According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, yearching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

searching existing data sources, gathering and maintaining the data needed, and completing and review	ewing the collection of information.				
. USDA-RUS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.				
	BORROWER NAME				
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	Inland Telephone Company (Prepared with Audited Data)				
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.	PERIOD ENDING	BORROWER DESIGNATION			
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	December, 2012	WA0534			
CERTIFICATION  We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.  ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.  DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII  (Check one of the following)					
X All of the obligations under the RUS loan documents have been fulfilled in all material respects.  There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report					
Gregory Maras 4/30/201	13				
DATE		In a feet			
DA	RT A BALANCE SHEET				

		DATE			2004
No. 100	Water tradition to a part of the control of the con		A. BALANCE SHEET		STATE AND ADDRESS OF
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOR
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and Equivalents	1,046,451	566,757	25. Accounts Payable	304,540	192,64
2. Cash-RUS Construction Fund	0	8,040	26. Notes Payable	164,165	
3. Affiliates:		North Edition	27. Advance Billings and Payments		
a. Telecom, Accounts Receivable	83,575	82,426	28. Customer Deposits	1,524	2,09
b. Other Accounts Receivable	0		29. Current Mat. L/T Debt	635,625	673,30
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current MatCapital Leases		
1. Telecom, Accounts Receivable	651,293	453,381	32. Income Taxes Accrued	40	20
b. Other Accounts Receivable	0	0.00	33. Other Taxes Accrued	160,001	78,559
c. Notes Receivable	0	0	34. Other Current Liabilities	725,976	776,769
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	1,991,871	1,723,379
Material-Regulated	356,598	259,636	LONG-TERM DEBT		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	647,396	363,004
8. Prepayments	1,135	2,490	37. Funded Debt-RTB Notes	577,500	198,950
9. Other Current Assets	27.00		38. Funded Debt-FFB Notes		534,368
10. Total Current Assets (1 Thru 9)	2,139,052	1,372,730	39. Funded Debt-Other		(
NONCURRENT ASSETS			40. Funded Debt-Rural Develop, Loan		(
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		(
a. Rural Development	0	290,671	42. Reacquired Debt		0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease		C
12. Other Investments			44. Adv. From Affiliated Companies	120,750	(
a. Rural Development	0	0	45. Other Long-Term Debt	0	(
b. Nonrural Development	168,896	178,123	46. Total Long-Term Debt (36 thru 45)	1,345,646	1,096,322
13. Nonregulated Investments	827,395		OTHER LIAB. & DEF. CREDITS	and a little	
14. Other Noncurrent Assets	250	250	47. Other Long-Term Liabilities	0	(
15. Deferred Charges			48. Other Deferred Credits	808,121	716,612
16. Jurisdictional Differences		0	49. Other Jurisdictional Differences		C
17. Total Noncurrent Assets (11 thru 16)	996,541	to provide working	50. Total Other Liabilities and Deferred Credits (47 thru 49)	808,121	716,612
PLANT, PROPERTY, AND EQUIPMENT	BEAGEASIVE BA	aran arang	EQUITY		
18. Telecom, Plant-in-Service	22,405,110	22.584.411	51. Cap. Stock Outstand. & Subscribed	93,150	93,150
19. Property Held for Future Use	0		52. Additional Paid-in-Capital	7,175	7,175
20. Plant Under Construction	146,943		53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill	1		54. Membership and Cap. Certificates		Č
22. Less Accumulated Depreciation	14.807 197		55. Other Capital	1	
Net Plant (18 thru 21 less 22)	7,744,856		56. Patronage Capital Credits		(
TOTAL ASSETS (10+17+23)	.,		57. Retained Earnings or Margins	6,634,486	6,286,883
TOTAL AGGETG (10+11+23)			58. Total Equity (51 thru 57)	6,734,811	6,387,208
	Agree generally No. 14		59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	10,880,449	
	10,880,449	9,923,521		10,000,449	3,343,541

BORROWER DESIGNATION

WA0534

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

PERIOD ENDING

INSTRUCTIONS- See RUS Bulletin 1744-2

December, 2012

### PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS				
ITEM	PRIOR YEAR	THIS YEAR		
Local Network Services Revenues	805,031	713,304		
2. Network Access Services Revenues	4,913,169	4,720,823		
3. Long Distance Network Services Revenues	179	18,094		
Carrier Billing and Collection Revenues	63,064	49,017		
5. Miscellaneous Revenues	93,495	109,474		
6. Uncollectible Revenues	17,044	4,796		
7. Net Operating Revenues (1 thru 5 less 6)	5,857,894	5,605,916		
8. Plant Specific Operations Expense	2,236,474	2,240,021		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	370,469	338,850		
10. Depreciation Expense	1,171,724	1,255,274		
11. Amortization Expense	30,911	182		
12. Customer Operations Expense	443,891	517,868		
13. Corporate Operations Expense	1,150,148	1,032,592		
14. Total Operating Expenses (8 thru 13)	5,403,617	5,384,787		
15. Operating Income or Margins (7 less 14)	454,277	221,129		
16. Other Operating Income and Expenses		0		
17. State and Local Taxes	143,520	130,333		
18. Federal Income Taxes	80,881	998		
19. Other Taxes		0		
20. Total Operating Taxes (17+18+19)	224,401	131,331		
21. Net Operating Income or Margins (15+16-20)	229,876	89,798		
22. Interest on Funded Debt	117,064	85,114		
23. Interest Expense - Capital Leases		0		
24. Other Interest Expense	10	14,655		
25. Allowance for Funds Used During Construction		0		
26. Total Fixed Charges (22+23+24-25)	117,074	99,769		
27. Nonoperating Net Income	28,514	174,636		
28. Extraordinary Items		0		
29. Jurisdictional Differences		0		
30. Nonregulated Net Income	(49,316)	(513,764)		
31. Total Net Income or Margins (21+27+28+29+30-26)	92,000	(349,099)		
32. Total Taxes Based on Income	47,017	(174,638)		
33. Retained Earnings or Margins Beginning-of-Year	6,540,037	6,634,486		
34. Miscellaneous Credits Year-to-Date	2,449	1,496		
35. Dividends Declared (Common)		0		
36. Dividends Declared (Common)  36. Dividends Declared (Preferred)		0		
37. Other Debits Year-to-Date		0		
38. Transfers to Patronage Capital		0		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	6,634,486	6,286,883		
40. Patronage Capital Beginning-of-Year		0		
41. Transfers to Patronage Capital		0		
42. Patronage Capital Credits Retired	0	0		
43. Patronage Capital End-of-Year (40+41-42)	0	0		
43. Patronage Capital End-01-Year (40+41-42)  44. Annual Debt Service Payments	744,620	717,781		
The state of the s	0.7555	0.7600		
45. Cash Ratio [(14+20-10-11) / 7]	0.9807	1.0018		
46. Operating Accrual Ratio [(14+20+26) / 7]	1.7858	-2.4991		
47. TIER [(31+26) / 26] 48. DSCR [(31+26+10+11) / 44]	1.8959	1.4017		
To. DOON [[01:20:10:11]] TT]	1.000	Page 2 of 6		

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

WA0534

PERIOD ENDED

December, 2012

INSTRUCTIONS - See RUS Bulletin 1744-2

	Part C. SUI	SCRIBER (ACC	ESS LINE), ROUTE I	MILE, & HIGH SPEED	DATA INFORM	IATION	
	1. RATE	S	2. SUBSC	RIBERS (ACCESS LINES	5)	3. ROUTE MILES	
EXCHANGE	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
DEWATTO	27.00	22.00	16	322	338	143.85	42.07
PRESCOTT	26.50	16.50	38	128	166	152.67	1.00
ROSLYN	24.00	13.80	174	1,015	1,189	157.01	34.06
UNIONTOWN	25.00	15.00	192	315	507	201.66	14.00
LEON	40.68	25.76	1	25	26	5.00	0.00
LENORE	40.68	25.76	21	254	275	177.83	12.00
MobileWireless					0	1000	
Route Mileage Outside Exchange Area						0.00	0.00
Total			442	2,059	2,501	838.02	103.13
No. Exchanges	6						

## OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION WA0534

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PERIOD ENDED

December, 2012

INSTRUCTIONS - See RUS Bulletin 1744-2

	Part C	. SUBSCRIBER (A	ACCESS LINE),	ROUTE MILE,	& HIGH SPEED	DATA INFORMA	ATION	
		533	4. B	ROADBAND SER	VICE			
	Details on Least Expensive Broadband Service							
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
DEWATTO	338	224	110	768	512	18.63	Package	DSL
PRESCOTT	166	51	51	768	512	12.58	Package	DSL
ROSLYN	1,189	794	713	>6,000	768	12.58	Package	DSL
UNIONTOWN	507	220	189	>6,000	768	18.63	Package	DSL
LEON	26	14	14	>6,000	768	26.06	Package	DSL
LENORE	275	143	143	768	512	19.70	Package	DSL
Total	2.501	1,446		•				

#### BORROWER DESIGNATION USDA-RUS WA0534 OPERATING REPORT FOR PERIOD ENDING **TELECOMMUNICATIONS BORROWERS** December, 2012 ISTRUCTIONS- See RUS Bulletin 1744-2 PART D. SYSTEM DATA 3. Square Miles Served 4. Access Lines per Square Mile 5. Subscribers per Route Mile 1. No. Plant Employees 2. No. Other Employees 19 43 PART E. TOLL DATA 2. Types of Toll Settlements (Check one) 1. Study Area ID Code(s) X Cost Basis Average Schedule a.472423 Interstate: b.522423 X Cost Basis Average Schedule Intrastate: PART F. FUNDS INVESTED IN PLANT DURING YEAR 541,768 1. RUS, RTB, & FFB Loan Funds Expended Other Long-Term Loan Funds Expended Funds Expended Under RUS Interim Approval Other Short-Term Loan Funds Expended 196,772 General Funds Expended (Other than Interim) 22,217 Salvaged Materials Contribution in Aid to Construction 760,757 Gross Additions to Telecom. Plant (1 thru 7)

PART G. INVESTMENTS IN AFFILIATED COMPANIES

Investment

This Year

290,671

INVESTMENTS

Investment in Affiliated Companies - Rural Development
 Investment in Affiliated Companies - Nonrural Development

**CURRENT YEAR DATA** 

Income/Loss

This Year

Page 5 of 6

290,671

Current

(1)

**CUMULATIVE DATA** 

Cumulative

Income/Loss

To Date

(e)

Cumulative

To Date

(d)

290,671

# OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION	·	
WA0534		
PERIOD ENDING		

)		December, 2012					
	PART H. CURRENT DEPRECIATION RATES						
	Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)		X	YES		NO	
			Τ	DEPRECIA	TION B		
_	EQUIPMENT CATEGORY			DEPRECIA	HON KA	16.00%	
1.	Land and support assets - Motor Vehicles		<del> </del>				
2. 3.	Land and support assets - Aircraft  Land and support assets - Special purpose vehicles						
<u>3.</u> 4.	Land and support assets - Special purpose venicles  Land and support assets - Garage and other work equipment					16.00%	
<del>5</del> .	Land and support assets - Garage and other work equipment  Land and support assets - Buildings					4.00%	
6.	Land and support assets - Furniture and Office equipment					15.00%	
7.	Land and support assets - General purpose computers	* 140 A MIN A				25.00%	
8.	Central Office Switching - Digital			7.8		9.00%	
9.	Central Office Switching - Analog & Electro-mechanical						
10.	Central Office Switching - Operator Systems						
11.	Central Office Transmission - Radio Systems			17/		13.00%	
12.	Central Office Transmission - Circuit equipment					11.19%	
	Information origination/termination - Station apparatus						
_	Information origination/termination - Customer premises wiring						
	Information origination/termination - Large private branch exchanges						
_	Information origination/termination - Public telephone terminal equipment	ent					
_	Information origination/termination - Other terminal equipment					7.59%	
-	Cable and wire facilities - Poles					42.06%	
_	Cable and wire facilities - Aerial cable - Metal		1000		13	5,00%	
_	Cable and wire facilities - Aerial cable - Fiber  Cable and wire facilities - Underground cable - Metal		<del>                                     </del>			6.00%	
_	Cable and wire facilities - Underground cable - Fiber					5.00%	
_	Cable and wire facilities - Burled cable - Metal						
	Cable and wire facilities - Buried cable - Fiber						
	Cable and wire facilities - Conduit systems						
_	Cable and wire facilities - Other			= =====================================			
_					10 721		
						1	

BORROWER DESIGNATION

WA0534

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

PERIOD ENDED

INSTRUCTIONS - See help in the online application.

December, 2012

INST	RUCTIONS – See help in the online application.	
2.25	PART I – STATEMENT OF CASH FLOWS	
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	1,046,45
	CASH FLOWS FROM OPERATING ACTIVITIES	
2.	Net Income	(349,099)
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3.	Add: Depreciation	1,255,274
4.	Add: Amortization	182
5.	Other (Explain) See Notes Page	387,567
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	199,061
7.	Decrease/(Increase) in Materials and Inventory	96,962
8.	Decrease/(Increase) in Prepayments and Deferred Charges	(1,355)
9.	Decrease/(Increase) in Other Current Assets	0
10.	Increase/(Decrease) in Accounts Payable	(111,899)
11.	Increase/(Decrease) in Advance Billings & Payments	C
12.	Increase/(Decrease) in Other Current Liabilities	50,793
13.	Net Cash Provided/(Used) by Operations	1,527,486
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	0
15.	Increase/(Decrease) in Notes Payable	(164,165)
16.	Increase/(Decrease) in Customer Deposits	566
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	(211,649)
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	(91,509)
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	0
20.	Less: Payment of Dividends	0
21.	Less: Patronage Capital Credits Retired	0
22.	Other (Explain) See Notes Page	898
23.	Net Cash Provided/(Used) by Financing Activities	(465,859)
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	Net Capital Expenditures (Property, Plant & Equipment)	(356,015)
25.	Other Long-Term Investments	(304,093)
26.	Other Noncurrent Assets & Jurisdictional Differences	0
27.	Other (Explain) See Notes Page	(873,173)
28.	Net Cash Provided/(Used) by Investing Activities	(1,533,281)
29.	Net Increase/(Decrease) in Cash	(471,654)
30.	Ending Cash	574,797

Revision Date 2010

#### PART H-CURRENT DEPRECIATION RATES

## IDAHO DEPRECIATION RATES(WASHINGTON RATES ARE ON PAGE 6)

Motor Vehicles-12.50%, Garage Work Equipment-12.50%, Other Work Equipment-12.50%, Buildings-2.50%, Furniture-15.00%, Company Communications Equipment-5.00%, General Purpose Computers-25.00%, Office Support Equipment-5.00%, COE Switching-9.00%, COE Transmission-11.19%, COE Radio-13.00%, Poles-5.00%, Aerial Cable-4.00%, Buried Cable-4.00%, Fiber Optic-4.00%, Aerial Wire-8.00%, Aerial Fiber-4.00%

# PART-I STATEMENT OF CASH FLOWS CASH FLOW RECONCILING EXPLANATIONS

Description	Amount
Line 5 Other	
Depreciation and amortization on non-regulated investments	74,448
Change in other taxes	(81,442)
Change in deposits	566
Cash surrender value of life insurance	(6,147)
Gain on sale of property	(22,217)
Deferred and state income taxes	(174,658)
Federal and state income taxes payable	(20)
Non-cash stock dividend	(813)
Total Amount of Adjustment	(210,283)
Line 22 Other	
Reclassify change in deferred credits to operating activities	91,509
Reclassify deposit change to operating activities	(566)
Reclassify advances from affiliated companies change to investing activities	120,750
Total Amount of Adjustment	211,693
Line 27 Other	
Remove retirements from line 24	(404,742)
	22,217
Salvage	(103,593)
Additional amounts of long-term investments	
Total Amount of Adjustment	(486,118)