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# ANNUAL REPORT

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IDAHO PUBLIC  
UTILITIES COMMISSION

OF

NAME

RICHARD WIGGINS  
CAMBRIDGE TELEPHONE CO  
PO BOX 88  
CAMBRIDGE ID 83610

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED

2010



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## Independent Accountants' Compilation Report

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

We have compiled the balance sheets of Cambridge Telephone Company, Inc. as of December 31, 2010 and 2009, and the related statement of income for the year ended December 31, 2009 included in the accompanying prescribed form. We have also compiled the supplementary information presented in the prescribed form except for the following schedules: Company Information, Directors, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance. We have not audited or reviewed the financial statements and the supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information is in accordance with the form prescribed by the Idaho Public Utilities Commission.

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary information in accordance with requirements prescribed by the Idaho Public Utilities Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and the supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and the supplementary information.

These financial statements and the supplementary information are presented in accordance with the requirements of the Idaho Public Utilities Commission, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Idaho Public Utilities Commission and is not intended to be and should not be used by anyone other than this specified party.

The supplementary information contained on the aforementioned schedules (Company Information, Directors, Central Office Data, Number Calls Completed and Customer Relations Rules Compliance) of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

*Kiesling Associates LLP*

Colorado Springs, CO  
April 12, 2011

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING DECEMBER 31, 2010**

**COMPANY INFORMATION**

Exact name of utility: Cambridge Telephone Company, Inc.  
 Address of principal office: P.O. Box 69, Cambridge, ID 83610  
 Telephone Number (Area Code 208) 257-3314  
 Cities or towns served: Cambridge, Council, Indian Valley, Cuprum, Lowman

Name and title of officer having custody of the general corporate books of account: \_\_\_\_\_  
Richard Wiggins, General Manager/President

Address of office where corporate books are kept and phone number: \_\_\_\_\_  
P.O. Box 88, 130 Superior Street, Cambridge, ID 83610, (208) 257-3314

Organized under the laws of the State of: Idaho

Date of organization: 1966

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

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

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

Names of affiliated companies. Give address and description of business: CTC Construction, Inc.,  
 P.O. Box 88, Cambridge, ID 83610-Construction Services; CTC Telecom, Inc., P.O. Box 69, Cambridge, ID  
 83610-Telecommunications, Internet and Wireless (CLEC)

**OFFICERS**

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

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

**DIRECTORS**

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

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

Name of Chairman of the Board: Kermit Wiggins  
 Name of Secretary (or Clerk) of Board: Kristie Kanady  
 Number of Meetings of the Board during the year: 1

**MANAGERS**

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

<b>Name</b>	<b>Title</b>	<b>Wages and Bonuses Paid</b>
Richard Wiggins	President	96,392
Kristie Kanady	Secretary/Treasurer	47,241
Jerry Piper	Assistant Manager	63,598

**NOTES TO THE FINANCIAL STATEMENTS**

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

1 In 1998, CTC Telecom, Inc. (CTC), a wholly-owned subsidiary of Cambridge Telephone Company, was incorporated, with an initial investment of \$100,000. CTC operates as a Competitive Local Exchange Carrier in the state of Idaho. Additional capital investments of \$1,900,000 have been made through December 31, 2010.

In April, 1999, CTC secured a loan from CoBank, ACB in the amount of \$1,700,000, of which \$471,981 was unpaid as of December 31, 2010. The loan is secured by a Leasehold Deed of Trust and Security Agreement covering all real and personal property. In addition, the loan is secured by Personal Guarantee of Payment Agreements by certain shareholders of Cambridge Telephone Company, and Pledge Agreements for stock of Cambridge Telephone Company owned by certain shareholders.

An additional loan from CoBank, ACB of \$800,000 was arranged for in 2001, of which \$32,334 was unpaid as of December 31, 2010.

2 Cambridge Telephone Company (Pledgor) is a member of Syringa Networks, LLC, an Idaho Limited Liability Company. In 2002, as security for an extension of credit by Rural Telephone Finance Cooperative, a South Dakota cooperative association (Lender) to Syringa Networks, LLC (Borrower), in the principal amount of up to \$30,000,000, Pledgor executed and delivered to lender a Pledge and Security Agreement and a Guarantee Agreement. In 2007, Borrower refinanced through CoBank and the guarantee was lifted. Pledgor's investment in borrower as of December 31, 2010 was \$1,555,151 (equity method investment)

3 In 2003, the Company received approval from the Rural Utilities Service (RUS) for new loans from RUS and the Rural Telephone Bank (RTB) in the total amount of \$17,143,950. The loans were approved by the Idaho Public Utilities Commission by Order No. 29399 dated December 10, 2003. The loans were finalized in 2004, and notes dated April 4, 2004 in the total amount of \$17,143,950 were issued. Funds totaling \$12,959,716 were advanced, and \$9,116,055 were unpaid under these loans through December 31, 2010. From these advances, \$2,437,712 was used in 2004 to refinance the balance of the loan from CoBank, ACB.

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

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Assets</b>			
1120 Cash and Equivalents			
1130 Cash	95,967	99,531	3,564
1140 Special Cash Deposits	522	45,744	45,222
1150 Working Cash Advances			-
1160 Temporary Investments			-
1180 Telecommunications Accts. Receivable	256,382	280,892	24,510
1181 Accts. Rec. Allow. -Telecommunications			-
1190 Other Accounts Receivable	1,161,893	1,176,042	14,149
1191 Accounts Receivable Allow. - Other			-
1200 Notes Receivable	63,956	63,956	-
1201 Notes Receivable Allowance			-
1210 Interest & Dividends Receivable	5,490	6,038	548
1220 Material and Supplies	95,198	95,114	(84)
1280 Prepayments			-
1290 Prepaid Rents			-
1300 Prepaid Taxes	6,957	6,937	(20)
1310 Prepaid Insurance	6,092	4,396	(1,696)
1320 Prepaid Directory Expenses			-
1330 Other Prepayments	15,613	49,180	33,567
1350 Other Current Assets			-
<b>Noncurrent Assets</b>			
1401 Investment in Affiliated Companies	785,850	793,803	7,953
1402 Investment in Nonaffiliated Companies	2,091,857	2,092,901	1,044
1406 Nonregulated Investments	150,402	138,284	(12,118)
1407 Unamortized Debt Issuance Expense	4,957	4,517	(440)
1408 Sinking Funds			-
1410 Other Noncurrent Assets	116,674	90,823	(25,851)
1438 Deferred Maintenance & Retirements			-
1439 Deferred Charges	1,470	1,470	-
1500 Other Jurisdiction Assets - Net			-
<b>Property, Plant and Equipment</b>			
2001 Telecommunications Plants in Service	21,161,545	21,253,785	92,240
2002 Prop. Held for Future Telecom. Use			-
2003 Telecom. Plant under Constr. - Short Term	37,712		(37,712)
2004 Telecom. Plant under Constr. - Long Term			-
2005 Telecom. Plant Adjustment			-
2006 Nonoperating Plant			-
2007 Goodwill	1,691,657	1,691,657	-
<b>Depreciation and Amortization Accounts</b>			
3100 Accumulated Depreciated	11,975,986	12,093,544	117,558
3200 Accum. Depre. - Held for Future Use			-
3300 Accumulated Depreciation - Nonoperating			-
3400 Accumulated Amortization - Tangible			-
3410 Accum. Amort. - Capitalized Leases			-
3420 Accum. Amort. - Leasehold Improvements			-
3500 Accumulated Amortization - Intangible			-
3600 Accumulated Amortization - Other			-
<b>TOTAL ASSETS</b>	<b>15,774,208</b>	<b>15,801,526</b>	<b>27,318</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	433,144	481,203	48,059
4020 Notes Payable	425,000	425,000	-
4030 Advance Billings and Payments	94,880	91,552	(3,328)
4040 Customer Deposits	2,703	2,353	(350)
4050 Current Maturities - Long -Term Debt	1,430,700	1,596,600	165,900
4060 Current Maturities - Capital leases			-
4070 Income Taxes - Accrued			-
4080 Other Taxes - Accrued	18,289	24,333	6,044
4100 Net Current Defer. Oper. Income Taxes	(67,232)	(108,435)	(41,203)
4110 Net Current Defer. Nonoper. Income Taxes			-
4120 Other Accrued Liabilities	132,370	120,432	(11,938)
4130 Other Current Liabilities	20,000		(20,000)
<b>Long-Term Debt</b>			
4210 Funded Debt	9,127,413	8,622,630	(504,783)
4220 Premium on Long-Term Debt			-
4230 Discount on Long-Term Debt			-
4240 Reacquired Debt			-
4250 Obligations Under Capital Leases			-
4260 Advances from Affiliated Companies			-
4270 Other Long-Term Debt			-
<b>Other Liabilities &amp; Deferred Credits</b>			
4310 Other Long-Term Liabilities			-
4320 Unamort. Oper. Invest. Tax Credits - Net	59,364	56,656	(2,708)
4330 Unamort. Nonoper. Invest. Tax Credits - Net			-
4340 Net Noncurrent Defer. Oper. Income Taxes	452,868	601,813	148,945
4350 Net Noncur. Defer. Nonoper. Income Taxes	226,540	285,978	59,438
4360 Other Deferred Credits	32,417	3,635	(28,782)
4370 Other Juris. Liab. & Def. Credits - Net			-
<b>Stockholders' Equity</b>			
4510 Capital Stock	30,000	30,000	-
4520 Additional Paid-In Capital			-
4530 Treasury Stock	(12,511)	(12,511)	-
4540 Other Capital			-
4550 Retained Earnings	3,368,263	3,580,287	212,024
<b>TOTAL LIAB. &amp; OTHER CREDITS</b>	<b>15,774,508</b>	<b>15,801,526</b>	<b>27,318</b>

**ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE**

**TOTAL Company Basis**

	Balance Beginning of Year	Additions During year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
<b>Analysis of Telecommunications Plant in Service</b>					
2111 Land	102,302				102,302
2112 Motor Vehicles	646,672	1,994	(35,250)	(4,995)	608,421
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	914,230	76,700	(75,761)	4,995	920,164
2116 Other Work Equipment	2,260,874	4,474			2,265,348
2121 Buildings	61,387				61,387
2122 Furniture	40,001				40,001
2123 Office Equipment	91,538	2,938	(7,355)		87,121
2124 General Purpose Computers	-				-
2211 Analog Electronic Switching	1,570,394	342,132	(316,554)		1,595,972
2212 Digital Electronic Switching	-				-
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	887,496	71,456	(463,173)		495,779
2232 Circuit Equipment	2,152,825	121,322		9,023	2,283,170
2311 Station Apparatus	-				-
2321 Customer Premises Wiring	-				-
2341 Large Private Branch Exchanges	-				-
2351 Public Telephone Terminal Equipment	1,807				1,807
2362 Other Terminal Equipment	-				-
2411 Poles	21,888				21,888
2421 Aerial Cable	-				-
2422 Underground Cable	37,662				37,662
2423 Buried Cable	12,251,250	456,177	(86,860)	(9,023)	12,611,544
2424 Submarine Cable	-				-
2426 Intrabuilding Network Cable	7,359				7,359
2431 Aerial Wire	-				-
2441 Conduit Systems	113,860				113,860
2681 Capital Leases	-				-
2682 Leasehold Improvements	-				-
2690 Intangibles	-				-
<b>TOTAL PLANT ACCOUNTS</b>	<b>21,161,545</b>	<b>1,077,193</b>	<b>(984,953)</b>	<b>-</b>	<b>21,253,785</b>



**ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS**  
**IDAHO Operations Only**

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

See Accountant's Compilation Report

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

	TOTAL Company Basis					
	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year	
<b>Analysis of Entries in Accumulated Depreciation</b>						
2112 Motor Vehicles	646,671	25.00%		(38,250)	608,421	
2113 Aircraft	-				-	
2114 Special Purpose Vehicles	-				-	
2115 Garage Work Equipment	660,493	12.50%	69,048	(26,961)	702,580	
2116 Other Work Equipment	1,145,894	3.00%	67,813		1,213,707	
2121 Buildings	22,251		7,673		29,924	
2122 Furniture	35,869		1,549		37,418	
2123 Office Equipment	91,538	20.00%	180	(7,355)	84,363	
2124 General Purpose Computers	-				-	
2211 Analog Electronic Switching	1,072,583	12.00%	122,839	(316,554)	878,868	
2212 Digital Electronic Switching	-				-	
2215 Electro-Mechanical Switching	-				-	
2220 Operator Systems	-				-	
2231 Radio Systems	483,040	8.00%	46,552	(463,173)	66,419	
2232 Circuit Equipment	902,871	8.00%	164,410		1,067,281	
2311 Station Apparatus	-				-	
2321 Customer Premises Wiring	-				-	
2341 Large Private Branch Exchanges	-				-	
2351 Public Telephone Terminal Equipment	1,807				1,807	
2362 Other Terminal Equipment	-				-	
2411 Poles	21,888	6.50%			21,888	
2421 Aerial Cable	-	6.50%			-	
2422 Underground Cable	37,662	6.50%			37,662	
2423 Buried Cable	6,771,647	6.50%	568,768	(86,860)	7,253,555	
2424 Submarine Cable	-				-	
2426 Intrabuilding Network Cable	2,072	6.50%	478		2,550	
2431 Aerial Wire	-				-	
2441 Conduit Systems	79,700	6.50%	7,401		87,101	
<b>TOTAL</b>	<b>11,975,986</b>		<b>1,056,711</b>	<b>(939,153)</b>	<b>12,093,544</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					
2113 Aircraft					
2114 Special Purpose Vehicles					
2115 Garage Work Equipment					
2116 Other Work Equipment					
2121 Buildings					
2122 Furniture					
2123 Office Equipment					
2124 General Purpose Computers					
2211 Analog Electronic Switching					
2212 Digital Electronic Switching					
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment					
2311 Station Apparatus					
2321 Customer Premises Wiring					
2341 Large Private Branch Exchanges					
2351 Public Telephone Terminal Equipment					
2362 Other Terminal Equipment					
2411 Poles					
2421 Aerial Cable					
2422 Underground Cable					
2423 Buried Cable					
2424 Submarine Cable					
2426 Intrabuilding Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
<b>TOTAL</b>					

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>
CTC Telecom, Inc.	1998		793,803
Cash value life insurance			157,950
Coins			34,497
Land	Various		224,975
Syringa Networks, LLC	2000-2008		1,555,150
CoBank equity	1999-2004		92,127
Buried cable-leased to Syringa Networks, LLC			138,284
NRTC	2003-2008		28,202
<b>Totals</b>		-	3,024,988

## RECEIVABLES

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

<u>Name of Company</u>	<u>Amount at End of Year</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Due from customers		280,892
Interexchange carriers		285,759
CTC Telecom, Inc.		835,195
CTC Construction		49,313
Other		5,775
R. & B. Crocket, 8.0%, due 2018	63,956	
Interest Receivable	6,038	
<b>Totals</b>	69,994	1,456,934

**NOTES PAYABLE**

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

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
Wells Fargo		5.00%	4/17/2011	500,000
unadvanced				(75,000)
<b>Totals</b>				425,000

**ACCOUNTS PAYABLE**

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

<u>Name of Creditor</u>	<u>Amount</u>
NECA	165,000
Fed Excise	2,427
Adams County 911	2,039
Cable TV Franchise Fees	1,908
State Unemployment	3,299
Calix	38,955
Idaho Power Company	4,820
Idaho Optic Transport Ass	175,880
National Rural Tele. Comm	7,653
National Cable Television	3,854
Sinclair Fleet Track	1,873
Taqua LLC	4,200
Wells Fargo Remittance Center	1,944
Wells Fargo ACH	2,181
Delta Dental of Idaho	1,956
Dana Munden	957
Commercial Tire	2,707
Farmers Supply Coop	3,064
Hil and Welch	5,680
Other Miscellaneous	50,806
<b>Totals</b>	481,203

See Accountant's Compilation Report

**LONG - TERM DEBT**

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

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

<u>Class &amp; Series of Obligation</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Fact Amount Authorized</u>	<u>Outstanding Year-End</u>	<u>Premium/ Discount</u>		<u>Interest for year</u>	
					<u>Total</u>	<u>Year Amortized</u>	<u>Rate</u>	<u>Amount</u>
RUS Notes	1977	2012	975,000	60,328			5.00	Detail
RUS Notes	various	various	2,932,000	558,485			2.00	Not
RUS Notes	1985	2050	818,379	487,889			5.00	Available
RUS Notes	2004	various	12,959,716	9,116,055			various	
Less RUS prepayment							(3,527)	
Less current maturities							(1,596,600)	
Total							8,622,630	

**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	30,000	\$ 1.00	30,000	30,000

## INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	3,638,723	<u>Same as</u>
Total Operating Expenses (from page 17)	<u>3,290,559</u>	<u>total company</u>
7100 Other Operating Income and Expense	<u>                    </u>	<u>                    </u>
7210 Operating Investment Tax Credits-Net	<u>(2,708)</u>	<u>                    </u>
7220 Operating Federal Income Taxes	<u>24,997</u>	<u>                    </u>
7230 Operating State and Local Income Taxes	<u>6,352</u>	<u>                    </u>
7240 Operating Other Taxes	<u>75,078</u>	<u>                    </u>
7250 Provision for Deferred Operating Income Taxes-Net	<u>18,430</u>	<u>                    </u>
7200 Operating Taxes (Total)	<u>122,149</u>	<u>                    </u>
7310 Dividend Income	<u>12,633</u>	<u>                    </u>
7320 Interest Income	<u>4,520</u>	<u>                    </u>
7330 Income from Sinking and Other Funds	<u>                    </u>	<u>                    </u>
7340 Allowance for Funds Used During Construction	<u>6,140</u>	<u>                    </u>
7350 Gains/Losses from the Disposition of Certain Property	<u>                    </u>	<u>                    </u>
7360 Other Nonoperating Income	<u>287,897</u>	<u>                    </u>
7370 Special Charges	<u>(3,007)</u>	<u>                    </u>
7300 Nonoperating Income and Expense	<u>308,183</u>	<u>                    </u>
7410 Nonoperating Investment Tax Credits-Net	<u>                    </u>	<u>                    </u>
7420 Nonoperating Federal Income Taxes	<u>(24,997)</u>	<u>                    </u>
7430 Nonoperating State and Local Income Taxes	<u>(6,332)</u>	<u>                    </u>
7440 Nonoperating Other Taxes	<u>                    </u>	<u>                    </u>
7450 Provision for Deferred Nonoperating Income Taxes-Net	<u>119,968</u>	<u>                    </u>
7400 Nonoperating Taxes	<u>88,639</u>	<u>                    </u>
7510 Interest on Funded Debt	<u>452,016</u>	<u>                    </u>
7520 Interest Expense-Capital Leases	<u>19,804</u>	<u>                    </u>
7530 Amortization of Debt Issuance Expense	<u>439</u>	<u>                    </u>
7540 Other Interest Deductions	<u>                    </u>	<u>                    </u>
7500 Interest and Related Items	<u>472,259</u>	<u>                    </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	<u>                    </u>	<u>                    </u>
Extraordinary Items-Net	<u>                    </u>	<u>                    </u>
7600 Extraordinary Items	<u>                    </u>	<u>                    </u>
7910 Income Effect of Jurisdictional Ratemaking	<u>                    </u>	<u>                    </u>
Differences-Net	<u>                    </u>	<u>                    </u>
7990 Nonregulated Net Income	<u>238,724</u>	<u>                    </u>
<b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>	<u><b>212,024</b></u>	<u>                    </u>



**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Local Network Services Revenues</b>		
5001 Basic Area Revenue	647,317	Same as
5002 Optional Extended Area Revenue		total company
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue		
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	77,933	
5069 Other Local Exchange Settlements	675,769	
<b>Network Access Services Revenues</b>		
5081 End User Revenue (SLC)	201,429	
5082 Switched Access Revenue (Interstate)	1,632,364	
5083 Special Access Revenue	112,609	
5084 State Access Revenue (Intrastate)	282,113	
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All		
<b>Miscellaneous Revenues</b>		
5230 Directory Revenue	6,466	
5240 Rent Revenue	2,300	
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	153	
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue		
<b>Uncollectible Revenues</b>		
5301 Uncollectible Revenue - Telecommunications	270	
5302 Uncollectible Revenue - Other		
<b>TOTAL OPERATING REVENUES</b>	<b>3,638,723</b>	

Please identify the following revenues:

NECA USF \$ 675,213. To what account were they booked?

5069.1

State USF \$ 135,743. To what account were they booked?

5084.52

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Specific Operations Expense</b>		
6110 Network Support Expenses		<b>Same as</b>
6112 Motor Vehicle Expense	12,019	<b>total company</b>
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense		
6116 Other Work Equipment Expense		
6120 General Support Expenses		
6121 Land and Building Expenses	67,679	
6122 Furniture and Artworks Expense		
6123 Office Equipment Expense	2,708	
6124 General Purpose Computers Expense	112,411	
6210 Central Office Switching Expenses		
6211 Analog Electronic Expense		
6212 Digital Electronic Expense	209,178	
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses	527,640	
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	98,014	
6310 Information Origination/Termination Expense		
6311 Station Apparatus Expense		
6341 Large Private Branch Exchange Expense		
6351 Public Telephone Terminal Equipment Expense		
6362 Other Terminal Equipment Expense		
6410 Cable and Wire Facilities Expenses		
6411 Pole Expense		
6421 Aerial Cable Expense		
6422 Underground Cable Expense		
6423 Buried Cable Expense	195,729	
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense		
6441 Conduit Systems Expense		
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>1,225,378</b>	

**OPERATING REVENUES**

Item	Total Company	Idaho Only
<b>Plant Nonspecific Operations Expense</b>		
6510 Other Property/Plant/Equipment Expenses		<b>Same as</b>
6511 Property Held for Future Telecomm. Use Expenses		<b>total company</b>
6512 Provisioning Expense		
6530 Network Operations Expense		
6531 Power Expense		
6532 Network Administration Expense	10,237	
6533 Testing Expense		
6534 Plant Operations Administration Expense		
6535 Engineering Expense	27,478	
6540 Access Expense	57,480	
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	1,056,711	
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>1,151,906</b>	
<b>Customer Operations Expense</b>		
6610 Marketing	30,644	
6611 Product Management		
6612 Sales		
6613 Product Advertising		
6620 Services		
6621 Call Completion Services		
6622 Number Services	12,136	
6623 Customer Services	174,768	
<b>Total Customer Operations Expense</b>	<b>217,548</b>	
<b>Corporate Operations Expense</b>		
6710 Executive and Planning		
6711 Executive	312,321	
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	225,397	
6722 External Relations	826	
6723 Human Resources		
6724 Information Management	1,623	
6725 Legal	17,746	
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	137,814	
6790 Provision for Uncollectible Notes Receivable		
<b>Total Corporate Operations Expense</b>	<b>695,727</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>3,290,559</b>	

**CENTRAL OFFICE DATA**  
as of December 31, 2010 (unless otherwise indicated)

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

Central Office Switch Type: DCO-RLS & Taqua T7000  
Analog

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

**Check one:**  
Electronic X  
Electro-Mechanical \_\_\_\_\_  
Other: \_\_\_\_\_

**Access Line Capacity**  
Design: 1296

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

Installed/Equipped: 1296

Public Telephone Lines \_\_\_\_\_  
Company Official Lines 11  
Company Test Lines 0

	Residence			Business			Total Residence & Business
	Single Line	Multi-Party	Subtotal	Single Line	Multi-Party	Subtotal	
Beginning of Year	795	133	795	203	6	203	998
New Connects	133	201	133	6	24	6	139
Disconnects	201	727	201	185	185	24	225
End of Year	727	727	727	185	185	185	912

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

**Directory Listings:**  
Number of Customers with Nonpublished or Nonlisted: 164

**Custom Calling:**  
Number of customers with at least one feature: 585  
Total number of features subscribed to: 18

See Accountant's Compilation Report

**CENTRAL OFFICE DATA**  
as of December 31, 2010 (unless otherwise indicated)

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

Central Office Switch Type: DLC

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

**Check one:**  
Digital X  
Analog     

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

**Access Line Capacity**  
Design: 1200

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

Installed/Equipped: 288

Public Telephone Lines 0

Company Official Lines 7

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		151			13		164
New Connects		16			1		17
Disconnects		33			4		37
End of Year		134			10		144
		Subtotal Residence		Subtotal N.A.R.		Subtotal Business	
		151				13	
		16				1	
		33				4	
		134				10	

**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: 17

**Custom Calling:**  
Number of customers with at least one feature: 70  
Total number of features subscribed to: 12

**CENTRAL OFFICE DATA**  
as of December 31, 2010 (unless otherwise indicated)

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

Central Office Switch Type: DCO AND TEKELEC T7000

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

**Access Line Capacity**  
Design: 1080 & 1536

Installed/Equipped: 810 & 768

Public Telephone Lines     

Company Official Lines     

Company Test Lines 0

**Classification of Customer Access**

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line 1-Party	Multi- Line 1-Party	Centrex N.A.R.	Single Line Multi- Party	Subtotal Business	
Beginning of Year		377			97	97	474
New Connects		66			4	4	70
Disconnects		98			6	6	104
End of Year		345			95	95	440

**Foreign Exchange:**  
Dial Tone from this C.O.: 5  
Dial Tone from another C.O.: 0

**Directory Listings:**

Number of Customers with Nonpublished or Nonlisted: 124

**Custom Calling:**  
Number of customers with at least one feature: 257  
Total number of features subscribed to: 17

**CENTRAL OFFICE DATA**  
as of December 31, 2010 (unless otherwise indicated)

Name of Central Office: Lowman  
Prefix (es): 259  
Central Office Switch Type: Tekelec T7000

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

**Access Line Capacity**  
Design: 1080  
**Access Lines in Use**  
Customer Lines:       
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 450  
Public Telephone Lines       
Company Official Lines 10  
Company Test Lines 0

	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		224			34		258
New Connects		97			2		99
Disconnects		97			5		102
End of Year		224			31		255
		Subtotal Residence		Subtotal Residence		Subtotal Business	
		224		224		34	
		97		97		2	
		97		97		5	
		224		224		31	

**Foreign Exchange:**  
Dial Tone from this C.O.: 2  
Dial Tone from another C.O.: 0

**Directory Listings:**

Number of Customers with Nonpublished or Nonlisted: 52

**Custom Calling:**  
Number of customers with at least one feature: 103  
Total number of features subscribed to: 12

**NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 2010**

Local Exchange	Average # of Customer Lines in Use	Local Calls		Toll Calls Originated (Total of all Carriers)			
		Number (1000s)	Avg./ Line	Intrastate	Interstate	Total	Avg./ Line
1 253	912			180,431	366,403	546,834	600
2 256	144			21,896	48,640	70,536	490
3 257	440			68,915	157,030	225,945	514
5 259	255			15,865	51,307	67,172	263
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							



ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES  
YEAR ENDED DECEMBER 31, 2010.

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603  
Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers                    Yes X No \_\_\_\_\_  
Included in directory                                Yes \_\_\_\_\_ No X  
Date of notification                    4/1/08  
Alternate method of notification                    N/A  
\_\_\_\_\_  
\_\_\_\_\_

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company                    19

Category of complaints (if known):

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

Charges on Bill                                      7

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

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

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

Miscellaneous                                        12

Rev 3/02

CERTIFICATE

State of Idaho )  
 ) ss  
County of Washington )

WE, the undersigned RICHARD WIGGINS

and \_\_\_\_\_

of the CAMBRIDGE TELEPHONE COMPANY, INC. utility,

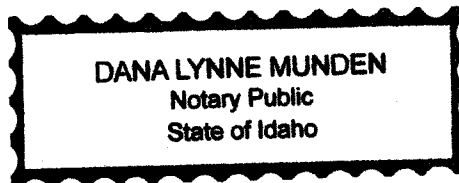
on our oath do severally say that the foregoing return has been prepared under our direction, from the original books, papers, and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business affairs of said utility for the period covered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

*Richard Wiggins*  
(Chief Officer)

*Richard Wiggins*  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 14 day of April, (Year) 2010.

*Dana Lynne Munden*  
Notary Public



My Commission expires February 2, (Year) 2016.

Rev 3/02

gdk/excel/jnelson/anulrpts/telannualrpt