

**REPORTS TO BE SUBMITTED PURSUANT TO
WAC 480-123-070 AND WAC 480-123-080**

Inland Telephone Company (the "Company") hereby submits the following reports in accordance with WAC 480-123-070 and WAC 480-123-080.¹

Report 1: WAC 480-123-070(1)(a): Attached is a copy of the Company's NECA-1 Report for the calendar year 2005, that, as of the date of this report, the Company has reported to the National Exchange Carrier Association ("NECA") and expects that it will be the basis for support from the federal high-cost fund.

Report 2: WAC 480-123-070(1)(b): The Company reports that the investments and expenses reported under Report 1, above, benefited customers as follows: Through the expenditure of these funds, the Company was able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C. § 254 of providing quality telecommunications services to customers in the service area for which the Company is designated as an ETC.² The Company has made substantial investments over the past several years which allow it to provide quality telecommunications services to its customers in its designated ETC service area. Those expenditures and investments, including those reflected in Report 1 above, generally benefit all customers receiving the federal high-cost fund supported services from the Company within its designated ETC service area.

Report 3: WAC 480-123-070(4): The Company reports that the Company is not aware of any complaints during the calendar year 2005 to the Federal Communications Commission concerning the services provided to its customers by the Company. The Company reports that it is aware of three (3) complaints during the calendar year 2005 to the Consumer Protection Division of the Office of the Attorney General of the State of Washington concerning the services provided to its customers by the Company. Two (2) of these complaints were deemed by Washington Utilities and Transportation Commission ("WUTC") staff to be interexchange carrier problems and the Company was subsequently removed from the complaint. The remaining complaint involved an operator completed call and related charges. Although the Company believed that the customer probably did ask the operator to complete the call, the Company felt it was in the Company's, as well as the customer's, best interest to resolve this issue amicably. The Company resolved this complaint with the customer by removing the related charges. This corresponds to a number of complaints per 1,000 lines of approximately 0.33.

Report 4: WAC 480-123-080(1)(b): The Company reports as follows: As they are known to the Company at the date of this Report, the planned investment and expenses related to Washington state for the period October 1, 2006, through September 30, 2007, that the Company expects to use as a basis to request federal high-cost support are

¹ It is the Company's understanding that it is not required to submit the reports described in WAC 480-123-070(2) and (3).

² The term "ETC" is used in the same sense as the term is used in Chapter 480-123 WAC.

expected to be relatively similar to those investments and expenses the Company has set forth in its information filed under Report 1, above, taking into account normal fluctuations in investment and expense levels. The Company expects that levels of expenses will remain relatively the same as those it experienced in calendar year 2005, subject to the effects of inflation and other commonly experienced changes in cost of labor and materials. The Company does not anticipate major adjustments in staffing levels for the relevant period. The Company's investment plans directly affecting federal high-cost supported services offered by it in its designated ETC service area will include a major construction project. The Company expects to have completed the replacement of three switches and related line port and exchange carrier equipment for approximately \$1,500,000; however, this added investment would be countered by a retirement of approximately \$1,800,000. The switch replacements were necessary in order to meet regulatory compliances. The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2007.

Report 5: WAC 480-123-080(2): Through the expenditure of the expected investments and expenses reported under Report 4, the Company will be able to continue to provide services at a level that the Company believes meets the intent set forth in 47 U.S.C. § 254 of providing quality telecommunications services to customers in the service area for which the Company is designated as an ETC. The Company continues to make investments, which benefit all customers receiving the federal high-cost fund supported services from the Company and allow it to provide quality telecommunications services to its customers in its designated ETC service area.

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.
 UNIVERSAL SERVICE FUND
 2006 DATA COLLECTION FORM

STUDY AREA: 522423

Name: INLAND TELEPHONE COMPANY - WA

CONTACT: James Brooks
 PHONE: 509-649-2211

REGION: 5 PACIFIC

COLLECTION PERIOD: 2006-1

	Description	Latest View 2005-1 Amount	Pending View 2006-1 Amount
II.	WORKING LOOPS		
60	Total Loops (Cat 1.1, 1.2, and 1.3)	2,929	2,918
70	Category 1.3 Loops (Excluding Cat 1.3 TWX Loops)	2,892	2,894
III.	INVESTMENTS		
	NET PLANT INVESTMENT		
160	Acct 2001 - Telephone Plant in Service	12,999,500	14,008,581
170	Acct 1220 - Materials and Supplies	230,158	242,286
190	Acct 3100 - Accumulated Depreciation	8,092,707	9,112,492
195	Acct 3400 - Accumulated Amortization	50	96
210	Acct 4340 - Net Noncurrent Deferred Operating Income Tax	407,868	334,675
220	Net Plant Investment (Sum Ln160-Ln210)	4,729,033	4,803,604
	SELECTED PLANT ACCOUNTS		
230	Acct 2210 - Central Office Switching Equipment	2,125,826	2,244,768
235	Acct 2220 - Operator Systems Equipment	0	0
240	Acct 2230 - Central Office Transmission Equipment	1,884,619	1,987,008
245	Total Central Office Equipment	4,010,445	4,231,776
250	Circuit Equipment Category 4.13	816,037	800,083

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Description	Latest View 2005-1 Amount	Pending View 2006-1 Amount
255 Acct 2410 - Cable & Wire Facilities Total	5,815,448	6,314,667
260 Acct 3100 (2210) - Accumulated Depreciation Central Office Switching Equipment	1,132,413	1,379,905
265 Acct 3100 (2220) - Accumulated Depreciation Operator System Equipment	0	0
270 Acct 3100 (2230) - Accumulated Depreciation Central Office Transmission Equipment	1,061,448	1,138,464
275 Acct 3100 (2210-2230) - Total Accumulated Depreciation Central Office Equipment	2,193,861	2,518,369
280 Acct 3100 (2410) - Accumulated Depreciation Cable and Wire Facilities	3,554,973	3,888,251
310 Acct 4340 (2210) - Net Noncurrent Deferred Operating Income Taxes - Central Office Switching Equipment	67,924	54,225
315 Acct 4340 (2220) - Net Noncurrent Deferred Operating Income Taxes - Operator Systems Equipment	0	0
320 Acct 4340 (2230) - Net Noncurrent Deferred Operating Income Taxes - Central Office Transmission Equipment	59,202	47,315
325 Acct 4340 (2210-2230) - Net Deferred Operating Income Taxes - Central Office Equipment (Sum of 4340 (2210) through	127,126	101,540
330 Acct 4340 (2410) - Net Deferred Operating Income Taxes - Cable and Wire Facilities	183,754	153,148

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COLLECTION PERIOD: 2006-1

Description	Latest View 2005-1 Amount	Pending View 2006-1 Amount
PLANT SPECIFIC OPERATION EXPENSE		
335 Acct 6110 - Network Support Expense Total	90,175	110,750
340 Acct 6110 - Benefits Portion of Network Support Expense	32,383	37,588
345 Acct 6110 - Rents Portion of Network Support Expense	15,190	15,913
350 Acct 6120 - General Support Expense Total	276,291	310,692
355 Acct 6120 - Benefits Portion of General Support Expense	35,196	36,597
360 Acct 6120 - Rents Portion of General Support Expense	15,766	15,912
365 Acct 6210 - Central Office Switching Expense - Total	247,356	232,293
370 Acct 6210 - Benefits Portion of Central Office Switching Expense	27,297	30,509
375 Acct 6210 - Rents Portion of Central Office Switching Expense	0	0
380 Acct 6220 - Operator System Expense - Total	0	0
385 Acct 6220 - Benefits Benefits Portion of Operator System Expense	0	0
390 Acct 6220 - Rents Benefits Portion of Operator System Expense		
395 Acct 6230 - Central Office Expense - Transmission Equipment - Total	77,275	109,490
400 Acct 6230 - Benefits Portion of Central Office Expense - Transmission Equipment	9,524	12,018
405 Acct 6230 - Rents Portion of Central Office Expense - Transmission Equipment	0	0

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	Description	Latest View 2005-1 Amount	Pending View 2006-1 Amount
410	Acct 6210 - 6230 Central Office Equipment Expense Total	324,631	341,783
430	Acct 6410 - Cable & Wire Facilities Expense Total	270,256	414,839
435	Acct 6410 - Benefits Portion of Cable & Wire Facilities Expense	44,761	60,370
440	Acct 6410 - Rents Portion of Cable & Wire Facilities Expense	0	0
445	Total Plant Specific Expense	961,353	1,178,064
450	Acct 6530 - Network Operations Expense - Total	258,283	230,132
455	Acct 6530 - Benefits Portion of Network Operations Expense	44,954	41,865
DEPRECIATION & AMORTIZATION EXPENSES			
510	Acct 6560 (2210) - Depreciation and Amortization Expense-Central Office Switching Equipment	315,027	195,397
515	Acct 6560 (2220) - Depreciation and Amortization Expense - Operator System Equipment	0	0
520	Acct 6560 (2230) - Depreciation and Amortization Expense - Central Office Transmission Equipment	208,221	185,733
525	Acct 6560 (2210 - 2230) - Depreciation and Amortization - Central Office Equipment	523,248	381,130
530	Acct 6560 (2410) - Depreciation and Amortization Expense - Cable & Wire Facilities	311,109	331,725

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Description		Latest View 2005-1 Amount	Pending View 2006-1 Amount
CORPORATE OPERATIONS EXPENSE			
535	Acct 6710 - Executive & Planning Expense - Total	190,641	345,056
540	Acct 6710 - Benefits Portion of Executive & Planning Expense	33,794	44,193
550	Acct 6720 - General & Administrative Expense - Total	790,193	995,609
555	Acct 6720 - Benefits Portion of General Administrative Expense	133,303	146,038
565	Total Corporate Operations Expense	980,834	1,340,665
OTHER EXPENSE			
600	Benefits Portion of all Operating Expenses - Total	421,888	463,596
610	Rents Portion of all Operating Expenses - Total	30,957	31,825
TAXES			
650	Acct 7200 - Operating Taxes	389,620	426,297
IV.	PART 36 - COST STUDY DATA		
700	Cost Study Average Cable and Wire Facilities Acct 2410	5,643,892	6,065,057
710	Cost Study Average Cable and Wire Facilities Cat 1 - Total Exchange Line C&WF Excluding Wide Band	5,301,341	5,710,241
V.	AMORTIZABLE TANGIBLE ASSETS (REFER TO INSTRUCTIONS PRIOR TO COMPLETING THIS SECTION)		
800	Acct 2680 - Amortizable Tangible Assets	0	0

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COLLECTION PERIOD: 2006-1

	Description	Latest View 2005-1 Amount	Pending View 2006-1 Amount
805	Acct 2680 (2230) - Amortizable Tangible Assets - Central Office Transmission Equipment	0	0
810	Acct 2680 (2230) - Amortizable Tangible Assets-Central Office Transmission Equipment Allocated to Category 4.13	0	0
815	Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities	0	0
820	Acct 2680 (2410) - Amortizable Tangible Assets - Cable and Wire Facilities Allocated to Category 1	0	0
830	Acct 6560 (2680) Depreciation and Amortization Expense - Amortizable Tangible Assets	0	0