

INLAND TELEPHONE COMPANY

STATE USF FILING

FINANCIAL TEMPLATE

NON-"S CORP" COMPANIES

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior Year Balance Sheet

Company Name: (Below)  
 Inland Telephone Company

ASSETS	Balance End of Year 2016 (A)	Part 64 Adj to NonReg 2016 (B)	Adj. Balance End of Year 2016 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2016 (A)	Part 64 Adj to NonReg 2016 (B)	Adj. Balance End of Year 2016 (C)
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. Cash and Equivalents	391,052		391,052	25. Accounts Payable	260,605		260,605
2. Cash-RUS Construction Fund	707,373		707,373	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	2,324		2,324
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	1,111,275	(93,859)	1,017,416
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	329,752	(90,427)	239,325	32. Income Taxes Accrued	20		20
b. Other Accounts Receivable			0	33. Other Taxes Accrued	75,641		75,641
c. Notes Receivable			0	34. Other Current Liabilities	519,318		519,318
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	1,969,183	(93,859)	1,875,324
6. Material-Regulated	270,709		270,709	<b>LONG-TERM DEBT</b>			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes	42,560	(3,595)	38,965
8. Prepayments	88,993		88,993	37. Funded Debt-RTB Notes	42	(4)	38
9. Other Current Assets			0	38. Funded Debt-FFB Notes	14,282,455	(1,206,309)	13,076,146
10. Total Current Assets (1 Thru 9)	1,787,879	(90,427)	1,697,452	39. Funded Debt-Other	(3,715)		(3,715)
<b>NONCURRENT ASSETS</b>				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development	808,606		808,606	42. Reacquired Debt			0
b. Nonrural Development	0		0	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies			0
a. Rural Development	0		0	45. Other Long-Term Debt			0
b. Nonrural Development	236,241		236,241	46. Total Long-Term Debt (36 thru 45)	14,321,342	(1,209,908)	13,111,434
13. Nonregulated Investments (B1)	1,709,626	2,391,166	4,100,792	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
14. Other Noncurrent Assets	250		250	47. Other Long-Term Liabilities			0
15. Deferred Charges			0	48. Deferred Income Taxes	2,860,121	(246,844)	2,613,277
16. Jurisdictional Differences			0	49. Other Deferred Credits (D)	(1,660,535)	32,219	(1,628,316)
17. Total noncurrent Assets (11 thru 16)	2,754,723	2,391,166	5,145,889	50. Other Jurisdictional Differences			0
<b>PLANT, PROPERTY AND EQUIPMENT</b>				51. Total Other Liab. & Def. Credits (47 thru 50)	1,199,586	(214,625)	984,961
18. Telecom Plant-In-Service	33,544,644	(2,833,212)	30,711,432	<b>EQUITY</b>			
19. Property Held for Future Use	312,104		312,104	52. Cap. Stock Outstanding & Subscribed	93,150		93,150
20. Plant Under Construction	328,995	(32,728)	296,267	53. Additional Paid-in-Capital	7,175		7,175
21. Plant Adj., Nonop Plant & Goodwill			0	54. Treasury Stock			0
22. Accumulated Depreciation (CR.)	(15,732,934)	565,201	(15,167,733)	55. Membership and Capital Certificates			0
23. Net Plant (18 thru 21 less 22)	18,452,809	(2,300,739)	16,152,070	56. Other Capital			0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>22,995,411</b>	<b>0</b>	<b>22,995,411</b>	57. Patronage Capital Credits			0
				58. Retained Earnings or Margins (B2)	5,404,975	1,518,392	6,923,367
				59. Total Equity (52 thru 58)	5,505,300	1,518,392	7,023,692
				<b>60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)</b>	<b>22,995,411</b>	<b>0</b>	<b>22,995,411</b>

Footnotes:

- (A) - As reported on RUS Form 479
- (B) - Part 64 adjustments from regulated to nonregulated.
- (C) - Adjusted Balance after Part 64

Footnotes:

- (B1) - Part 64 offset to nonreg investment
- (B2) - Part 64 offset to retained earnings
- (D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110(1)(e)  
Current Year Balance Sheet

Company Name: (Below)  
Inland Telephone Company

ASSETS	Balance End of Year 2017 (A)	Part 64 Adj to NonReg 2017 (B)	Adj. Balance End of Year 2017 (C)	LIABILITIES AND STOCKHOLDERS' EQUITY	Balance End of Year 2017 (A)	Part 64 Adj to NonReg 2017 (B)	Adj. Balance End of Year 2017 (C)
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
1. Cash and Equivalents	311,540		311,540	25. Accounts Payable	195,519		195,519
2. Cash-RUS Construction Fund	1,068,000		1,068,000	26. Notes Payable			0
3. Affiliates:				27. Advance Billings and Payments			0
a. Telecom, Accounts Receivable			0	28. Customer Deposits	2,370		2,370
b. Other Accounts Receivable			0	29. Current Mat. L/T Debt	1,047,525	(96,508)	951,017
c. Notes Receivable			0	30. Current Mat. L/T Debt Rur. Dev.			0
4. Non-Affiliates:				31. Current Mat. - Capital Leases			0
a. Telecom, Accounts Receivable	708,417	(290,536)	417,881	32. Income Taxes Accrued			0
b. Other Accounts Receivable			0	33. Other Taxes Accrued	65,144		65,144
c. Notes Receivable			0	34. Other Current Liabilities	561,570		561,570
5. Interest and Dividends Receivable			0	35. Total Current Liabilities (25 thru 34)	1,872,128	(96,508)	1,775,620
6. Material-Regulated	271,274		271,274	<b>LONG-TERM DEBT</b>			
7. Material-Nonregulated			0	36. Funded Debt-RUS Notes	18,797	(1,732)	17,065
8. Prepayments	145,154		145,154	37. Funded Debt-RTB Notes			0
9. Other Current Assets			0	38. Funded Debt-FFB Notes	12,718,026	(1,171,709)	11,546,317
10. Total Current Assets (1 Thru 9)	2,504,385	(290,536)	2,213,849	39. Funded Debt-Other	(3,231)	298	(2,933)
<b>NONCURRENT ASSETS</b>				40. Funded Debt-Rural Develop. Loan			0
11. Investment in Affiliated Companies				41. Premium (Discount) on L/T Debt			0
a. Rural Development	1,989,282		1,989,282	42. Reacquired Debt			0
b. Nonrural Development			0	43. Obligations Under Capital Lease			0
12. Other Investments				44. Adv. From Affiliated Companies			0
a. Rural Development			0	45. Other Long-Term Debt			0
b. Nonrural Development	248,764		248,764	46. Total Long-Term Debt (36 thru 45)	12,733,592	(1,173,143)	11,560,449
13. Nonregulated Investments (B1)	873,407	2,470,877	3,344,284	<b>OTHER LIAB. &amp; DEF. CREDITS</b>			
14. Other Noncurrent Assets	250		250	47. Other Long-Term Liabilities			0
15. Deferred Charges			0	48. Deferred Income Taxes	1,789,409	(165,998)	1,623,411
16. Jurisdictional Differences			0	49. Other Deferred Credits (D)	236,515	21,150	257,665
17. Total noncurrent Assets (11 thru 16)	3,111,703	2,470,877	5,582,580	50. Other Jurisdictional Differences			0
<b>PLANT, PROPERTY AND EQUIPMENT</b>				51. Total Other Liab. & Def. Credits (47 thru 50)	2,025,924	(144,848)	1,881,076
18. Telecom Plant-In-Service	31,138,653	(2,882,592)	28,256,061	<b>EQUITY</b>			
19. Property Held for Future Use	10,213		10,213	52. Cap. Stock Outstanding & Subscribed	93,150		93,150
20. Plant Under Construction	66,912		66,912	53. Additional Paid-in-Capital	7,175		7,175
21. Plant Adj., Nonop Plant & Goodwill			0	54. Treasury Stock			0
22. Accumulated Depreciation (CR.)	(14,116,291)	702,251	(13,414,040)	55. Membership and Capital Certificates			0
23. Net Plant (18 thru 21 less 22)	17,099,487	(2,180,341)	14,919,146	56. Other Capital			0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>22,715,575</b>	<b>0</b>	<b>22,715,575</b>	57. Patronage Capital Credits			0
				58. Retained Earnings or Margins (B2)	5,983,606	1,414,499	7,398,105
				59. Total Equity (52 thru 58)	6,083,931	1,414,499	7,498,430
				<b>60. TOTAL LIABILITIES AND EQUITY (35+46+51+59)</b>	<b>22,715,575</b>	<b>0</b>	<b>22,715,575</b>

Footnotes:

- (A) - As reported on RUS Form 479
- (B) - Part 64 adjustments from regulated to nonregulated.
- (C) - Adjusted Balance after Part 64

Footnotes:

- (B1) - Part 64 offset to nonreg investment
- (B2) - Part 64 offset to retained earnings
- (D) - Excludes deferred taxes

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior and Current Year Balance Sheet

Company Name: (Below)  
 Inland Telephone Company

ASSETS	Adjusted Prior Year Balance 2016	Adjusted Current Year Balance 2017	LIABILITIES AND STOCKHOLDERS' EQUITY	Adjusted Prior Year Balance 2016	Adjusted Current Year Balance 2017
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents	391,052	311,540	25. Accounts Payable	260,605	195,519
2. Cash-RUS Construction Fund	707,373	1,068,000	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	2,324	2,370
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	1,017,416	951,017
c. Notes Receivable	0	0	30. Current Mat. L/T Debt Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. - Capital Leases	0	0
a. Telecom, Accounts Receivable	239,325	417,881	32. Income Taxes Accrued	20	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	75,641	65,144
c. Notes Receivable	0	0	34. Other Current Liabilities	519,318	561,570
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 - 34)	1,875,324	1,775,620
6. Material-Regulated	270,709	271,274	<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated	0	0	36. Funded Debt-RUS Notes	38,965	17,065
8. Prepayments	88,993	145,154	37. Funded Debt-RTB Notes	38	0
9. Other Current Assets	0	0	38. Funded Debt-FFB Notes	13,076,146	11,546,317
10. Total Current Assets (1 Thru 9)	1,697,452	2,213,849	39. Funded Debt-Other	(3,715)	(2,933)
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	808,606	1,989,282	42. Reacquired Debt	0	0
b. Nonrural Development	0	0	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	236,241	248,764	46. Total Long-Term Debt (36-45)	13,111,434	11,560,449
13. Nonregulated Investments	4,100,792	3,344,284	<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets	250	250	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	0	0	48. Deferred Income Taxes	2,613,277	1,623,411
16. Jurisdictional Differences	0	0	49. Other Deferred Credits	(1,628,316)	257,665
17. Total noncurrent Assets (11 thru 16)	5,145,889	5,582,580	50. Other Jurisdictional Differences	0	0
<b>PLANT, PROPERTY AND EQUIPMENT</b>			51. Total Other Liab. & Def. Credits (47 thru 50)	984,961	1,881,076
18. Telecom Plant-in-Service	30,711,432	28,256,061	<b>EQUITY</b>		
19. Property Held for Future Use	312,104	10,213	52. Cap. Stock Outstanding & Subscribed	93,150	93,150
20. Plant Under Construction	296,267	66,912	53. Additional Paid-in-Capital	7,175	7,175
21. Plant Adj., Nonop Plant & Goodwill	0	0	54. Treasury Stock	0	0
22. Accumulated Depreciation (CR.)	(15,167,733)	(13,414,040)	55. Membership and Capital Certificates	0	0
23. Net Plant (18 thru 21 less 22)	16,152,070	14,919,146	56. Other Capital	0	0
<b>24. TOTAL ASSETS (10+17+23)</b>	<b>22,995,411</b>	<b>22,715,575</b>	57. Patronage Capital Credits	0	0
			58. Retained Earnings or Margins	6,923,367	7,398,105
			59. Total Equity (52 thru 58)	7,023,692	7,498,430
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+51+59)</b>	<b>22,995,411</b>	<b>22,715,575</b>

Footnote:  
 Adjusted Balances represents balances  
 after Part 64 adjustments.

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)  
 Prior and Current Year Rate Base

Company Name: (Below)  
 Inland Telephone Company \_\_\_\_\_

Line #	Description	B/S Line #	Adj. Balance End of Year 2016	Adj. Balance End of Year 2017	Average Adj End of Year Balance
<b>Average Rate Base:</b>					
1	Total Regulated Adjusted Telecom Plant-In-Service	18	30,711,432	28,256,061	29,483,747
2	Total Property Held for Future Use	19	312,104	10,213	161,159
3	Total Regulated Adjusted Accumulated Depreciation (CR)	22	(15,167,733)	(13,414,040)	(14,290,887)
4	Total Regulated Materials & Supplies	6	270,709	271,274	270,992
5	Deferred Income Taxes (CR) * - Manually input		(2,613,277)	(1,623,411)	(2,118,344)
6	<b>Total Regulated Rate Base</b>		<b>13,513,235</b>	<b>13,500,097</b>	<b>13,506,666</b>

Footnotes:

1. Normal balance of deferred operating income taxes and accumulated depreciation is a credit.
- \* 2. Deferred Income Taxes (Line 5) may not equal the Balance Sheet Deferred Income Taxes (Line 48) if the later includes non-operating.
3. Adjusted balance includes Part 64 adjustments

**State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)**  
**Prior and Current Year Access Lines**

Company Name: (Below)  
 Inland Telephone Company \_\_\_\_\_

Line #	Description	Prior Year End of Yr. Balance - 2016	Current Year End of Yr. Balance - 2017	Difference	% Change
	<b>Access Lines:</b>				
1	Residential	1,838	1,892	54	2.9%
2	Business	589	546	(43)	-7.3%
3	Total	2,427	2,438	11	0.5%

Note: If 2016 does not equal last year's petition and template, explain.

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)  
 Prior Year Income Statement

Company Name: (Below)  
 Inland Telephone Company

Line #	Description	Prior Year 2016 (A)	Part 64 Adj. to NonReg (B)	Prior Year Adjusted 2016 (C)
1	Local Network Services Revenues	608,760		608,760
2	Network Access Services Revenues	4,225,985		4,225,985
3	Long Distance Network Services Revenues	507		507
4	Carrier Billing and Collection Revenues	42,364		42,364
5	Miscellaneous Revenues	41,034		41,034
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(1,971)		(1,971)
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>4,916,679</b>	<b>0</b>	<b>4,916,679</b>
8	Plant Specific Operations Expense	1,229,059	(45,804)	1,183,255
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	392,187	(17,869)	374,318
10	Depreciation Expense	1,189,164	(93,349)	1,095,815
11	Amortization Expense	182		182
12	Customer Operations Expense	503,533	(114,812)	388,721
13	Corporate Operations	816,755	(22,063)	794,692
14	<b>Total Operations Expenses (8 thru 13)</b>	<b>4,130,880</b>	<b>(293,897)</b>	<b>3,836,983</b>
15	Operating Income or Margins (7 less 14)	785,799	293,897	1,079,696
16	Other Operating Income and Expenses ( )			0
17	State and Local Taxes	132,426	(12,751)	119,675
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	176,593	20,592	197,185
19	Other Taxes			0
20	<b>Total Operating Taxes (17+18+19)</b>	<b>309,019</b>	<b>7,841</b>	<b>316,860</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>476,780</b>	<b>286,056</b>	<b>762,836</b>
22	Interest on Funded Debt	253,348	(24,090)	229,258
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	3,144	(265)	2,879
25	Allowance for Funds Used During Construction (Record as a Credit)	(96,225)	8,127	(88,098)
26	<b>Total Fixed Charges (22+23+24+25)</b>	<b>160,267</b>	<b>(16,228)</b>	<b>144,039</b>
27	Nonoperating Net Income	(6,344)		(6,344)
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	(23,066)	(302,284)	(325,350)
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>287,103</b>	<b>0</b>	<b>287,103</b>
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	4,569,016	320,365	4,889,381
34	Miscellaneous Credits Year-to-Date	548,856	1,198,027	1,746,883
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	<b>Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38))(A2)</b>	<b>5,404,975</b>	<b>1,518,392</b>	<b>6,923,367</b>
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	1,047,865		1,047,865
45	Cash Ratio ((14+20-10-11)/7)	0.6611	#DIV/0!	0.6219
46	Operating Accrual Ratio ((14+20+26)/7)	0.9356	#DIV/0!	0.8741
47	TIER ((31+26)/26)	2.7914	1.0000	2.9932
48	DSCR ((31+26+10+11)/44)	1.5620	#DIV/0!	1.4574

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 9, Income Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 58 of Page 2, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Column B, automatic offset to Nonregulated Net Income (No impact to Retained Earnings)
- (C) Adjusted balance after Part 64 adjustments

State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)  
Current Year Income Statement

Company Name: (Below)  
Inland Telephone Company

Line #	Description	Current Year 2017 (A)	Part 64 Adj. to NonReg (B)	Current Year Adjusted 2017 (C)
1	Local Network Services Revenues	626,725		626,725
2	Network Access Services Revenues	3,806,285		3,806,285
3	Long Distance Network Services Revenues	90		90
4	Carrier Billing and Collection Revenues	34,605		34,605
5	Miscellaneous Revenues	55,172		55,172
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(2,233)		(2,233)
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>4,520,644</b>	<b>0</b>	<b>4,520,644</b>
8	Plant Specific Operations Expense	1,370,297	(68,358)	1,301,939
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	436,945	(23,932)	413,013
10	Depreciation Expense	1,372,706	(146,823)	1,225,883
11	Amortization Expense	182		182
12	Customer Operations Expense	506,046	(115,887)	390,159
13	Corporate Operations	780,393	(17,496)	762,897
14	<b>Total Operations Expenses (8 thru 13)</b>	<b>4,466,569</b>	<b>(372,496)</b>	<b>4,094,073</b>
15	Operating Income or Margins (7 less 14)	54,075	372,496	426,571
16	Other Operating Income and Expenses ( )			0
17	State and Local Taxes	166,359	(19,123)	147,236
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	(798,904)	47,444	(751,460)
19	Other Taxes			0
20	<b>Total Operating Taxes (17+18+19)</b>	<b>(632,545)</b>	<b>28,321</b>	<b>(604,224)</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>686,620</b>	<b>344,175</b>	<b>1,030,795</b>
22	Interest on Funded Debt	311,025	(28,655)	282,370
23	Interest Expense - Capital Leases			0
24	Other Interest Expense	18		18
25	Allowance for Funds Used During Construction (Record as a Credit)	(4,316)	398	(3,918)
26	<b>Total Fixed Charges (22+23+24+25)</b>	<b>306,727</b>	<b>(28,257)</b>	<b>278,470</b>
27	Nonoperating Net Income	316,751		316,751
28	Extraordinary Items			0
29	Jurisdictional Differences			0
30	Nonregulated Net Income (B1)	126,622	(372,432)	(245,810)
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>823,266</b>	<b>0</b>	<b>823,266</b>
32	Total Taxes Based on Income			
33	Retained Earning or Margins Beginning-of-Year	5,404,975	1,518,392	6,923,367
34	Miscellaneous Credits Year-to-Date	(244,635)	(103,893)	(348,528)
35	Dividends Declared (Common)			0
36	Dividends Declared (Preferred)			0
37	Other Debits Year-to-Date			0
38	Transfers to Patronage Capital			0
39	<b>Retained Earnings End-of-Period ((31+33+34)-(35+36+37+38))(A2)</b>	<b>5,983,606</b>	<b>1,414,499</b>	<b>7,398,105</b>
40	Patronage Capital Beginning-of-Year			0
41	Transfers to Patronage Capital			0
42	Patronage Capital Credits Retired			0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	1,383,040		1,383,040
45	Cash Ratio ((14+20-10-11)/7)	0.5444	#DIV/0!	0.5008
46	Operating Accrual Ratio ((14+20+26)/7)	0.9160	#DIV/0!	0.8336
47	TIER ((31+26)/26)	3.6840	1.0000	3.9564
48	DSCR ((31+26+10+11)/44)	1.8097	#DIV/0!	1.6831

Footnotes:

- (A) As reported on RUS Form 479
- (A1) S Corps provide effective tax rate from Cost study on Page 9, Income Statement Summary Schedule Footnote
- (A2) Column A, Line 39 must equal Column A, Line 58 of Page 3, Balance Sheet
- (B) Part 64 adjustment from regulated to nonregulated
- (B1) Column B, automatic offset to Nonregulated Net Income (No Impact to Retained Earnings)
- (C) Adjusted balance after Part 64 adjustments



State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Prior and Current Year Income Statement

Company Name:

Inland Telephone Company

Line #	Description	Adjusted Prior Year 2016	Adjusted Current Year 2017
1	Local Network Services Revenues	608,760	626,725
2	Network Access Services Revenues	4,225,985	3,806,285
3	Long Distance Network Services Revenues	507	90
4	Carrier Billing and Collection Revenues	42,364	34,605
5	Miscellaneous Revenues	41,034	55,172
6	Uncollectible Revenues (Normal Balance is debit or in brackets)	(1,971)	(2,233)
7	<b>Net Operating Revenues (1 thru 6)</b>	<b>4,916,679</b>	<b>4,520,644</b>
8	Plant Specific Operations Expense	1,183,255	1,301,939
9	Plant Nonspecific Operations Expense (excluding Depreciation & Amort.)	374,318	413,013
10	Depreciation Expense	1,095,815	1,225,883
11	Amortization Expense	182	182
12	Customer Operations Expense	388,721	390,159
13	Corporate Operations	794,692	762,897
14	<b>Total Operations Expenses (8 thru 13)</b>	<b>3,836,983</b>	<b>4,094,073</b>
15	Operating Income or Margins (7 less 14)	1,079,696	426,571
16	Other Operating Income and Expenses ( )	0	0
17	State and Local Taxes	119,675	147,236
18	Federal Income Taxes (A1) - (LINE IS ZERO IF COMPANY IS S CORP)	197,185	(751,460)
19	Other Taxes	0	0
20	<b>Total Operating Taxes (17+18+19)</b>	<b>316,860</b>	<b>(604,224)</b>
21	<b>Net Operating Income or Margins (15+16-20)</b>	<b>762,836</b>	<b>1,030,795</b>
22	Interest on Funded Debt	229,258	282,370
23	Interest Expense - Capital Leases	0	0
24	Other Interest Expense	2,879	18
25	Allowance for Funds Used During Construction (Record as a Credit)	(88,098)	(3,918)
26	<b>Total Fixed Charges (22+23+24+25)</b>	<b>144,039</b>	<b>278,470</b>
27	Nonoperating Net Income	(6,344)	316,751
28	Extraordinary Items	0	0
29	Jurisdictional Differences	0	0
30	Nonregulated Net Income	(325,350)	(245,810)
31	<b>Total Net Income or Margins (21+27+28+29+30-26)</b>	<b>287,103</b>	<b>823,266</b>
32	Total Taxes Based on Income		
33	Retained Earning or Margins Beginning-of-Year	4,889,381	6,923,367
34	Miscellaneous Credits Year-to-Date	1,746,883	(348,528)
35	Dividends Declared (Common)	0	0
36	Dividends Declared (Preferred)	0	0
37	Other Debits Year-to-Date	0	0
38	Transfers to Patronage Capital	0	0
39	<b>Retained Earnings or Margins End-of-Period ((31+33+34)-(35+36+37+38))</b>	<b>6,923,367</b>	<b>7,398,105</b>
40	Patronage Capital Beginning-of-Year	0	0
41	Transfers to Patronage Capital	0	0
42	Patronage Capital Credits Retired	0	0
43	<b>Patronage Capital End-of-Year (40+41-42)</b>	<b>0</b>	<b>0</b>
44	Annual Debt Service Payments	1,047,865	1,383,040
45	Cash Ratio ((14+20-10-11)/7)	0.6219	0.5008
46	Operating Accrual Ratio ((14+20+26)/7)	0.8741	0.8336
47	TIER ((31+26)/26)	2.9932	3.9564
48	DSCR ((31+26+10+11)/44)	1.46	1.6831

Footnote

2016

2017

(A1) S Corporation Effective Tax Rate (2 decimal places):

Note:

Adjusted Income Statement reflects Part 64 Adjustments (Regulated to Nonregulated).

**State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)**  
**Prior and Current Year Access Revenue Detail**

Company Name: (Below)  
 Inland Telephone Company \_\_\_\_\_

Line #	Description	Part 32 Account	Prior Year 2016	Current Year 2017
1	End User Revenue (SLC, ARC, etc.)	5081	269,595	294,186
2	Switched Access (excluding USF):	5082		
2a	Intrastate		92,231	74,963
2b	Interstate (includes CAF)		367,944	297,430
3	Special Access:	5083		
3a	Intrastate		15,370	15,370
3b	Interstate		1,984,279	1,812,651
4	Federal USF (except CAF and ACAM/BLS)	Varies	232,508	107,250
5	Federal USF (ACAM or BLS)	Varies	923,988	814,764
6	State USF	Varies	331,703	380,278
7	Other*		8,367	9,393
8	Total (must equal line 2 of Income Stmt.)		4,225,985	3,806,285
9	Line 2 of Income Stmt.		4,225,985	3,806,285
10	Difference		0	0

Footnote:

\* - if > than 5% of Access revenue total,  
 provide description below.

NOTE: NECA Settlements are included in lines 2b and 3b.

**State USF Petition Filing Requirement - WAC 480-123-110 (1)(e)**  
**Out-of-Period and Pro Forma Adjustments**

Company Name: (Below)  
 Inland Telephone Company

Description of Out-of-Period (OOP) - 2017 (As Recorded) <b>OR</b> Pro Forma (PF) Adjustment for Current Year Petition or Reversing from Prior Year	Year	OOP or PF?	Part 32 Account	
			Debit	Credit
Adjustment #1: Deferred Taxes - \$1,107,729 (pre-Part 64) is attributable to the Tax Cuts and Jobs Act (TCJA)(Reduction of tax rate to 21%). This amount is not included in the audited financial statements (per GAAP) however, for rate making, this amount will be added back to Deferred Taxes and amortized over 15 years per Exhibit 3 to the Information Request regarding the TCJA in Docket UT-180021. <u>2017 Study Adjustment</u> A/C 7250 Deferred Operating FIT A/C 4340 Deferred Taxes	2017 forward	PF	\$ 1,107,729	\$ 1,107,729
Adjustment #2:				
Adjustment #3:				
Adjustment #4				
Adjustment #5				

State USF Petition Filing Requirement -WAC 480-123-110 (1)(e)  
 Rate of Return and Consolidated Return on Equity

Company Name: (Below)  
Inland Telephone Company

Line #	Description	Company 2017 (A)	Staff 2017 (B)
1	Rate Base (Jan. 1)	13,513,235	13,513,235
2	Rate Base (Dec 31)	13,500,097	13,500,097
3	<b>Average Rate Base</b>	13,506,666	13,506,666
4	Net Operating Income	1,030,795	1,030,795
5	Out-of-Period Adjustments Net of FIT		
6	<b>Adjusted Net Operating Income</b>	1,030,795	1,030,795
7	<b>Earned Regulated Rate of Return</b>	7.63%	7.63%

Footnotes:

- (A) Column A to be completed by Company,
- (B) Column B should equal Column A, but may include any Staff Adjustments