

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO  
THE IDAHO PUBLIC UTILITIES COMMISSION  
FOR THE YEAR ENDING DECEMBER 31, 2003**

RECEIVED  
FILED



2004 MAR 22 AM 10:17

**COMPANY INFORMATION**

IDAHO PUBLIC  
UTILITIES COMMISSION

Exact name of utility: Potlatch Telephone Company  
 Address of principal office: 702 E Main Street, Kendrick, ID 83537  
 Telephone Number (Area Code 208) 289-5701  
 Cities or towns served: Kendrick & Julietta

Name and title of officer having custody of the general corporate books of account: \_\_\_\_\_  
John Erpenbach, Assistant Treasurer

Address of office where corporate books are kept and phone number: \_\_\_\_\_  
301 S Westfield Rd, Madison, WI 53717

Organized under the laws of the State of: Idaho

Date of organization: 06-May-88

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

If a Subchapter S Corporation, please specify: \_\_\_\_\_

Name and address of controlling company, if any: TDS Telecommunications Corporation  
301 S Westfield Rd, Madison, WI 53717

Names of affiliated companies. Give address and description of business: See Attached.

**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	Michael A. Pandow	Madison, WI
Vice President	Jerry W Masters	Madison, WI
Vice President	David A Wittwer	Madison, WI
Vice President	Daniel V Gregory	Madison, WI
Vice President	Paul E Pederson	Madison, WI
Vice President	Larry J Boehm	LaCenter, WA
Vice President	James A. Probert	Asotin, WA
Vice President	Conrad C Marks	Madison, WI
Treasurer	David P Jones	Madison, WI
Assistant Treasurer	John R Erpenbach	Madison, WI
Secretary	David Jones	Madison, WI
Assistant Secretary	Phyllis A Conatser	Knoxville, TN
Agent	James A. Probert	Madison, WI
Agent	Louis D Reilly, III	Madison, WI

**TDS Telecommunications Corporation**  
**List of Consolidated Subsidiaries**  
**As of December 31, 2003**

<u>Subsidiary Name</u>	<u>Relationship</u>	<u>Regulated Public Utility</u>	<u>Publicly Held Corporation</u>
Amelia Telephone Corporation	Other Regulated Utility with Common Parent Ownership	Yes	No
Arcadia Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Arizona Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Arvig Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Asotin Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
B B & W Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Badger Telecom, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Barnardsville Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Black Earth Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Blue Ridge Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Bonduel Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Bridge Water Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Butler Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Calhoun City Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Camden (IN) Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Camden Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Central State Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Chatham Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Chorus Networks, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Chorus Properties, LLC	Other Regulated Utility with Common Parent Ownership	Yes	No
Cleveland County Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Cobbosseecontee Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Communications Corporation of Indiana	Other Regulated Utility with Common Parent Ownership	Yes	No
Communications Corporation of Michigan	Other Regulated Utility with Common Parent Ownership	Yes	No
Communications Corporation of Southern Indiana	Other Regulated Utility with Common Parent Ownership	Yes	No
Concord Telephone Exchange, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Continental Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Decatur Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Delta County Tele-Comm, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Deposit Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Dickeyville Telephone Corporation	Other Regulated Utility with Common Parent Ownership	Yes	No
EastCoast Telecom, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Edwards Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
The Farmers Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Grantland Telecom, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Hampden Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Happy Valley Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Hartland Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
HBC Telecom, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Hollis Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Home Pittsboro Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Home Oregon Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Home Waldron Telephone company	Other Regulated Utility with Common Parent Ownership	Yes	No
Hornitos Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Humphreys County Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Island Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Kearsarge Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Leslie County Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Lewis River Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Lewisport Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Little Miami Communications Corporation	Other Regulated Utility with Common Parent Ownership	Yes	No
Ludlow Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Mahonoy & Mahantango Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
McClellanville Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
McDaniel Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
MCT, Inc	Other Regulated Utility with Common Parent Ownership	Yes	No
Merchants & Farmers Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Merrimack Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Mid-America Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Mid-Plains, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Mid-State Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Midway Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Mt. Vernon Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Myrtle Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Nelson Ball Ground Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
New Castle Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
New Hampshire Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
New London Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No

**TDS Telecommunications Corporation**  
**List of Consolidated Subsidiaries**  
**As of December 31, 2003**

<u>Subsidiary Name</u>	<u>Relationship</u>	<u>Regulated Public Utility</u>	<u>Publicly Held Corporation</u>
Northfield Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Norway Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Oakman Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Oakwood Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Oklahoma Communication Systems, Inc	Other Regulated Utility with Common Parent Ownership	Yes	No
Orchard Farm Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Oriskany Falls Telephone Corporation	Other Regulated Utility with Common Parent Ownership	Yes	No
Peoples Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Perkinsville Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Pioneer Communications, Inc.	Other Regulated Utility with Common Parent Ownership	Yes	No
Port Byron Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Potlatch Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Quincy Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Riverside Telecom, Inc	Other Regulated Utility with Common Parent Ownership	Yes	No
Sanborn & Westphalia Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Salem Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Saluda Mountain Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Scandinavia Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Service Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Shiawasee Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Somerset Telephone	Other Regulated Utility with Common Parent Ownership	Yes	No
Southeast Mississippi Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Southeast Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Southwestern Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
St. Stephen Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Stockbridge & Sherwood Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Stoutland Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Strasburg Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Sugar Valley Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
TDS Communication Solutions, Inc	Common Parent Ownership	No	No
TDS Long Distance Corporation	Common Parent Ownership	No	No
TDS Metrocom, Inc	Common Parent Ownership	No	No
TDS Telecom Service Corporation	Common Parent Ownership	No	No
TDS Telecommunications Corporation	Common Parent Ownership	No	No
Tellico Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Tennessee Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Tenney Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
The Island Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Tipton Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Township Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Tri-County Communications Corporation	Other Regulated Utility with Common Parent Ownership	Yes	No
Tri-County Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
US Link, Inc	Common Parent Ownership	No	No
Utelco, Inc	Other Regulated Utility with Common Parent Ownership	Yes	No
Vanlue Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Vernon Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Virginia Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Warren Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Waunakee Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
West Penobscot Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Williston Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Wilton Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Winsted Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Winterhaven Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Wolverine Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
Wyandotte Telephone Company	Other Regulated Utility with Common Parent Ownership	Yes	No
	Other Regulated Utility with Common Parent Ownership	Yes	No

**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.)

<b>Name and Address</b>	<b>Term Expired or Current Term Will Expire</b>	<b>Meetings Attended This year</b>	<b>Fees Paid During Year</b>
Daniel V. Gregory	Open	1	\$0.00
Jerry W. Masters	Open	1	\$0.00
Michael A. Pandow	Open	1	\$0.00
David A. Wittwer	Open	1	\$0.00

Name of Chairman of the Board: Michael A. Pandow  
 Name of Secretary (or Clerk) of Board: Phyllis Conatser  
 Number of Meetings of the Board during the year: 1

**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.)

<b>Name</b>	<b>Title</b>	<b>Wages and Bonuses Paid</b>
Randall Brunes	Manager	N/A



**BALANCE SHEET**  
**Assets and Other Debits**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Assets</b>			
1120 Cash and Equivalents	-	-	-
1130 Cash	4,191,361	4,618,712	427,351
1140 Special Cash Deposits	-	-	-
1150 Working Cash Advances	450	450	-
1160 Temporary Investments	-	-	-
1180 Telecommunications Accts. Receivable	132,891	143,063	10,172
1181 Accts. Rec. Allow. -Telecommunications	(4,300)	(4,800)	(500)
1190 Other Accounts Receivable	155,350	249,930	94,580
1191 Accounts Receivable Allow. - Other	(47,059)	(10,611)	36,448
1200 Notes Receivable	-	-	-
1201 Notes Receivable Allowance	-	-	-
1210 Interest & Dividends Receivable	6,131	4,059	(2,072)
1220 Material and Supplies	12,349	10,130	(2,219)
1280 Prepayments	-	-	-
1290 Prepaid Rents	-	-	-
1300 Prepaid Taxes	-	-	-
1310 Prepaid Insurance	-	-	-
1320 Prepaid Directory Expenses	(1,800)	(1,557)	243
1330 Other Prepayments	3,400	49,815	46,415
1350 Other Current Assets	49	-	(49)
<b>Noncurrent Assets</b>			
1401 Investment in Affiliated Companies	-	-	-
1402 Investment in Nonaffiliated Companies	2,000	2,000	-
1406 Nonregulated Investments	25,850	25,346	(504)
1407 Unamortized Debt Issuance Expense	6,783	6,256	(527)
1408 Sinking Funds	-	-	-
1410 Other Noncurrent Assets	-	-	-
1438 Deferred Maintenance & Retirements	8,108	1,093	(7,015)
1439 Deferred Charges	-	-	-
1500 Other Jurisdiction Assets - Net	-	-	-
<b>Property, Plant and Equipment</b>			
2001 Telecommunications Plants in Service	7,719,180	7,506,365	(212,815)
2002 Prop. Held for Future Telecom. Use	-	-	-
2003 Telecom. Plant under Constr. - Short Term	1,325	35,252	33,927
2004 Telecom. Plant under Constr. - Long Term	-	-	-
2005 Telecom. Plant Adjustment	-	-	-
2006 Nonoperating Plant	-	-	-
2007 Goodwill	-	-	-
<b>Depreciation and Amortization Accounts</b>			
3100 Accumulated Depreciated	(4,135,950)	(4,251,445)	(115,495)
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	-	-	-
<b>TOTAL ASSETS</b>	<u>8,076,118</u>	<u>8,384,058</u>	<u>538,930</u>

**BALANCE SHEET**  
**Liabilities & Stockholders' Equity**

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
<b>Current Liabilities</b>			
4010 Accounts Payable	155,052	237,040	81,988
4020 Notes Payable	-	-	-
4030 Advance Billings and Payments	36,031	41,200	5,169
4040 Customer Deposits	-	-	-
4050 Current Maturities - Long -Term Debt	125,373	131,781	6,408
4060 Current Maturities - Capital leases	-	-	-
4070 Income Taxes - Accrued	56,175	65,090	8,915
4080 Other Taxes - Accrued	42,021	47,672	5,651
4100 Net Current Defer. Oper. Income Taxes	-	(6,200)	(6,200)
4110 Net Current Defer. Nonoper. Income Taxes	-	-	-
4120 Other Accrued Liabilities	13,696	16,986	3,290
4130 Other Current Liabilities	(657)	8,849	9,506
<b>Long-Term Debt</b>			
4210 Funded Debt	1,859,035	1,725,930	(133,105)
4220 Premium on Long-Term Debt	-	-	-
4230 Discount on Long-Term Debt	-	-	-
4240 Reacquired Debt	-	-	-
4250 Obligations Under Capital Leases	-	-	-
4260 Advances from Affiliated Companies	-	-	-
4270 Other Long-Term Debt	-	-	-
<b>Other Liabilities &amp; Deferred Credits</b>			
4310 Other Long-Term Liabilities	5,423	9,083	3,660
4320 Unamort. Oper. Invest. Tax Credits - Net	-	3,941	3,941
4330 Unamort. Nonoper. Invest. Tax Credits - Net	5,378	741	(4,637)
4340 Net Noncurrent Defer. Oper. Income Taxes	628,029	573,054	(54,975)
4350 Net Noncur. Defer. Nonoper. Income Taxes	-	-	-
4360 Other Deferred Credits	8,284	(46)	(8,330)
4370 Other Juris. Liab. & Def. Credits - Net	-	-	-
<b>Stockholders' Equity</b>			
4510 Capital Stock	20,325	20,325	-
4520 Additional Paid-In Capital	376,149	376,149	-
4530 Treasury Stock	-	-	-
4540 Other Capital	-	-	-
4550 Retained Earnings	4,745,804	5,132,463	386,659
<b>TOTAL LIAB. &amp; OTHER CREDITS</b>	<u>8,076,118</u>	<u>8,384,058</u>	<u>307,940</u>

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	16,811				16,811
2112 Motor Vehicles	55,834				55,834
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	-				-
2116 Other Work Equipment	92,209				92,209
2121 Buildings	382,584				382,584
2122 Furniture	22,929				22,929
2123 Office Equipment	45,541				45,541
2124 General Purpose Computers	173,828			1,394	175,222
2211 Analog Electronic Switching	-	4,077			4,077
2212 Digital Electronic Switching	1,141,374				1,145,451
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	-				-
2232 Circuit Equipment	1,053,391	76,015			1,129,406
2311 Station Apparatus	-				-
2321 Customer Premises Wiring	-				-
2341 Large Private Branch Exchanges	-				-
2351 Public Telephone Terminal Equipment	-				-
2362 Other Terminal Equipment	-				-
2411 Poles	53,084		(270)		52,814
2421 Aerial Cable	230,505	3,923	(8,270)		226,158
2422 Underground Cable	13,290	4,073			17,363
2423 Buried Cable	3,991,131	39,964	(4,890)		4,026,205
2424 Submarine Cable	-				-
2426 Intrabuilding Network Cable	-				-
2431 Aerial Wire	994				994
2441 Conduit Systems	82,675				82,675
2681 Capital Leases	-				-
2682 Leasehold Improvements	-	34,472		(363,303)	34,169
2690 Intangibles	363,000				363,000
<b>TOTAL PLANT ACCOUNTS</b>	<b>7,719,180</b>	<b>162,524</b>	<b>(13,430)</b>	<b>(361,909)</b>	<b>7,506,365</b>

**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	16,811				16,811
2112	Motor Vehicles	55,834				55,834
2113	Aircraft	-				-
2114	Special Purpose Vehicles	-				-
2115	Garage Work Equipment	92,209				92,209
2116	Other Work Equipment	382,584				382,584
2121	Buildings	22,929				22,929
2122	Furniture	45,541				45,541
2123	Office Equipment	173,828			1,394	175,222
2124	General Purpose Computers	-				-
2211	Analog Electronic Switching	1,141,374	4,077			1,145,451
2212	Digital Electronic Switching	-				-
2215	Electro-Mechanical Switching	-				-
2220	Operator Systems	-				-
2231	Radio Systems	-				-
2232	Circuit Equipment	1,053,391	76,015			1,129,406
2311	Station Apparatus	-				-
2321	Customer Premises Wiring	-				-
2341	Large Private Branch Exchanges	-				-
2351	Public Telephone Terminal Equipment	-				-
2362	Other Terminal Equipment	-				-
2411	Poles	53,084				52,814
2421	Aerial Cable	230,505	3,923	(270)		226,158
2422	Underground Cable	13,290	4,073	(8,270)		17,363
2423	Buried Cable	3,991,131	39,964	(4,890)		4,026,205
2424	Submarine Cable	-				-
2426	Intrabuilding Network Cable	-				-
2431	Aerial Wire	994				994
2441	Conduit Systems	82,675				82,675
2681	Capital Leases	-				-
2682	Leasehold Improvements	-			(363,303)	-
2690	Intangibles	363,000	34,472			34,169
<b>TOTAL PLANT ACCOUNTS</b>		<b>7,719,180</b>	<b>162,524</b>	<b>(13,430)</b>	<b>(361,909)</b>	<b>7,506,365</b>

**ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**  
Account 3100

	TOTAL Company Basis		Credits During Year	Retirements and Adjustments	Balance End of Year
	Balance Beginning of Year	Depreciation Rate*			
<b>Analysis of Entries in Accumulated Depreciation</b>					
2112 Motor Vehicles	36,828	12.40%	6,924		43,752
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	-				-
2116 Other Work Equipment	91,960	7.50%	11,477		91,960
2121 Buildings	109,623	3.00%			121,100
2122 Furniture	8,169	3.80%	871		9,040
2123 Office Equipment	40,492	13.10%	307		40,799
2124 General Purpose Computers	147,797	14.30%	25,111		172,908
2211 Analog Electronic Switching	-				-
2212 Digital Electronic Switching	566,019	5.80%	69,533		635,552
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	-				-
2232 Circuit Equipment	377,736	6.75%	69,658		447,394
2311 Station Apparatus	-				-
2321 Customer Premises Wiring	-				-
2341 Large Private Branch Exchanges	-				-
2351 Public Telephone Terminal Equipment	-				-
2362 Other Terminal Equipment	-				-
2411 Poles	39,307	5.18%	2,745	(422)	41,630
2421 Aerial Cable	106,676	5.00%	11,409	(10,798)	107,287
2422 Underground Cable	9,457	5.50%	742		10,199
2423 Buried Cable	2,267,540	5.50%	231,901	(5,505)	2,493,936
2424 Submarine Cable	-				-
2426 Intrabuilding Network Cable	-				-
2431 Aerial Wire	(837)	5.00%	49		(788)
2441 Conduit Systems	24,665	4.00%	2,480		27,145
<b>TOTAL</b>	<u>3,825,432</u>		<u>433,207</u>	<u>(16,725)</u>	<u>4,241,914</u>

\*Please list individual depreciation rate for each account.

**ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION**  
Account 3100

**IDAHO Operations Only**

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
<b>Analysis of Entries in Accumulated Depreciation</b>					
2112 Motor Vehicles	36,828	12.40%	6,924		43,752
2113 Aircraft	-				-
2114 Special Purpose Vehicles	-				-
2115 Garage Work Equipment	91,960	7.50%	11,477		91,960
2116 Other Work Equipment	109,623	3.00%			121,100
2121 Buildings	8,169	3.80%	871		9,040
2122 Furniture	40,492	13.10%	307		40,799
2123 Office Equipment	147,797	14.30%	25,111		172,908
2124 General Purpose Computers					
2211 Analog Electronic Switching	566,019	5.80%	69,533		635,552
2212 Digital Electronic Switching	-				-
2215 Electro-Mechanical Switching	-				-
2220 Operator Systems	-				-
2231 Radio Systems	-				-
2232 Circuit Equipment	377,736	6.75%	69,658		447,394
2311 Station Apparatus	-				-
2321 Customer Premises Wiring	-				-
2341 Large Private Branch Exchanges	-				-
2351 Public Telephone Terminal Equipment	-				-
2362 Other Terminal Equipment	-				-
2411 Poles	39,307	5.18%	2,745	(422)	41,630
2421 Aerial Cable	106,676	5.00%	11,409	(10,798)	107,287
2422 Underground Cable	9,457	5.50%	742		10,199
2423 Buried Cable	2,267,540	5.50%	231,901	(5,505)	2,493,936
2424 Submarine Cable	-				-
2426 Intra-building Network Cable	-	5.00%	49		(788)
2431 Aerial Wire	(837)	4.00%	2,480		27,145
2441 Conduit Systems	24,665				
<b>TOTAL</b>	<u>3,825,432</u>		<u>433,207</u>	<u>(16,725)</u>	<u>4,241,914</u>

\*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>
14062 Non-reg Materials			2,074
14065 Internet Investment			23,272
<b>Totals</b>			25,346

## 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>
11801-11803	Due from Customers		143,063
11901-1190101	TDS Telecom		38,975
1190210-1190220	Access Services Billing & Collection		128,444
1190230	National Exchange Carrier Association		72,114
1190250	Toll Uncollectible		530
1190300	Other		4,560
1190500	State of Idaho Department of Revenue		5,307
1191000	MCI		(10,611)
1210200	Interest		4,060
<b>Totals</b>			386,442

### 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>
<u>NONE</u>				

Totals

### ACCOUNTS PAYABLE

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

<u>Name of Creditor</u>	<u>Amount</u>
4010101 TDS Telecom	81,387
4010101 Asotin	3,362
4010101 Waunakee	630
4010101 Lewis River	132
4010210 AT&T	1,743
4010210 Sprint	(951)
4010210 MCI	1,953
4010210 INS	389
4010230 NECA	144,618
4010300 Vendors	1,243
4010305 GR/IR	733
4010320 AP Other	1,775
	<hr/>
	237,014
	<hr/>

**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 &amp; 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>
RUS	1991	2015	2,657,000	1,725,930	0	0	5%	97,262

## 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 &amp; 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 Stock	10,000	\$1.00	1,000	\$1,000
Common Stock	1,000	\$25.00	773	\$19,325

## INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	2,111,044	2,111,044
Total Operating Expenses (from page 17)	1,299,097	1,299,097
		0
7100 Other Operating Income and Expense	(816)	(816)
7210 Operating Investment Tax Credits-Net	(788)	(788)
7220 Operating Federal Income Taxes	274,710	274,710
7230 Operating State and Local Income Taxes	57,509	57,509
7240 Operating Other Taxes	88,422	88,422
7250 Provision for Deferred Operating Income Taxes-Net	(57,783)	(57,783)
7200 Operating Taxes (Total)	<u>362,070</u>	<u>362,070</u>
7310 Dividend Income	84	84
7320 Interest Income	50,779	50,779
7330 Income from Sinking and Other Funds		
7340 Allowance for Funds Used During Construction		
7350 Gains/Losses from the Disposition of Certain Property		
7360 Other Nonoperating Income		
7370 Special Charges	(936)	(936)
7300 Nonoperating Income and Expense	<u>49,927</u>	<u>49,927</u>
7410 Nonoperating Investment Tax Credits-Net	(4,637)	(4,637)
7420 Nonoperating Federal Income Taxes	(17,521)	(17,521)
7430 Nonoperating State and Local Income Taxes	(4,118)	(4,118)
7440 Nonoperating Other Taxes		
7450 Provision for Deferred Nonoperating Income Taxes-Net		
7400 Nonoperating Taxes	<u>(26,276)</u>	<u>(26,276)</u>
7510 Interest on Funded Debt	96,735	96,735
7520 Interest Expense-Capital Leases		
7530 Amortization of Debt Issuance Expense	526	526
7540 Other Interested Deductions		
7500 Interest and Related Items	<u>97,261</u>	<u>97,261</u>
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		
7910 Income Effect of Jurisdictional Ratemaking Differences-Net		
7990 Nonregulated Net Income	42,977	42,977
<b>AMOUNT TRANSFERRED TO RETAINED EARNINGS</b>	<u><u>386,658</u></u>	<u><u>386,658</u></u>

## OPERATING REVENUES

Item	Total Company	Idaho Only
<b>Local Network Services Revenues</b>		
5001 Basic Area Revenue	333,138	333,138
5002 Optional Extended Area Revenue	7,412	7,412
5003 Cellular Mobile Revenue		
5004 Other Mobile Services Revenue		
5010 Public Telephone Revenue		
5040 Local Private Line Revenue	60,050	60,050
5050 Customer Premises Revenue		
5060 Other Local Exchange Revenue	98,973	98,973
5069 Other Local Exchange Settlements		
<b>Network Access Services Revenues</b>		
5081 End User Revenue (SLC)	214,720	214,720
5082 Switched Access Revenue (Interstate)	576,161	576,161
5083 Special Access Revenue	66,971	66,971
5084 State Access Revenue (Intrastate)	660,673	660,673
<b>Long Distance Network Services Revenues</b>		
5100 Long Distance Message Revenue - All		
<b>Miscellaneous Revenues</b>		
5230 Directory Revenue	18,424	18,424
5240 Rent Revenue	4,222	4,222
5250 Corporate Operations Revenue		
5261 Special Billing Arrangements Revenue		
5262 Customer Operations Revenue		
5263 Plant Operations Revenue		
5264 Other Incidental Regulated Revenue	1,504	1,504
5269 Other Revenue Settlements		
5270 Carrier Billing & Collection Revenue	65,150	65,150
<b>Uncollectible Revenues</b>		
5301 Uncollectible Revenue - Telecommunications	(5,096)	(5,096)
5302 Uncollectible Revenue - Other	8,742	8,742
		0
<b>TOTAL OPERATING REVENUES</b>	<u><u>2,111,044</u></u>	<u><u>2,111,044</u></u>

Please identify the following revenues:

NECA USF \$ 155,356. To what account were they booked? 5082110

State USF \$ 0. To what account were they booked?

**OPERATING EXPENSES**

Item	Total Company	Idaho Only
<b>Plant Specific Operations Expense</b>		
6110 Network Support Expenses		
6112 Motor Vehicle Expense	2,872	2,872
6113 Aircraft Expense		
6114 Special Purpose Vehicles Expense	398	398
6115 Garage Work Equipment Expense		
6116 Other Work Equipment Expense		
6120 General Support Expenses		
6121 Land and Building Expenses	13,882	13,882
6122 Furniture and Artworks Expense	(72)	(72)
6123 Office Equipment Expense	(784)	(784)
6124 General Purpose Computers Expense	(24)	(24)
6210 Central Office Switching Expenses		
6211 Analog Electronic Expense		
6212 Digital Electronic Expense	33,456	33,456
6215 Electro-Mechanical Expense		
6220 Operators System Expense		
6230 Central Office Transmission Expenses		
6231 Radio Systems Expense		
6232 Circuit Equipment Expense	49,687	49,687
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	2,057	2,057
6421 Aerial Cable Expense	7,868	7,868
6422 Underground Cable Expense		
6423 Buried Cable Expense	66,533	66,533
6424 Submarine Cable Expense		
6425 Deep Sea Cable Expense		
6426 Intrabuilding Network Cable Expense		
6431 Aerial Wire Expense		
6441 Conduit Systems Expense		
<b>TOTAL PLANT SPECIFIC OPERATIONS EXPENSE</b>	<b>175,873</b>	<b>175,873</b>

## OPERATING EXPENSES

Item	Total Company	Idaho Only
<b>Plant Nonspecific Operations Expense</b>		
6510 Other Property/Plant/Equipment Expenses		
6511 Property Held for Future Telecomm. Use Expenses		
6512 Provisioning Expense		
6530 Network Operations Expense		
6531 Power Expense	19,941	19,941
6532 Network Administration Expense	47,533	47,533
6533 Testing Expense	8,941	8,941
6534 Plant Operations Administration Expense	10,123	10,123
6535 Engineering Expense	15,461	15,461
6540 Access Expense	14,603	14,603
6560 Depreciation and Amortization Expenses		
6561 Depreciation Expense-Telecom. Plant in Service	418,096	418,096
6562 Depreciation Expense-Property Held for Future Use		
6563 Amortization Expense - Tangible		
6564 Amortization Expense - Intangible	53,632	53,632
6565 Amortization Expense - Other		
<b>Total Plant Nonspecific Operations Expenses</b>	588,330	588,330
<b>Customer Operations Expense</b>		
6610 Marketing		
6611 Product Management	29,954	29,954
6612 Sales	17,937	17,937
6613 Product Advertising	9,775	9,775
6620 Services		
6621 Call Completion Services	494	494
6622 Number Services	11,304	11,304
6623 Customer Services	171,457	171,457
<b>Total Customer Operations Expense</b>	240,921	240,921
<b>Corporate Operations Expense</b>		
6710 Executive and Planning		
6711 Executive	56,739	56,739
6712 Planning	5,940	5,940
6720 General and Administrative		
6721 Accounting and Finance	69,919	69,919
6722 External Relations	42,353	42,353
6723 Human Resources	27,228	27,228
6724 Information Management	59,047	59,047
6725 Legal	10,272	10,272
6726 Procurement	3,632	3,632
6727 Research and Development		
6728 Other General and Administrative	18,843	18,843
6790 Provision for Uncollectible Notes Receivable		
<b>Total Corporate Operations Expense</b>	293,973	293,973
<b>TOTAL OPERATING EXPENSES</b>	1,299,097	1,299,097







**NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING 2003**

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 Kendrick	2,174	4,723,108	2,172.54	1,081,880	1,107,053	2,188,933	1,007
2 Julietta	A	A	A	A	A	A	A
3 Troy	A	A	A	A	A	A	A

(A) All local calls are routed through Kendrick. The information in line one reflects the data for Kendrick, Julietta and Troy exchanges.

ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES  
YEAR ENDED DECEMBER 31, 2003

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\_\_X\_\_ No\_\_\_\_\_

Date of notification **November 1, 2003**

Alternate method of notification

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 0

Category of complaints (if known):

Deposit Disputes N/A

Charges on Bill N/A

Denial/Termination N/A

Quality or Availability  
of Service 0

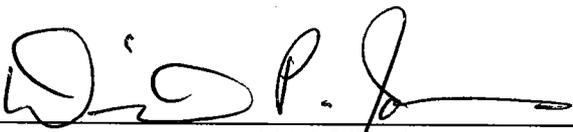
Carrier Selection/Assignment N/A

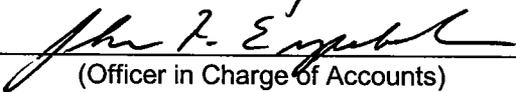
Miscellaneous 0

CERTIFICATE

State of Idaho )  
 ) ss  
County of Latah )

WE, the undersigned John Erpenbach and David Jones of the Potlatch Telephone Company 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.

  
\_\_\_\_\_  
(Chief Officer)

  
\_\_\_\_\_  
(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 16<sup>th</sup> day of March, (Year) 2004.

  
\_\_\_\_\_  
Notary Public

My Commission expires April 17, (Year) 2005.