

DCM-T

ANNUAL REPORT

OF

DIRECT COMMUNICATIONS ROCKLAND INC.

NAME

P.O. BOX 269 ROCKLAND, IDAHO 83271

ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2004

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IDAHO PUBLIC
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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: DIRECT COMMUNICATIONS ROCKLAND, INC

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

Telephone Number (Area Code 208) 548 - 2345

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

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

Leonard May, President

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

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

Organized under the laws of the State of: Idaho

Date of organization: 1973

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

If a Subchapter S Corporation, please specify: _____

Name and address of controlling company, if any: _____

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

OFFICERS

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

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

DIRECTORS

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

Name and Address	Term Expired or Current Term Will Expire	Meetings Attended This year	Fees Paid During Year
Leonard May P.O. Box 269 Rockland, Idaho 83271	May-05	12	
Marilyn May P.O. Box 269 Rockland, Idaho 83271	May-05	12	

Name of Chairman of the Board: Leonard May
 Name of Secretary (or Clerk) of Board: Marilyn May
 Number of Meetings of the Board during the year: 12

MANAGERS

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

Name	Title	Wages and Bonuses Paid
Leonard May	President - Treasurer	\$ 97,875.00
Marilyn May	Vice Pres. - Secretary	\$ 48,750.00

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	276,362	653,199	376,837
1140 Special Cash Deposits	299,440	492,201	192,761
1150 Working Cash Advances	300	300	0
1160 Temporary Investments	602,449	209,195	(393,253)
1180 Telecommunications Accts. Receivable	102,876	102,201	(675)
1181 Accts. Rec. Allow. -Telecommunications	(7,500)	(3,500)	4,000
1190 Other Accounts Receivable	493,815	563,630	69,816
1191 Accounts Receivable Allow. - Other	(2,342)	(42)	2,300
1200 Notes Receivable	0	29,391	29,391
1201 Notes Receivable Allowance			
1210 Interest & Dividends Receivable	0	0	0
1220 Material and Supplies	207,757	166,338	(41,419)
1280 Prepayments			
1290 Prepaid Rents			
1300 Prepaid Taxes	7,803	40,000	32,197
1310 Prepaid Insurance	46,129	13,441	(32,689)
1320 Prepaid Directory Expenses			
1330 Other Prepayments			
1350 Other Current Assets			
Noncurrent Assets			
1401 Investment in Affiliated Companies	985,327	1,909,565	924,238
1402 Investment in Nonaffiliated Companies			
1406 Nonregulated Investments			
1407 Unamortized Debt Issuance Expense			
1408 Sinking Funds			
1410 Other Noncurrent Assets	9,787	9,787	0
1438 Deferred Maintenance & Retirements			
1439 Deferred Charges			
1500 Other Jurisdiction Assets - Net			
Property, Plant and Equipment			
2001 Telecommunications Plants in Service	22,097,847	22,718,098	620,251
2002 Prop. Held for Future Telecom. Use			
2003 Telecom. Plant under Constr. - Short Term	226,428	15,247	(211,181)
2004 Telecom. Plant under Constr. - Long Term			
2005 Telecom. Plant Adjustment			
2006 Nonoperating Plant	1,176,943	1,176,943	0
2007 Goodwill			
Depreciation and Amortization Accounts			
3100 Accumulated Depreciated	9,165,317	9,909,021	743,705
3200 Accum. Depre. - Held for Future Use			
3300 Accumulated Depreciation - Nonoperating			
3400 Accumulated Amortization - Tangible			
3410 Accum. Amort. - Capitalized Leases			
3420 Accum. Amort. - Leasehold Improvements			
3500 Accumulated Amortization - Intangible			
3600 Accumulated Amortization - Other			
TOTAL ASSETS	17,358,104	18,186,974	828,869

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	74,897	117,115	42,218
4020 Notes Payable			
4030 Advance Billings and Payments	34,311	34,887	576
4040 Customer Deposits	2,500	0	(2,500)
4050 Current Maturities - Long -Term Debt	1,598,129	900,474	(697,655)
4060 Current Maturities - Capital leases			
4070 Income Taxes - Accrued	10	0	(10)
4080 Other Taxes - Accrued	73,475	62,992	(10,483)
4100 Net Current Defer. Oper. Income Taxes			
4110 Net Current Defer. Nonoper. Income Taxes			
4120 Other Accrued Liabilities	93,229	112,161	18,932
4130 Other Current Liabilities			
Long-Term Debt			
4210 Funded Debt	12,621,464	13,246,793	625,329
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			
4270 Other Long-Term Debt	53,515	0	(53,515)
Other Liabilities & Deferred Credits			
4310 Other Long-Term Liabilities			
4320 Unamort. Oper. Invest. Tax Credits - Net			
4330 Unamort. Nonoper. Invest. Tax Credits - Net			
4340 Net Noncurrent Defer. Oper. Income Taxes	648,691	648,691	0
4350 Net Noncur. Defer. Nonoper. Income Taxes			
4360 Other Deferred Credits			
4370 Other Juris. Liab. & Def. Credits - Net			
Stockholders' Equity			
4510 Capital Stock	50,000	50,000	0
4520 Additional Paid-In Capital			
4530 Treasury Stock			
4540 Other Capital			
4550 Retained Earnings	2,107,883	3,013,860	905,977
TOTAL LIAB. & OTHER CREDITS	17,358,104	18,186,974	828,869

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	109,564				109,564
2112 Motor Vehicles	255,372	129,635			385,007
2113 Aircraft					
2114 Special Purpose Vehicles	38,647	55		(2,619)	36,084
2115 Garage Work Equipment	114,778	3,830		(107,192)	11,415
2116 Other Work Equipment	698,153	31,696		2,619	732,468
2121 Buildings	1,517,778	33,318			1,551,096
2122 Furniture	65,179	2,784			67,964
2123 Office Equipment	144,758	5,182			149,940
2124 General Purpose Computers	229,911	15,878			245,788
2211 Analog Electronic Switching	2,531,159	507,865	843,820	12,701	2,207,905
2212 Digital Electronic Switching					
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment	2,971,949	156,151		94,491	3,222,591
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	13,420,599	577,677			13,998,276
2424 Submarine Cable					
2426 Intra-building Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
2681 Capital Leases					
2682 Leasehold Improvements					
2690 Intangibles	1,176,943				1,176,943
TOTAL PLANT ACCOUNTS	23,274,790	1,464,072	843,820	0	23,895,041

ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS
IDAHO Operations Only

Analysis of Telecommunications Plant in Service

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

**SAME AS TOTAL
COMPANY**

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
Account 3100

	TOTAL Company Basis				
	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles	166,850	25.0%	63,769		230,620
2113 Aircraft					
2114 Special Purpose Vehicles	21,996	10.0%	2,888	(1,440)	23,443
2115 Garage Work Equipment	40,583	11.0%	347	(43,093)	(2,163)
2116 Other Work Equipment	458,178	12.5%	65,103		523,281
2121 Buildings	290,537	3.0%	45,718		336,256
2122 Furniture	25,475	12.5%	8,233		33,708
2123 Office Equipment	84,851	12.5%	24,634		109,485
2124 General Purpose Computers	161,663	20.0%	27,945		189,608
2211 Analog Electronic Switching					
2212 Digital Electronic Switching	1,547,316	12.0%	241,312	(839,396)	949,232
2215 Electro-Mechanical Switching					
2220 Operator Systems					
2231 Radio Systems					
2232 Circuit Equipment	1,230,895	10.0%	309,908	38,669	1,579,472
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	4,568,701	6.5%	721,101		5,289,802
2424 Submarine Cable					
2426 Intra Building Network Cable					
2431 Aerial Wire					
2441 Conduit Systems					
TOTAL	8,597,045		1,510,959	(845,261)	9,262,744

*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	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____

**SAME AS TOTAL
COMPANY**

*Please list individual depreciation rate for each account.

INVESTMENTS

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

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
CTT COMMUNICATIONS	1991		160,861
RTFC CERTIFICATES	1993, 94, & 96		357,526
INDEPENDENT CABLE SYSTEM	2003		728,390
NRTC'S 220 MHz WIRELESS & \	1999		30,381
SYRINGA NETWORK	2000		509,438
EAGLE MOUNTAIN	2003		30,000
NEWSTREETS, INC. & ANPI & N	2002		37,800
RTB STOCK	2002		55,170
Totals			1,909,565

RECEIVABLES

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

<u>Name of Company</u>	<u>Amount at End of Year</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
CUSTOMERS		98,701
INTEREXCHANGE CARRIERS AND OTHERS		563,588
DIRECT INTERNET	29,391	
Totals	29,391	662,289

NOTES PAYABLE

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

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
Totals				

ACCOUNTS PAYABLE

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

<u>Name of Creditor</u>	<u>Amount</u>
SEE ATTACHED LISTING	
Totals	

ACCOUNTS PAYABLE

<u>NAME OF CREDITOR</u>	<u>AMOUNT</u>
Computer Technology, Inc.	5,261.36
David Irvine	106.66
Direct Internet	82,401.97
Employee Flex Plan	2,491.53
Employee Long Term Disability	572.62
Federal Excise Tax	1,588.58
Gundersen True Value	114.95
GVNW, Inc.	16,539.73
Idaho Sales Tax	849.30
P.P.S. Co. Inc.	923.93
Power County Clerk (E911)	411.31
Power & Telephone Supply	121.90
Qwest	137.84
Schmidt Oil	106.93
Silver Star Telephone Co.	1,280.75
Sprint North Supply	691.54
Utah Power	1,279.00
V - 1 Oil Company	102.07
Valley Office Systems	190.59
Wiggins & Co.	1,565.63
All others under \$100	376.88
	<u>117,115.07</u>

LONG - TERM DEBT

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

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

<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>
RTFC	1994	2009	465,305	125,544		VARIES		6,370
RTFC	1995	2012	3,030,202	1,773,185		VARIES		119,243
RUS	1979	2011	1,608,421	702,103			2.00%	439,958
RUS	1990	2012	5,080,583	8,731,784			5.00%	
CASE FINANCE	1999	2005	54,000	0			8.90%	696
RTFC	2004	2011	1,775,699	1,775,699		VARIES		63,205
FORD CREDIT	2001	2005	75,000	8,895			0.00%	0
RTB	2002	2017	1,398,000	1,030,058			6.05%	64,008

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 & 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	50,000	\$1.00	50,000	\$50,000.00

INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 16)	5,601,834	_____
Total Operating Expenses (from page 18)	4,269,357	_____
7100 Other Operating Income and Expense	_____	SAME AS TOTAL
7210 Operating Investment Tax Credits-Net	0	
7220 Operating Federal Income Taxes	(2,541)	
7230 Operating State and Local Income Taxes	0	
7240 Operating Other Taxes	125,984	
7250 Provision for Deferred Operating Income Taxes-Net	0	
7200 Operating Taxes (Total)	123,443	
7310 Dividend Income	(26,777)	
7320 Interest Income	(8,873)	
7330 Income from Sinking and Other Funds	_____	
7340 Allowance for Funds Used During Construction	(7,215)	
7350 Gains/Losses from the Disposition of Certain Property	_____	
7360 Other Nonoperating Income	(132)	
7370 Special Charges	39,469	
7300 Nonoperating Income and Expense	(3,528)	
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	0	
7510 Interest on Funded Debt	692,784	
7520 Interest Expense-Capital Leases	_____	
7530 Amortization of Debt Issuance Expense	_____	
7540 Other Interest Deductions	752	
7500 Interest and Related Items	693,536	
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	0	
7910 Income Effect of Jurisdictional Ratemaking Differences-Net	_____	
7990 Nonregulated Net Income	(386,950)	
AMOUNT TRANSFERRED TO RETAINED EARNINGS	905,977	_____

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	418,712	SAME AS TOTAL
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	40,407	
5069 Other Local Exchange Settlements		
Network Access Services Revenues		
5081 End User Revenue (SLC)	119,088	
5082 Switched Access Revenue (Interstate)	4,745,473	
5083 Special Access Revenue		
5084 State Access Revenue (Intrastate)	260,703	
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All		
Miscellaneous Revenues		
5230 Directory Revenue		
5240 Rent Revenue		
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	2,149	
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	11,779	
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	3,523	
5302 Uncollectible Revenue - Other		
TOTAL OPERATING REVENUES	5,601,834	

Please identify the following revenues:

NECA USF \$ 575,658. To what account were they booked? 5082.22

State USF \$ 221,847. To what account were they booked? 5084.60

OPERATING REVENUES

Item	Total Company	Idaho Only
Plant Specific Operations Expense		
6110 Network Support Expenses		
6112 Motor Vehicle Expense	1,023	SAME AS TOTAL
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense		
6115 Garage Work Equipment Expense		
6116 Other Work Equipment Expense	421	
6120 General Support Expenses		
6121 Land and Building Expenses	127,985	
6122 Furniture and Artworks Expense	10,636	
6123 Office Equipment Expense		
6124 General Purpose Computers Expense	143,926	
6210 Central Office Switching Expenses	153,763	
6211 Analog Electronic Expense		
6212 Digital Electronic Expense		
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses		
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	191,373	
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	907,630	
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense		
6441 Conduit Systems Expense		
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	1,536,758	

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		SAME AS TOTAL
6512 Provisioning Expense	11,406	
6530 Network Operations Expense	6,947	
6531 Power Expense	27,808	
6532 Network Administration Expense	30,504	
6533 Testing Expense		
6534 Plant Operations Administration Expense		
6535 Engineering Expense	87,796	
6540 Access Expense	22,152	
6560 Depreciation and Amortization Expenses	78,006	
6561 Depreciation Expense-Telecom. Plant in Service	1,514,435	
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	1,779,055	
Customer Operations Expense		
6610 Marketing		
6611 Product Management	199	
6612 Sales		
6613 Product Advertising	11,713	
6620 Services		
6621 Call Completion Services		
6622 Number Services	8,489	
6623 Customer Services	225,145	
Total Customer Operations Expense	245,545	
Corporate Operations Expense		
6710 Executive and Planning		
6711 Executive	179,614	
6712 Planning		
6720 General and Administrative		
6721 Accounting and Finance	375,704	
6722 External Relations	585	
6723 Human Resources	30,481	
6724 Information Management		
6725 Legal	92,596	
6726 Procurement		
6727 Research and Development		
6728 Other General and Administrative	29,018	
6790 Provision for Uncollectible Notes Receivable		
Total Corporate Operations Expense	707,999	
TOTAL OPERATING EXPENSES	4,269,357	

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

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

Central Office Switch Type: SIEMENS EWSD - RLS 1000

Check all that apply:
Stand Alone
Host
Remote X

Check one:
Digital X
Analog
Other:

Access Line Capacity
Design: 180
Access Lines in Use
Customer Lines: 105
(Include Centrex, PAL, Semi-Pub.)

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

Classification of Customer Access

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Residence	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Business	
Beginning of Year		93	93		10	10	103
New Connects		1	1		3	3	4
Disconnects		2	2		0	0	2
End of Year		92	92		13	13	105

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: 7

Custom Calling:

Number of customers with at least one feature: 68
Total number of features subscribed to: 23

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

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

Central Office Switch Type: SIEMENS EWSD ONE - UP

Check all that apply:
 Stand Alone X
 Host X
 Remote

Check one:
 Electronic X
 Electro-Mechanical
 Other:

Access Line Capacity
 Design: 1520
Access Lines in Use
 Customer Lines: 917
 (Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 1442
 Public Telephone Lines 0
 Company Official Lines 3
 Company Test Lines 6

Classification of Customer Access

	Residence			Business			Total Residence & Business
	Multi- Line 1-Party	Single Line Multi- Party	Subtotal Residence	Centrex N.A.R.	Multi- Line 1-Party	Single Line Multi- Party	
Beginning of Year		822	822			110	932
New Connects		55	55			4	59
Disconnects		70	70			4	74
End of Year		807	807			110	917

Foreign Exchange:

Dial Tone from this C.O.: 1
 Dial Tone from another C.O.: 0

Directory Listings:

Number of Customers with Nonpublished or Nonlisted: 30

Custom Calling:

Number of customers with at least one feature: 437
 Total number of features subscribed to: 23

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

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

Central Office Switch Type: SIEMENS EWSD ONE - UP REMOTE

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

Access Line Capacity
Design: 735 **Access Lines in Use**
Customer Lines: 304
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: 663
Public Telephone Lines 0
Company Official Lines 9
Company Test Lines 13

Classification of Customer Access

	Residence		Business		Total
	Multi-Line	Single Line	Multi-Line	Single Line	
	1-Party	1-Party	1-Party	Multi-Party	Residence & Business
Beginning	229	229	77	77	306
New Connects	23	23	5	5	28
Disconnects	30	30	0	0	30
End of Year	222	222	82	82	304
		Subtotal Residence		Subtotal Business	
		229		77	
		23		5	
		30		0	
		222		82	

Foreign Exchange:

Dial Tone from this C.O.: 0
Dial Tone from another C.O.: 1

Directory Listings:

Number of Customers with Nonpublished or Nonlisted: 8

Custom Calling:

Number of customers with at least one feature: 162
Total number of features subscribed to: 23

NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 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 ARBON	105			3,626	11,852	15,478	147
2 ROCKLAND	304			14,472	65,235	79,707	262
3 PARIS	917			13,027	171,991	185,018	202
4							
5							
6							
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

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers Yes No

Included in directory Yes No

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

Alternate method of notification Local newspaper annually

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 88

Category of complaints (if known):

Deposit Disputes _____

Charges on Bill 62

Denial/Termination _____

Quality or Availability
of Service 15

Carrier Selection/Assignment 7

Miscellaneous 4

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CERTIFICATE

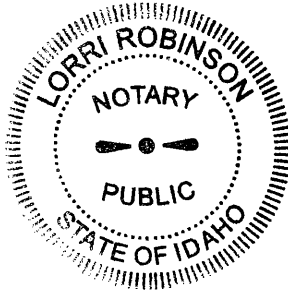
State of Idaho)
) ss
County of)

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

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

Subscribed and Sworn to Before Me this 13 day of April, (Year) 2005.

Lorri Robinson
Notary Public



My Commission expires 7-23, (Year) 2010.

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