not apply to telephone solicitations made at your request, solicitations made in connection with an existing debt or contract, or call from a telephone solicitor with whom you have a prior or existing business relationship.

Ever have this happen? You are at home, enjoying a quiet dinner or relaxing with your favorite television program, when your evening is interrupted by an unwanted sales or telemarketing call. If you are familiar with this experience, you are not alone. The most common complaints by consumers are about telemarketing calls. And those complaints have increased since telemarketers have started to use auto-dialers and prerecorded automated voice calls. These "tools of the trade" not only disrupt a peaceful evening at home, they often end up being hang-ups or dead air calls.



An important message from  
your community based telecom provider



## Say "Do-Not-Call" to Unwanted Telemarketing

An important message from your  
community based telecom provider

Previously, telemarketing regulation largely was company or state specific. Under federal rules, telemarketers had to maintain their own list of consumers who had asked to be removed from their call databases. As such, to effectively reduce telemarketing calls, a consumer would have to contact hundreds of telemarketers and request that his/her phone number be removed from each call list.

Several states instituted their own "do-not-call" lists, which usually were overseen by that state's office of consumer protection or public utility commission. However, many states lack authority over some industries and enforcement of the law was difficult if a telemarketer was outside of the state.

To counter this problem, the Federal Trade Commission (FTC) has established a national do-not-call registry that will enable consumers to eliminate most telemarketing calls, simply by making one call to the FTC.

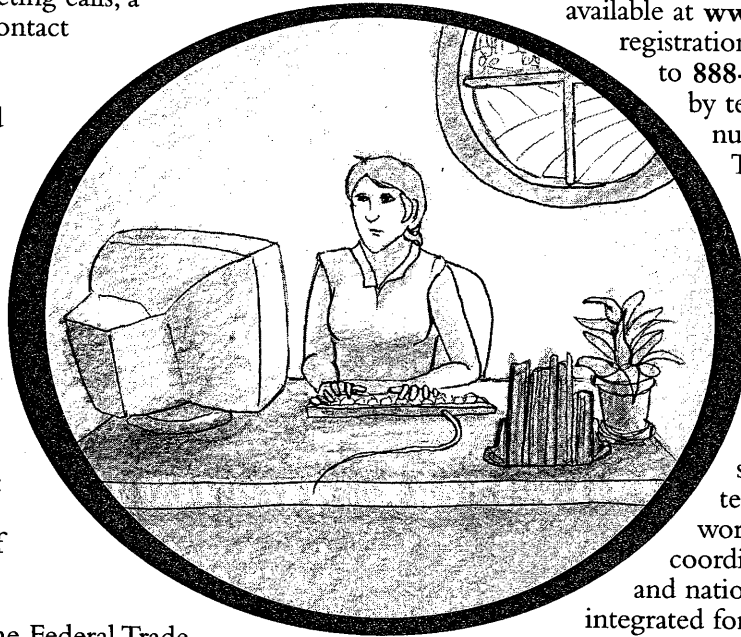
### **What is the National Do-Not-Call Registry and how does it work?**

The do-not-call registry is made up of the telephone numbers of consumers who ask to be removed from telemarketers' call lists. The national registry will take effect in September 2003. At that time, telemarketers will be required to access the registry's database and remove from their call lists all numbers placed on the do-not-call registry. Telemarketers must update their call lists every 90 days.

Registered telephone numbers will remain on the national registry for five years, after which time consumers can renew their registry. The FTC states that consumers who place their phone numbers on the national registry should see a reduction in telemarketing calls within 90 days of its implementation. Consumers who receive telemarketing calls more than 90 days after the effective date of September 1, or after registering, may file a complaint with the FTC. The FTC and state agencies will begin enforcing the do-not-call regulations in October. A telemarketer violating the do-not-call rules may be fined up to \$11,000 for each infringement.

### **How do I sign up for the National Do-Not-Call Registry?**

Consumers are able to register online or by calling a toll-free telephone number. Online registration is available at [www.donotcall.gov](http://www.donotcall.gov). Telephone registration is available by calling toll-free to 888-382-1222. Those registering by telephone must call from the number they wish to register. There is no cost to register.



Many states already operate their own do-not-call lists. However, registration with a state do-not-call list will not automatically enroll consumers in the national registry. Consumers must sign up for the national registry separately to further limit telemarketing calls. The FTC is working with state governments to coordinate these registries, but state and national lists are not expected to be integrated for another year or more.

### **If I sign up for the do-not-call registry, will I never receive another telemarketing call again?**

You still will receive some telemarketing calls, but you should see a substantial reduction in the number. Some businesses are exempt from the federal rules and are able to call you, even if you placed your number on the registry including airlines and insurance companies that operate under state regulations.

Companies with which a consumer has a business relationship also are exempt from the do-not-call registry. For instance, if you have a credit card, you are considered to have a business relationship with that company, and that allows them to continue making sales calls to you. This exemption also extends to businesses to which a consumer has made a purchase, inquiry or submitted an application. However, the FTC placed a time limit on this exemption. The business relationship exemption is limited to 18 months from the time of the last purchase, payment, delivery or inquiry.


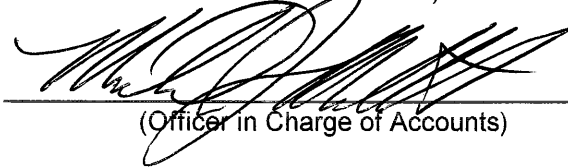
You also may receive solicitations for charitable donations, as these callers also are exempt from the national registry. However, for-profit telemarketers calling on behalf of a charitable organization are not exempted and must adhere to the national do-not-call registry rules.

Further information on the do-not-call registry is available at [www.ftc.gov/donotcall](http://www.ftc.gov/donotcall).

CERTIFICATE

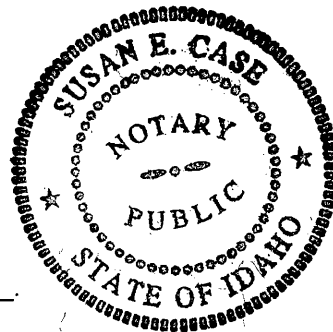
State of Idaho )  
 ) ss  
County of Elmore )

WE, the undersigned Michael J. Martell, Vice-President  
and Mark R. Martell, Administrative Manager  
of the Rural 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)  
  
\_\_\_\_\_  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 13th day of May, 2005.

  
\_\_\_\_\_  
Notary Public



My Commission expires 4-28, (Year) 2006.

Rev 3/02