

**REPORTS AS REQUIRED BY 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 collection period 2010 for the calendar year 2009, that, as of the date of the report, the Company is reporting 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(2): Local service outage report: For the period January 1, through December 31, 2009, the Company reports that it experienced the following local service outages.

Prescott Exchange:

July 26, 2009 – Outage duration: 7:00 p.m. to July 27, 2009, 10:00 a.m.

Possible power surge disabled 6235 blade in subscriber cabinet affecting 5 customers. Technician drove from Uniontown and reseated and reset blade.

July 31, 2009 – Outage duration: 8:00 a.m. to 10:00 a.m.

6235 blade in subscriber cabinet in alarm affecting 5 customers. Technician reset T1 connection.

Report 4: WAC 480-123-070(4): The Company reports that during calendar year 2009, the Company did not receive from the Federal Communications Commission or the Consumer Protection Division of the Office of the Attorney General of the State of Washington any complaints against the Company concerning the services provided to its customers by the Company that are either subject to the regulatory jurisdiction of the

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.

Washington Utilities and Transportation Commission or among the services supported by the federal high-cost fund.³

Report 5: 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, 2010, through September 30, 2011, that the Company expects to use as a basis to request federal high-cost support are 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 2009, 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 may include major construction projects. The Company expects that it will have relatively the same level of investment related to maintenance, replacement and minor upgrades of equipment and plant as occurred in calendar year 2009, however, depending on Rural Utility Service ("RUS") approval of a loan, may be making upgrades totaling approximately \$20,739,754. Those upgrades include (as estimated):

Dewatto Exchange – Fiber to the node - \$1,744,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000
 New storage warehouse/garage - \$304,000
 New Microwave Tower for alternative path - \$333,000
Prescott Exchange – Fiber to the node - \$1,393,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000
 New storage warehouse/garage - \$244,000
Roslyn Exchange – Fiber to the Premise - \$7,919,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000
 New headquarters complex - \$5,573,000
Uniontown Exchange – Fiber to the node - \$1,528,000 (includes electronics)
 Central Office Equipment upgrades - \$141,000

The Company has not completed its budgeting process and does not have final numbers prepared for investment and expense levels for 2011 however, should the loan be approved by RUS, the above investments will be spread over a five year construction period. The expected benefit to customers from the anticipated investment and expenditures is that customers will continue to receive a high level of telecommunications service.

Report 6: 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

³ The references to the services supported by the federal high-cost fund is to the services designated for support as set forth in 47 C.F.R. §54.101(a).

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.

Dated: July 30, 2010