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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Rural Telephone Company
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF RURAL TELEPHONE COMPANY FOR
AUTHORITY TO BORROW FROM THE
RURAL UTILITIES SERVICE ("RUS") IN
THE AMOUNT OF NOT MORE THAN
\$17,500,000

Case No. *RUR-T-04-01*

**APPLICATION OF RURAL
TELEPHONE COMPANY**

Rural Telephone Company ("Rural" or "Applicant"), by and through its attorneys Givens Pursley LLP, makes this Application pursuant to Idaho Code § 61-901 for authority to execute a Loan Agreement in the amount of not more than Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) with the Rural Utilities Service ("RUS"). In support of its Application, Rural states as follows:

1. Applicant is a certificated telephone corporation organized under the laws of the State of Idaho providing telecommunication services including local exchange service within the state of Idaho.

2. All notices and communications with regard to this Application should be served upon:

Conley E. Ward
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701-2720

Mark Martell
Rural Telephone Company
704 W. Madison Avenue
P.O. Box 969
Glenns Ferry, ID 83623

3. The proposed RUS loan proceeds will be used to pay for and partially reimburse general funds to: (1) establish a new central office and switch in the Boise River exchange, (2) provide new fiber optic and buried cable for inter-office transmission, (3) provide for switch and software upgrades and access line growth through 2008, and (4) make related system improvements.

4. A portion of the loan may qualify as a hardship loan with an interest rate of five percent (5%) per annum. The interest rate on the rest of the loan will be at RUS's then current market rates at the time advances are made. A copy of the RUS loan application is attached as Exhibit A. A copy of the Board of Directors Resolution approving said application and loan is attached as Exhibit B.

5. The proposed transaction is consistent with the public interest. Construction of the upgraded facilities will improve service for Rural's existing Idaho customers. Construction will further serve the goals of universal service.

6. A Proposed Order granting this Application is attached hereto as Exhibit C.

7. Notice of this Application will be published within seven (7) days in *The Idaho Statesman* (Boise). A copy of this Notice is attached as Exhibit D.

8. Applicant submits that the public interest does not require a hearing on this matter and it requests that the Commission process this Application and determine this matter by Modified Procedure, pursuant to Rule 23 of the Commission's Rules of Practice and Procedure. In the event the Commission determines that formal proceedings on this Application are necessary, Applicant stands ready for immediate hearing.

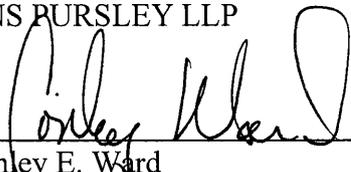
9. Applicant has attached its filing fee, calculated pursuant to Section 61-905, Idaho Code, in the amount of ONE THOUSAND DOLLARS (\$1,000.00).

WHEREFORE, Applicant respectfully requests an Order of this Commission:

1. Granting the foregoing Application of Rural Telephone Company to execute and deliver to the Rural Utilities Service a loan agreement in an amount not to exceed \$17,500,000;
2. Granting such other relief as the Commission deems just and reasonable in this matter.

RESPECTFULLY SUBMITTED this 23rd day of July 2004.

GIVENS PURSLEY LLP

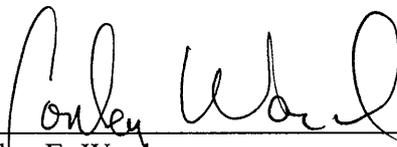
By  _____
Conley E. Ward
Attorneys for Rural Telephone Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23rd day of July 2004, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
P.O. Box 83720
Boise, ID 83720-0074

U.S. Mail
 Hand Delivered
 Overnight Mail
 Facsimile



Conley E. Ward

TAB A



892 W. MADISON AVENUE
GLENN'S FERRY, IDAHO 83623
(208) 366-2614 • FAX (208) 366-2615

April 8, 2004

US Department of Agriculture
Rural Utilities Service
Telecommunications Division

RE: G Loan / Idaho 515

Rural Telephone Company hereby makes request for G Loan in the amount of \$17,425,104. The intended purpose of the loan proceeds is to provide new underground plant and upgraded services in each of Rural Telephone Company's exchanges in Idaho and Nevada.

Attached herewith are the Board Resolution, RUS Loan Application, Loan Design and additional supporting documentation as required.

If you have any questions, please contact Michael J. Martell, OSP Manager/VP, or Mark R. Martell, Administrative Manager. Michael and Mark fill the duties of General Manager and oversee the entire Rural Telephone Company operation.

Sincerely,

James R. Martell
President

JRM/sec

EXHIBIT A

TAB B

CONSENT RESOLUTION
of
RURAL TELEPHONE COMPANY

The undersigned being the President, Vice-President, and Secretary-Treasurer of Rural Telephone Company (RTC) do hereby take the following corporate action in accordance with the general corporation laws of the State of Idaho and the constituent documents of the corporation.

BE IT RESOLVED, permission is hereby granted to make application to and upon approval subsequently indebt the corporation for the purpose of obtaining a loan through the Rural Utilities Service (RUS) in the amount of US\$17,425,204.

BE IT FURTHER RESOLVED, RTC is, in its understanding and to the best of its knowledge, STMP Compliant.

BE IT FURTHER RESOLVED, Conley Ward, attorney at law, is appointed as the attorney in fact to oversee all aspects of the RUS loan referred to in this resolution.

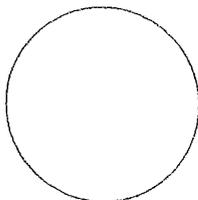
BE IT FURTHER RESOLVED, RTC selects and appoints Michael J. Martell and Mark R. Martell jointly to fulfill any and all General Manager duties on behalf of RTC.

The undersigned have executed this Consent Resolution this 7th day of April, 2004.

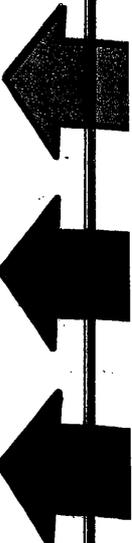
James R. Martell, President

Michael J. Martell, Vice-President

Carmela M. Martell, Secretary-Treasurer



Corporate Seal



7113 C

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. The valid OMB control number for this information collection is 0572-0079. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. Department of Agriculture
Rural Utilities Service

APPLICATION FOR TELECOMMUNICATIONS
LOAN OR LOAN GUARANTEE

INSTRUCTIONS - Prepare two copies of this form. For further information, see RUS Bulletin 1737-3 and 7 CFR 1735 and 7 CFR 1737.

1. NAME AND ADDRESS OF BORROWER (Street, City, State, Zip Code) Rural Telephone Company 892 W. Madison Avenue Glens Ferry, ID 83623	2. TYPE OF ORGANIZATION (Check one) a. <input checked="" type="checkbox"/> COMMERCIAL CORPORATION b. <input type="checkbox"/> COOPERATIVE OR MUTUAL c. <input type="checkbox"/> PUBLIC BODY
--	--

3. INDICATE THE LOAN MATURITY BEING REQUESTED (Check one) a. <input type="checkbox"/> _____ YEARS (Maximum of 35), b. <input checked="" type="checkbox"/> COMPOSITE ECONOMIC LIFE OF FACILITIES FINANCED PLUS 3 YEARS.	4. AMOUNT OF LOAN APPLIED FOR:
--	--------------------------------

5. NUMBER OF EXCHANGES: a. IN EXISTING SYSTEM <input type="text" value="11"/> b. TO BE FINANCED BY THIS LOAN <input type="text"/>	6. NUMBER OF SUBSCRIBERS: a. IN EXISTING SYSTEM <input type="text"/> b. TO BE ADDED DURING FORECAST PERIOD ... <input type="text"/>
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7. PURPOSE OF LOAN (Explain the purposes for which loan funds are intended and state the amount required for each purpose.)

FEDERAL DEBT DELINQUENCY CERTIFICATION

8. IS THE BORROWER DELINQUENT ON ANY FEDERAL DEBT? (Check one) NO YES (If Yes, provide explanatory information below.)
NOTE: Examples of debts include, but are not limited to, delinquent taxes, guaranteed or direct government loans (more than 31 days past due), and other administrative debts.

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR COMMERCIAL DEBT

The Federal Government is authorized by law to take any or all of the following actions in the event that a borrower's loan payments become delinquent or the borrower defaults on its loan: (1) Report the borrower's delinquent account to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service the borrower's account; (4) Offset amounts owed to the borrower under other Federal programs; (5) Refer the borrower's debt to the Internal Revenue Service for offset against any amount owed to the borrower as an income tax refund; (6) Refer the borrower's account to a private collection agency to collect the amount due; and (7) Refer the borrower's account to the Department of Justice for litigation in the courts.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION

I have read and understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreements and certify that the information contained herein is accurate and complete to the best of my knowledge and belief.

SIGNATURE OF AUTHORIZED OFFICIAL James R. Martell	TITLE President	DATE April 7, 2003
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TAB D

The following statement and certification will become a part of your application currently on file for a loan from the Rural Utilities Service and/or the Rural Telephone Bank.

IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? _____ YES _____ NO

Note: Example of debts include, but are not limited to, delinquent taxes, guaranteed or direct government loans (more than 31 days past due) and other administrative debts.

If Yes, provide explanatory information.

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR COMMERCIAL DEBT

The Federal Government is authorized by law to take any or all of the following actions in the event that a borrower's loan payments become delinquent or the borrower defaults on its loan: (1) Report the borrower's delinquent account to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service the borrower's account; (4) Offset amounts owed to the borrower under other Federal programs; (5) Refer the borrower's debt to the Internal Revenue Service for offset against any amount owed to the borrower as an income tax refund; (6) Refer the borrower's account to a private collection agency to collect the amount due; and (7) Refer the borrower's account to the Department of Justice for litigation in the courts.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

Certification

I have read and understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreements.

Signed: _____
James R. Martell
Title: _____
President
Company: _____
Rural Telephone Company, Inc.
Date: _____
March 1, 2004

Response to RUS letter from Kim Jacobs

- Page 2, #1) Form 479 for years 2001 & 2002 attached. Form 479 for year 2000 is not available. Attached are audited financial statements for year 2000.
- Page 2, #5) Depreciation percentage schedule attached.
- Page 2, #8) None. Detail of specific accounts available upon request.
- Page 2, #9) Accumulated Depreciation schedule for 12/31/02 attached.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER NAME AND ADDRESS
Rural Telephone Company
892 West Madison Avenue
Glenns Ferry, ID 83623-

INSTRUCTIONS- Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
12/2002

BORROWER DESIGNATION
ID0515

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.

Mark Martell, Manager

07/03/2003

DATE

Jim Martell, President

07/03/2003

DATE

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	498,821	456,323	25. Accounts Payable	710,636	355,641
2. Cash-RUS Construction Fund	2,432	0	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	14,162	16,834
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	185,436	527,162
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	297,183	290,037
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	72,930	86,679	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	716,589	344,939	33. Other Taxes Accrued	0	0
c. Notes Receivable	0	12,500	34. Other Current Liabilities	268,108	320,005
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	1,475,525	1,509,679
6. Material-Regulated	495,596	296,845	Long-Term Debt		
7. Material-Nonregulated	39,161	38,929	36. Funded Debt-RUS Notes	5,488,027	5,441,800
8. Prepayments	0	3,501	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	140,796	0	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	1,966,325	1,239,716	39. Funded Debt-Other	0	0
Noncurrent Assets			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	2,112,804	2,005,712	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	61,111	115,894
b. Nonrural Development	212,738	0	46. Total Long-Term Debt (36 thru 45)	5,549,138	5,557,694
13. Nonregulated Investments	420,507	300,100	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	524,987	304,097	47. Other Long-Term Liabilities	1,133,596	2,256,423
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	3,271,036	2,609,909	50. Total Other Liabilities and Deferred Credits (47 thru 49)	1,133,596	2,256,423
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	12,810,227	16,085,105	51. Cap. Stock Outstand. & Subscribed	56,900	56,900
19. Property Held for Future Use	4,000	4,000	52. Additional Paid-in Capital	10,197	10,197
20. Plant Under Construction	0	313,507	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	0	0
22. Less Accumulated Depreciation	6,237,349	7,108,119	55. Other Capital	(67,869)	(104,975)
23. Net Plant (18 thru 21 less 22)	6,576,878	9,294,493	56. Patronage Capital Credits	0	0
24. Total Assets (10 + 17 + 23)	11,814,239	13,144,118	57. Retained Earnings or Margins	3,656,752	3,858,200
			58. Total Equity (51 thru 57)	3,655,980	3,820,322
			59. Total Liabilities and Equity (35 + 46 + 50 + 58)	11,814,239	13,144,118

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	389,694	371,980
2. Network Access Services Revenues	0	4,263,680	4,022,988
3. Long Distance Network Services Revenues	0	4,196	5,179
4. Carrier Billing and Collection Revenues	0	102,823	76,459
5. Miscellaneous Revenues	0	31,177	(47,562)
6. Uncollectible Revenues	0	13,054	(120)
7. Net Operating Revenues (1 thru 5 less 6)	0	4,778,516	4,429,164
8. Plant Specific Operations Expense	0	596,996	864,374
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	402,360	197,746
10. Depreciation Expense	0	871,899	917,320
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	54,772	79,791
13. Corporate Operations Expense	0	1,173,120	933,799
14. Total Operating Expenses (8 thru 13)	0	3,099,147	2,993,030
15. Operating Income or Margins (7 less 14)	0	1,679,369	1,436,134
16. Other Operating Income and Expenses	0	(284,079)	0
17. State and Local Taxes	0	86,213	0
18. Federal Income Taxes	0	0	0
19. Other Taxes	0	10,978	88,490
20. Total Operating Taxes (17 + 18 + 19)	0	97,191	88,490
21. Net Operating Income or Margins (15 + 16 - 20)	0	1,298,099	1,347,644
22. Interest on Funded Debt	0	272,675	240,289
23. Interest Expense - Capital Leases	0	0	0
24. Other Interest Expense	0	(65,114)	49,160
25. Allowance for Funds Used During Construction	0	0	0
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	207,561	289,449
27. Nonoperating Net Income	0	(311,840)	(137,780)
28. Extraordinary Items	0	0	0
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	0	0
31. Total Net Income or Margins (21+27+28+29+30-26)	0	778,698	920,415
32. Total Taxes Based on Income	0	0	0
33. Retained Earnings or Margins Beginning-of-Year	0	3,079,502	2,860,850
34. Miscellaneous Credits Year-to-Date	0	0	0
35. Dividends Declared (Common)	0	0	0
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	701,763
38. Transfers to Patronage Capital	0	0	0
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	3,858,200	3,079,502
40. Patronage Capital Beginning-of-Year	0	0	0
41. Transfers to Patronage Capital	0	0	0
42. Patronage Capital Credits Retired	0	0	0
43. Patronage Capital End-of-Year (40+41-42)	0	0	0
44. Annual Debt Service Payments	0	595,434 644,932	658,750
45. Cash Ratio [(14+20-10-11) / 7]	0.0000	0.4864	0.4886
46. Operating Accrual Ratio [(14+20+26) / 7]	0.0000	0.7123	0.7611
47. TIER [(31 + 26) / 26]	0.0000	4.7500	4.1800
48. DSCR [(31+26+10+11) / 44]	0.0000	2.8800	3.2300

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

ID0515

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part C. Subscriber (Access Line) and Route Mile Data

Line	Exchange	1. Rates		2. Subscribers (Access Lines)		2. Subscribers (Access Lines)	3. Route Miles	3. Route Miles
		B-1 (a)	R-1 (b)	Business (a)	Residential (b)	Total (c)	Total (incl. Fiber) (a)	Fiber (b)
1	Shoup	40.68	21.63	14	40	54	67.00	0.00
2	Boise River	42.00	24.10	36	251	287	107.00	18.00
3	Tipanuk	42.00	24.10	7	112	119	66.00	1.00
4	Three Creek	40.68	21.63	15	38	53	34.00	0.00
5	Atlanta	40.68	21.63	5	33	38	10.00	0.00
6	Prairie	42.00	24.10	4	39	43	42.00	0.00
7	Jarbidge	16.08	16.08	13	26	39	15.00	0.00
8	Tuscarora	16.08	16.08	26	74	100	115.00	0.00
9	North Fork	16.08	16.08	56	61	117	136.00	12.00
10	Red Rock	16.08	16.08	70	644	714	191.00	1.00
11		0.00	0.00	0	0	0	0.00	0.00
12		0.00	0.00	0	0	0	0.00	0.00
13		0.00	0.00	0	0	0	0.00	0.00
14		0.00	0.00	0	0	0	0.00	0.00
15		0.00	0.00	0	0	0	0.00	0.00
16		0.00	0.00	0	0	0	0.00	0.00
	Mobile Wireless					0		
	Route Mileage outside exch. area						0.00	0.00
	Total			246	1,318	1,564	783.00	32.00
	No. Exchanges							
	10							

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part D. System Data

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subs. per Route Mile
18	16	6,117	0.25	1.99

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part E. Toll Data

1. Types of Toll Settlements (Check One)

Interstate:

Average Schedule

Cost Basis

Intrastate:

Average Schedule

Cost Basis

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part F. Funds Invested In Plant During Year

1. RUS, RTB, & FFB Loan Funds Expended		0
2. Other Long-Term Loan Funds Expended		0
3. Funds Expended Under RUS Interim Approval		0
4. Other Short-Term Loan Funds Expended		0
5. General Funds Expended (Other than Interim)	3,589,514	3,274,878
6. Salvaged Materials		0
7. Contribution in Aid to Construction		0
8. Gross Additions to Telecom. Plant (1 thru 7)		3,274,878

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part G. Investments in Affiliated Companies

Investments (a)	Current Year Data Investment This Year (b)	Current Year Data Income/Loss This Year (c)	Cumulative Data Cumulative Investment To Date (d)	Cumulative Data Cumulative Income/Loss To Date (e)	Cumulative Data Current Balance (f)
1. Investment in Affiliated Companies - Rural Development	0	(107,091)	2,666,346	(660,634)	2,005,712
2. Investment in Affiliated Companies - Nonrural Development	0	0	0	0	0

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

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)

YES NO

Equipment Category	Depreciation Rate
1. Land and support assets - Motor Vehicles	33.33 %
2. Land and support assets - Aircraft	0.00 %
3. Land and support assets - Special purpose vehicles	0.00 %
4. Land and support assets - Garage and other work equipment	14.30 %
5. Land and support assets - Buildings	2.90 %
6. Land and support assets - Furniture and Office equipment	12.50 %
7. Land and support assets - General purpose computers	20.00 %
8. Central Office Switching - Digital	8.63 %
9. Central Office Switching - Analog & Electro-mechanical	0.00 %
10. Central Office Switching - Operator Systems	0.00 %
11. Central Office Transmission - Radio Systems	0.00 %
12. Central Office Transmission - Circuit equipment	7.63 %
13. Information origination/termination - Station apparatus	0.00 %
14. Information origination/termination - Customer premises wiring	0.00 %
15. Information origination/termination - Large private branch exchanges	0.00 %
16. Information origination/termination - Public telephone terminal equipment	0.00 %
17. Information origination/termination - Other terminal equipment	0.00 %
18. Cable and wire facilities - Poles	0.00 %
19. Cable and wire facilities - Aerial cable - Metal	0.00 %
20. Cable and wire facilities - Aerial cable - Fiber	0.00 %
21. Cable and wire facilities - Underground cable - Metal	0.00 %
22. Cable and wire facilities - Underground cable - Fiber	0.00 %
23. Cable and wire facilities - Buried cable - Metal	5.25 %
24. Cable and wire facilities - Buried cable - Fiber	4.50 %
25. Cable and wire facilities - Conduit systems	5.50 %
26. Cable and wire facilities - Other	0.00 %

USDA-RUS
FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS

Borrower Designation
Rural Telephone Company (ID0515)

Period Ending
12/2002

Notes to the Financial and Statistical Report

Part H

Depreciation rates reported on Part H are averaged based on the approved rates in individual states. The following information provides details concerning averaged depreciation rates reported.

Ln 5	Buildings - Idaho	3%
	Buildings - Nevada	<u>2.8%</u>
	Avg.	2.9%
Ln 8	COE - Idaho	12%
	COE - Nevada	<u>5.26%</u>
	Avg.	8.63%
Ln 12	Transmission - Idaho	10%
	Transmission - Nevada	<u>5.26%</u>
	Avg.	7.63%
Ln 23	Burried Cable - Idaho	6.5%
	Burried Cable - Nevada	<u>4%</u>
	Avg.	5.25%
Ln 24	Burried Fiber - Idaho	5%
	Burried Fiber - Nevada	<u>4%</u>
	Avg.	4.5%
Ln 25	Conduit - Idaho	7%
	Conduit - Nevada	<u>4%</u>
	Avg.	5.5%

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

BORROWER NAME AND ADDRESS
RURAL TELEPHONE COMPANY
704 West Madison Avenue
Glenns Ferry, ID 83623

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
12/2001

BORROWER DESIGNATION
ID0515

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.

DATE

James R. Martell, President

05/10/2002

DATE

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	582,077	498,821	25. Accounts Payable	179,139	710,636
2. Cash-RUS Construction Fund	1,492	2,432	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom, Accounts Receivable	0	0	28. Customer Deposits	12,616	14,162
b. Other Accounts Receivable	598,635	0	29. Current Mat. L/T Debt	110,071	185,436
c. Notes Receivable	58,000	0	30. Current Mat. L/T Debt-Rur. Dev.	258,102	297,183
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	80,271	72,930	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	708,432	716,589	33. Other Taxes Accrued	5,234	0
c. Notes Receivable	0	0	34. Other Current Liabilities	209,000	268,108
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	774,162	1,475,525
6. Material-Regulated	158,586	495,596	Long-Term Debt		
7. Material-Nonregulated	1,282	39,161	36. Funded Debt-RUS Notes	5,314,955	5,488,027
8. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	0	140,796	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	2,186,775	1,966,325	39. Funded Debt-Other	0	0
Noncurrent Assets			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	1,508,839	2,112,804	42. Recquired 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	223,883	61,111
b. Nonrural Development	104,550	212,738	46. Total Long-Term Debt (36 thru 45)	5,538,838	5,549,138
13. Nonregulated Investments	0	420,507	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	0	524,987	47. Other Long-Term Liabilities	3,250	1,133,596
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	1,613,389	3,271,036	50. Total Other Liabilities and Deferred Credits (47 thru 49)	3,250	1,133,596
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	11,600,428	12,810,227	51. Cap. Stock Outstand. & Subscribed	56,900	56,900
19. Property Held for Future Use	4,000	4,000	52. Additional Paid-in Capital	10,197	10,197
20. Plant Under Construction	0	0	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	0	0
22. Less Accumulated Depreciation	5,606,392	6,237,349	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	5,998,036	6,576,878	56. Patronage Capital Credits	(23,247)	(67,869)
24. Total Assets (10 + 17 + 23)	9,798,200	11,814,239	57. Retained Earnings or Margins	3,438,100	3,656,752
			58. Total Equity (51 thru 57)	3,481,950	3,655,980
			59. Total Liabilities and Equity (35 + 46 + 50 + 58)	9,798,200	11,814,239

Total Equity = 30.95 % of Total Assets

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

ID0515

PERIOD ENDING

12/2001

INSTRUCTIONS-See RUS Bulletin 1744-2

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	371,980	292,489
2. Network Access Services Revenues	0	4,022,988	3,828,868
3. Long Distance Network Services Revenues	0	5,179	18,442
4. Carrier Billing and Collection Revenues	0	76,459	97,710
5. Miscellaneous Revenues	0	(47,562)	1,386
6. Uncollectible Revenues	0	(120)	1,355
7. Net Operating Revenues (1 thru 5 less 6)	0	4,429,164	4,237,540
8. Plant Specific Operations Expense	0	864,374	888,557
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	197,746	207,689
10. Depreciation Expense	0	917,320	770,406
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	79,791	151,510
13. Corporate Operations Expense	0	933,799	579,006
14. Total Operating Expenses (8 thru 13)	0	2,993,030	2,597,168
15. Operating Income or Margins (7 less 14)	0	1,436,134	1,640,372
16. Other Operating Income and Expenses	0	0	0
17. State and Local Taxes	0	0	0
18. Federal Income Taxes	0	0	0
19. Other Taxes	0	0	0
20. Total Operating Taxes (17 + 18 + 19)	0	88,490	71,303
21. Net Operating Income or Margins (15 + 16 - 20)	0	88,490	71,303
22. Interest on Funded Debt	0	1,347,644	1,569,069
23. Interest Expense - Capital Leases	0	240,289	266,406
24. Other Interest Expense	0	0	0
25. Allowance for Funds Used During Construction	0	49,160	31,646
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	0	0
27. Nonoperating Net Income	0	289,449	298,052
28. Extraordinary Items	0	(137,780)	242,642
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	0	0
31. Total Net Income or Margins (21+27+28+29+30-26)	0	0	0
32. Total Taxes Based on Income	0	920,415	1,513,659
33. Retained Earnings or Margins Beginning-of-Year	0	0	0
34. Miscellaneous Credits Year-to-Date	0	3,438,100	2,636,629
35. Dividends Declared (Common)	0	0	0
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	0
38. Transfers to Patronage Capital	0	701,763	712,188
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	0	0
40. Patronage Capital Beginning-of-Year	0	3,656,752	3,438,100
41. Transfers to Patronage Capital	0	0	0
42. Patronage Capital Credits Retired	0	0	0
43. Patronage Capital End-of-Year (40+41-42)	0	0	0
44. Annual Debt Service Payments	0	0	0
45. Cash Ratio [(14+20-10-11) / 7]	0	658,750	345,466
46. Operating Accrual Ratio [(14+20+26) / 7]	0.0000	0.4886	0.4479
47. TIER [(31 + 26) / 26]	0.0000	0.7611	0.7001
48. DSCR [(31+26+10+11) / 44]	0.0000	4.1800	6.0800
	0.0000	3.2300	7.4700

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

ID0515

PERIOD ENDING

12/2001

INSTRUCTIONS-See RUS Bulletin 1744-2

Part C. Subscriber (Access Line) and Route Mile Data

Line	Exchange	1. Rates		2. Subscribers (Access Lines)		2. Subscribers (Access Lines)	3. Route Miles	
		B-1 (a)	R-1 (b)	Business (a)	Residential (b)	Total (c)	Total (incl. Fiber) (a)	Fiber (b)
1	Shoup	40.68	21.63	14	41	55	67.00	0.00
2	Boise River	42.00	24.10	34	248	282	107.00	18.00
3	Tipanuk	42.00	24.10	7	98	105	66.00	1.00
4	Three Creek	40.68	21.63	14	37	51	34.00	0.00
5	Atlanta	40.68	21.63	10	34	44	10.00	0.00
6	Prairie	42.00	24.10	4	38	40	42.00	0.00
7	Jarbidge	16.08	16.08	12	35	47	15.00	0.00
8	Tuscarora	16.08	16.08	34	72	106	115.00	0.00
9	North Fork	16.08	16.08	58	55	113	136.00	12.00
10	Red Rock	16.08	16.08	58	616	674	191.00	1.00
11		0.00	0.00	0	0	0	0.00	0.00
12		0.00	0.00	0	0	0	0.00	0.00
13		0.00	0.00	0	0	0	0.00	0.00
14		0.00	0.00	0	0	0	0.00	0.00
15		0.00	0.00	0	0	0	0.00	0.00
16		0.00	0.00	0	0	0	0.00	0.00
	Mobile Wireless			0	0	0	0.00	0.00
	Route Mileage outside exch. area					0		
	Total			245	1,272	1,517	0.00	0.00
	No. Exchanges						783.00	32.00
	10							

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2001

INSTRUCTIONS-See RUS Bulletin 1744-2

Part D. System Data

1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subs. per Route Mile
16	20	6,117	0.24	1.93

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

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PERIOD ENDING

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INSTRUCTIONS-See RUS Bulletin 1744-2

Part E. Toll Data

1. Types of Toll Settlements (Check One)

Interstate:

Average Schedule

Cost Basis

Intrastate:

Average Schedule

Cost Basis

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2001

INSTRUCTIONS-See RUS Bulletin 1744-2

Part F. Funds Invested in Plant During Year

1. RUS, RTB, & FFB Loan Funds Expended	
2. Other Long-Term Loan Funds Expended	485,308
3. Funds Expended Under RUS Interim Approval	0
4. Other Short-Term Loan Funds Expended	0
5. General Funds Expended (Other than Interim)	0
6. Salvaged Materials	1,941,387
7. Contribution in Aid to Construction	0
8. Gross Additions to Telecom. Plant (1 thru 7)	0
	2,426,695

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2001

INSTRUCTIONS-See RUS Bulletin 1744-2

Part G. Investments in Affiliated Companies

Investments (a)	Current Year Data	Current Year Data	Cumulative Data	Cumulative Data	Cumulative Data
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development	0	(35,430)	2,666,346	(553,542)	2,112,804
2. Investment in Affiliated Companies - Nonrural Development	0	0	0	0	0

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

ID0515

PERIOD ENDING

12/2001

INSTRUCTIONS-See RUS Bulletin 1744-2

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)

YES NO

Equipment Category	Depreciation Rate
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	33.33 %
3. Land and support assets - Special purpose vehicles	0.00 %
4. Land and support assets - Garage and other work equipment	0.00 %
5. Land and support assets - Buildings	14.30 %
6. Land and support assets - Furniture and Office equipment	2.90 %
7. Land and support assets - General purpose computers	12.50 %
8. Central Office Switching - Digital	20.00 %
9. Central Office Switching - Analog & Electro-mechanical	8.63 %
10. Central Office Switching - Operator Systems	0.00 %
11. Central Office Transmission - Radio Systems	0.00 %
12. Central Office Transmission - Circuit equipment	0.00 %
13. Information origination/termination - Station apparatus	7.63 — 0.00 %
14. Information origination/termination - Customer premises wiring	0.00 %
15. Information origination/termination - Large private branch exchanges	0.00 %
16. Information origination/termination - Public telephone terminal equipment	0.00 %
17. Information origination/termination - Other terminal equipment	0.00 %
18. Cable and wire facilities - Poles	0.00 %
19. Cable and wire facilities - Aerial cable - Metal	0.00 %
20. Cable and wire facilities - Aerial cable - Fiber	0.00 %
21. Cable and wire facilities - Underground cable - Metal	0.00 %
22. Cable and wire facilities - Underground cable - Fiber	0.00 %
23. Cable and wire facilities - Buried cable - Metal	0.00 %
24. Cable and wire facilities - Buried cable - Fiber	5.25 %
25. Cable and wire facilities - Conduit systems	4.50 %
26. Cable and wire facilities - Other	5.50 %
	0.00 %

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS	Borrower Designation RURAL TELEPHONE COMPANY (ID0515)
	Period Ending 12/2001
Notes to the Financial and Statistical Report	

Part H

Depreciation rates reported on Part H are averaged based on approved rates in individual states. The following information provides details concerning averaged depreciation rates reported.

Ln 5 Buildings - Idaho 3%
 Buildings - Nevada 2.8%
 Avg. 2.9%

Ln 8 COE - Idaho 12%
 COE - Nevada 5.26%
 Avg. 8.63%

TRANSMISSION - IDAHO 10.0 %
 - NEVADA 5.26 % 7.63

LN 12

Ln 23 Buried cable - Idaho 6.5%
 Buried cable - Nevada 4%
 Avg. 5.25%

Ln 24 Buried fiber - Idaho 5%
 Buried fiber - Nevada 4%
 Avg. 4.5%

Ln 25 Conduit - Idaho 7%
 Conduit - Nevada 4%
 Avg. 5.5%

Rural Telephone Company Service Rates

RURAL TELEPHONE COMPANY is a quality telecommunications services provider who provides basic enhanced services at reasonable rates within its service territory. Basic services are offered at the following rates for **Atlanta, Three Creek, and Shoup**:

Residential & Business Rates

Local Residence	\$21.63
Local Business	\$40.68
Fed. Subscriber Line (FCC Access, 1 line)	\$ 6.00
Fed. Subscriber Line (FCC Access, Multi Line)	\$ 9.20
Idaho Universal Service Fund (IUSF residence)	\$.14
Idaho Universal Service Fund (IUSF business)	\$.26
State of Idaho Assistance Program	\$.10

The above charges will have federal and local taxes added on.

Touch Tone service is provided as a part of local service.

Toll Blocking is available at no charge for low income customers who qualify.

Emergency 911 Services – Exchanges with charges in Idaho are: 653, 868, 864, and 796 There is a \$1.00 per line charge.

Low income individuals eligible for Lifeline and Link-Up telephone assistance programs may be eligible for discounts from these basic local service charges through state specified telephone assistance plans. Please contact your local Health and Welfare office.

Basic services are offered to all consumers in the Rural Telephone Company service territories at the rates, terms, and conditions specified in the Company's tariffs and/or price lists. If you have any questions regarding the Company's services, please call us at 1-888-366-7821, or visit our business office at 704 W. Madison Ave. Glens Ferry, ID 83623 for further information regarding services.

Rural Telephone Company Service Rates

RURAL TELEPHONE COMPANY is a quality telecommunications services provider who provides basic enhanced services at reasonable rates within its service territory. Basic services are offered at the following rates for **Tipanuk, Prairie, and Boise River area:**

Residential & Business Rates

Local Residence	\$24.10
Local Business	\$42.00
Fed. Subscriber Line (FCC Access, 1 line)	\$ 6.00
Fed. Subscriber Line (FCC Access, Multi Line)	\$ 9.20
Idaho Universal Service Fund Surcharge(IUSF)	\$.12
Idaho Universal Service Fund Surcharge(IUSF)	\$.26
State of Idaho Assistance Program	\$.10

The above charges will have federal and local taxes added on.

Touch Tone service is provided as a part of local service.

Toll Blocking is available at no charge for low income customers who qualify.

Emergency 911 Services – Exchanges with charges in Idaho are: 653,868,864, and 796. There is a \$1.00 per line charge.

Low income individuals eligible for Lifeline and Link-Up telephone assistance programs may be eligible for discounts from these basic local service charges through state specified telephone assistance plans. Please contact your local Health and Welfare office.

Basic services are offered to all consumers in the Rural Telephone Company service territories at the rates, terms, and conditions specified in the Company's tariffs and/or price lists. If you have any questions regarding the Company's services, please call us at 1-888-366-7821, or visit our business office at 704 W. Madison Ave. Glens Ferry, ID 83623 for further information regarding services.

NEW

Rural Telephone Company Service Rates

RURAL TELEPHONE COMPANY is a quality telecommunications services provider who provides basic enhanced services at reasonable rates within its service territory. Basic services are offered at the following rates:

Residential & Business Rates

Local Residence	\$16.08
Local Business	\$16.08
Fed. Subscriber Line (FCC Access, 1 line)	\$ 6.00
Fed. Subscriber Line (FCC Access, Multi Line)	\$ 9.20
Directory Assistance per call	\$.25

The above charges will have federal and local taxes added on.

Customers of Washoe County will be required to pay a county tax, which is equal to 2% of the monthly local service.

Touch Tone service is provided as a part of local service.

Toll Blocking is available at no charge for low income customers who qualify.

Emergency 911 Services – Exchanges with charges in Nevada are:
969 and 970 There is a \$.20 charge per line.

Low income individuals eligible for Lifeline and Link-Up telephone assistance programs may be eligible for discounts from these basic local service charges through state specified telephone assistance plans. Please contact your local Health and Welfare office.

Basic services are offered to all consumers in the Rural Telephone Company service territories at the rates, terms, and conditions specified in the Company's tariffs and/or price lists. If you have any questions regarding the Company's services, please call us at 1-888-366-7821, or visit our business office at 704 W. Madison Ave. Glenns Ferry, ID 83623 for further information regarding services.

WA

PEND OREILLE TELEPHONE COMPANY is a quality telecommunications services provider who provides basic and enhanced services at reasonable rates within its service territory. Basic services are offered at the following rates:

	<u>Monthly Service Charge</u>
Single Party Residence Service	\$13.23
Single Party Business Service	\$26.01
Federal Subscriber Line Charge/Residence/Business	\$ 6.00
Federal Subscriber Line Charge/Multi Line	\$ 9.20
Directory Assistance/per call-interexchange carrier filed rates.	

Touch Tone Service is provided as a part of local service.
Toll Blocking is available at no charge for low income customers that qualify.

Emergency 911 Services- The State/County mandated surcharges for exchanges: 442,445, and 446 - \$0.50 see your telephone bill.

Toll Restriction Services- Currently there is no charge from Pend Oreille Telephone Company for toll blocking service to low-income customers participating in the Lifeline program. Please contact you local Health & Welfare office.

Access to long distance carriers- There is no charge from Pend Oreille Telephone Company for the ability to place and receive calls through long distance carriers that offer service through our network. However, the call may involve a charge from the long distance carrier depending on the type of call.

Access to directory assistance- There is no charge from Pend Oreille Telephone Company for the ability to call Directory Assistance. The amount charged depends on the area called and the rates of the company whose operator provided the information.

Access to operator services- There is no charge from Pend Oreille Telephone Company for the ability to call the operator. However, the call may involve a charge depending on the service requested and the rates of the company whose operator handled the call.

These services are available to all consumers of Pend Oreille Telephone Company. The costs associated with each are reflected each month on the regular telephone bill along with charges for services provided by Pend Oreille Telephone Company. The services listed above are the basic services offered by our company. Other services are available by contacting Pend Oreille Telephone Company's business office at 1-888-636-2840.

TAB 4



704 W. MADISON
GLENN'S FERRY, IDAHO 83623
(208) 366-2614 • FAX (208) 366-2615

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Rural Telephone Company, Inc.

Organization Name

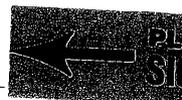
James R. Martell, President

Name of Authorized Official

Signature

March 1, 2004

Date





704 W. MADISON
GLENNS FERRY, IDAHO 83623
(208) 366-2614 • FAX (208) 366-2615

LOBBYING CERTIFICATION

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Rural Telephone Company, Inc.

Organization Name

James R. Martell, President

Name of Authorized Official

Signature

March 1, 2004

Date

TAB I
USDA

United States Department of Agriculture
Rural Development

Rural Business-Cooperative Service - Rural Housing Service - Rural Utilities Service
Washington, DC 20250

NOV 19 1998

SUBJECT: Debarment Certifications

TO: All Electric and Telecommunications Borrowers
All DLT Loan and/or Grant Recipients

FROM: WALLY BEYER
Administrator
Rural Utilities Service

On June 26, 1995, changes to the Governmentwide Debarment and Suspension regulations were published in the Federal Register. These changes modified the Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions which must be submitted as part of the application materials for the Rural Utilities Service's (RUS) Electric Loan Program, Telecommunications Loan Program, and Distance Learning and Telemedicine Loan and Grant Program. The revised certification is found in Appendix A to 7 CFR part 3017, the Department of Agriculture's debarment and suspension regulation.

The changes to the regulations also modified the Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Lower Tier Covered Transactions which recipients of RUS loan and grant funds are required to include in all lower tier covered transactions and solicitations. The revised lower tier certification is found in Appendix B to 7 CFR part 3017.

For the convenience of all RUS program participants, we are enclosing copies of the two debarment certifications discussed above. If you have any further questions regarding these certifications, please contact your General Field Representative or RUS Area Director.

###

Enclosures

CERTIFICATION REGARDING DEBARMENT SUSPENSION, AND OTHER
RESPONSIBILITY MATTERS - PRIMARY COVERED TRANSACTIONS

INSTRUCTIONS FOR CERTIFICATION

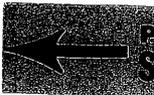
1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in Order to render in good faith the certification required by this clause- The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 49 CFR pan 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

CERTIFICATION

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
 - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any Of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Rural Telephone Company	G Loan
Organization Name	PR/Award or Project Name
James R. Martell, President	
Name and Title	
X	April 30, 2003
Signature	Date



USDA

United States Department of Agriculture
Rural Development

Rural Business-Cooperative Service - Rural Housing Service - Rural Utilities Service
Washington, DC 20250

NOV 19 1998

SUBJECT: Debarment Certifications

TO: All Electric and Telecommunications Borrowers
All DLT Loan and/or Grant Recipients

FROM: WALLY BEYER
Administrator
Rural Utilities Service

On June 26, 1995, changes to the Governmentwide Debarment and Suspension regulations were published in the Federal Register. These changes modified the Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions which must be submitted as part of the application materials for the Rural Utilities Service's (RUS) Electric Loan Program, Telecommunications Loan Program, and Distance Learning and Telemedicine Loan and Grant Program. The revised certification is found in Appendix A to 7 CFR part 3017, the Department of Agriculture's debarment and suspension regulation.

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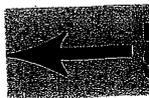
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3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
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Rural Telephone Company	G Loan
Organization Name	PR/Award or Project Name
James R. Martell, President	
Name and Title	
X	April 30, 2003
Signature	Date



TAB J

Response to RUS letter from Kim Jacobs

- Page 2, #1) Form 479 for years 2001 & 2002 attached. Form 479 for year 2000 is not available. Attached are audited financial statements for year 2000.
- Page 2, #5) Depreciation percentage schedule attached.
- Page 2, #8) None. Detail of specific accounts available upon request.
- Page 2, #9) Accumulated Depreciation schedule for 12/31/02 attached.

Rural Telephone Company - Depreciation Schedule - 02/18/04

<u>Account Name</u>	<u>Account Number</u>	<u>Depreciation Percentage</u>
Buildings - Idaho	2110.21	3.00%
Buildings - Nevada	2110.22	2.80%
Furniture & Office Equipment	2110.30	12.50%
Other Work Equipment	2110.40	14.30%
Other Communications Equipment	2110.50	20.00%
General Purpose Computers	2110.60	20.00%
Vehicles	2110.70	33.33%
Digital Switching Equipment - Idaho	2210.10	12.00%
Digital Switching Equipment - Nevada	2210.20	5.26%
Central Office Transmission Equipment - ID	2230.10	10.00%
Central Office Transmission Equipment - NV	2230.20	5.26%
Sonnet/DWDM Equipment	2232.20	10.00%
Buried Cable - Idaho	2410.10	6.50%
Buried Cable - Nevada	2410.20	4.00%
Buried Cable, Fiber, Idaho	2410.21	5.00%
Buried Cable - Fiber Optic - Nevada	2410.22	4.00%
Aerial Fiber	2410.23	5.00%
Conduit, Idaho	2410.31	7.00%
Conduit, Nevada	2410.32	4.00%
Leasehold Improvements - Idaho	2680.10	3.00%

TAB K

FCC

RURAL TELEPHONE COMPANY
CURRENT LEASES - 1998

LEASOR	SITE/DESCRIPTION	EXPIRE/RENEW	AMOUNT
Rancho Haven	Red Rock CDO	2017	240/yr
James Martell	Office/Shop	2017	41,040/yr 8,400/yr
USFS	Boise River	2017	25/yr
USFS	Trinity RPTR	2018	25/yr
Elko County	Jarbridge CDO	2022/2042	600/yr
Greene Tree	Atlanta CDO	2021	1,650/yr
USFS	James Creek RPTR	2018	25/yr
Brackett	Three Creek CDO	1999/2019	500/yr
BLM	Signal Butte	1994	46/yr
BLM	Tuscarora CDO	1994	50/yr
USFS	Shoup CDO	2010	0/yr
Davison	Prairie CDO	2021/2041	100/yr
Fish Springs	Flanigan Hut	2025/2055	300/yr
BLM	Murphy Hot Springs	1999 \$66/5 yrs.	13/yr
			<u>11,974</u>

1999	11,974
2000	11,961
2001	11,961
2002	11,961
2003	11,961

8000 changes Nuclei-AEF 3/14/01

NOTE This schedule shows the operating leases which RTC pays scheduled lease pmnts. The amounts are expensed and are not disclosed in the report due to materiality.

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INDEX	G/L #	EXC S	TAX	DESCRIPTION	IDENT #	BAY	SHELF	CATG PAIRS	PUT SVC	SOURCE (W/O)	MATERIAL SALVAGE	TOTAL AMOUNT	UNIT	MANUFACTURER
000002	2110.10	366	I	E 02	PARKING LOT IN GLENN'S FERRY		000	.000	12/86	19424	.00	.00	.00	
001708	2110.10	366	I	E 01	Land, Sommers Property		000	.000	7/97		.00	.00	.00	
	2110.10	366												
002235	2110.10	587	I	E 01	MtnHome-Regen Sight-Land			.000	11/01	2110.10	1.00	10006.00	10006.00	10006.00
002388	2110.10	587	I	E 01	MtnHome-Regen Sight-Land			.000	4/02	2110.10	1.00	17562.00	17562.00	17562.00
	2110.10	587												
001339	2110.10	653	I	E 14	Septic Tank			10.000	11/94	CK 6202	1.00	693.00	693.00	693.00
002232	2110.10	653	I	E 14	Pine-Lot11 Sect18 2N 10E-Land			.000	4/01	2110.10	1.00	500.00	500.00	500.00
002233	2110.10	653	I	E 14	Pine-Lot11 Sect18 2N 10E-Land			.000	5/01	2110.10	1.00	49598.50	49598.50	49598.50
	2110.10	653												
002234	2110.10	764	I	C 01	Fairfield-Regen Sight-Land			.000	7/01	2110.10	1.00	19998.40	19998.40	19998.40
	2110.10	764												
000003	2110.10	796	I	E 04	LAND AT TIPANUK		000	.000	9/87	87-18	1.00	5500.00	5500.00	5500.00
001955	2110.10	796	I	E 04	Lot 4, Blk 3 Tipanuk Farms			.000	3/00	GL	1.00	12283.50	12283.50	12283.50
002236	2110.10	796	I	E 04	Ditto Ck Road - Baker - Land			.000	11/01	2110.10	1.00	10315.78	10315.78	10315.78
	2110.10	796												
	2110.10	Land - Idaho												
000004	2110.20	758	N	E 01	LAND AT NORTH FORK		000	.000	12/87	87-11	1.00	3500.00	3500.00	3500.00
001267	2110.20	758	N	E 01	Well 130'			10.000	7/93	CK5034	1.00	2405.00	2405.00	2405.00
001338	2110.20	758	N	E 01	Septic tank			10.000	11/94	CK 6202	1.00	693.00	693.00	693.00
	2110.20	758												
001413	2110.20	969	N	W 01	Parcel 079-420-23		Lot 321	10.000	2/95	CK 5242	1.00	38950.00	38950.00	38950.00
	2110.20	969												
	2110.20	Land - Nevada												
000006	2110.21	366	I	E 02	SHOP AND STORAGE BUILDING		000	.000	1/88	87-36	1.00	.00	.00	.00
000007	2110.21	366	I	E 02	WATER LINE TO SHOP		000	.000	12/88	88-02	1.00	.00	.00	.00

Not Rural's Jim's

INDEX	G/L #	EXC S	TAX	IDENT #	DESCRIPTION	BAY	SHELF	CATG PAIRS	PUT SVC	SOURCE (W/O)	MATERIAL SALVAGE	TOTAL AMOUNT	UNIT	MANUFACTURER
000008	2110.21	366	I	E 02	ROLL-UP SHOP DOOR			.000	3/89	EA	.00	.00	.00	
					Sold, 101890		000							
000009	2110.21	366	I	E 02	30' X 80' FRAME OFFICE BUILD			.000	3/90	PRJET	.00	.00	.00	
					Sold, 1089839.62		000							
001131	2110.21	366	I	E 02	AIRPLANE HANGER			10.000	11/92	19013	1.00	20000.00	23089.68	23089.68
							EA							
001132	2110.21	366	I	E 02	SHOP ADDITION			10.000	11/92	19102	.00	.00	.00	.00
					Sold, 101816.34		EA							
001273	2110.21	366	I	E 02	40x80x12 Metal Shop Building			10.000	5/94	19302	.00	.00	.00	.00
					Sold, 1065592.74		EA							
001285	2110.21	366	I	E 02	14' x 70' Bonneville motel			.000	5/94	GJ 15	.00	.00	.00	.00
					Sold, 1013357.64		EA							
001323	2110.21	366	I	E 02	Generator			10.000	8/94	CK5976	1.00	1320.94	1320.94	1320.94
					E770237482		N							
001415	2110.21	366	I	E 02	Roof, shop doors remodel			10.000	10/94	CK 6165	.00	.00	.00	.00
					Sold, 104544.00		EA							
001686	2110.21	366	I	E 02	Main Office, Material Usage			.000	12/97	19702	.00	.00	.00	.00
					Sold, 1047153.24									
001687	2110.21	366	I	E 02	Main Office, Labor Distr			.000	12/97	19702	.00	.00	.00	.00
					Sold, 1015428.81									
001688	2110.21	366	I	E 02	Main Office, Overhead Distr			.000	12/97	19702	.00	.00	.00	.00
					Sold, 1014702.60									
001709	2110.21	366	I	E 01	Addition to Office			.000	12/97		.00	.00	.00	.00
					see cpr 1721									
001721	2110.21	366	I	E 02	Main Office Addition, Material			.000	12/97	19801	.00	.00	.00	.00
					Sold, 1014579.63									
002217	2110.21	366	I	E 02	Leasehold Improvements GF-Shop			.000	12/01	10101	1.00	26356.30	26356.30	26356.30
002219	2110.21	366	I	E 02	Additional Office Space			.000	12/01	10112	1.00	43272.15	43272.15	43272.15
002395	2110.21	366	I	E 02	A/C Unit, Headend Room, G.F.			.000	8/02	2110.30	1.00	2895.00	2895.00	2895.00
					ET036SR000T9318									
	2110.21	366									93844.39	96934.07		
000010	2110.21	394	I	L 01	CENTRAL OFFICE BUILDING			.000	7/90	18919	1.00	3987.01	14293.63	14293.63
							000							
001287	2110.21	394	I	L 01	Amana air conditioner			10.000	7/94	CK 5749	1.00	767.70	767.70	767.70
					10,000 BTU									
	2110.21	394									4754.71	15061.33		
001788	2110.21	653	I	E 14	CO Fence, Pine			.000	98	19817	1.00	.00	4279.35	4279.35
000012	2110.21	653	I	E 14	MICROMAVE TOWER - PINE C.O.			.000	12/84	82-28	1.00	9268.62	9268.62	9268.62
							000							
000011	2110.21	653	I	E 14	CENTRAL OFFICE BUILDING PINE			.000	7/87	87-05	1.00	19400.00	23681.38	23681.38
							000							
001279	2110.21	653	I	E 14	Cabin repairs			.000	5/94	193-13	1.00	14841.33	14841.33	14841.33
							EA							
001683	2110.21	653	I	E 01	Pine, Material Usage, Build			.000	12/97	19701	1.00	3223.81	3223.81	3223.81
001684	2110.21	653	I	E 01	Pine, Labor Distr, Build			.000	12/97	19701	1.00	1308.00	1308.00	1308.00
001685	2110.21	653	I	E 01	Pine, Overhead Distr, Build			.000	12/97	19701	1.00	405.37	405.37	405.37

Rural Telephone Co.
CPR MASTER

12/31/2003

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INDEX	G/L #	EXC S	TAX	DESCRIPTION	BAY	SHELF	CATG PAIRS	PUT SVC	SOURCE (W/O)	MATERIAL SALVAGE	TOTAL AMOUNT	UNIT	MANUFACTURER
002316	2110.21	653	I	E 01	Thermo Bond 12x24x9 building		.000	6/02	10235	1.00	76626.23	80770.91	80770.91
002351	2110.21	653	I	C 01	Change Order-Fairfield Regen S		4.230	6/02	10234	1.00	.00	9328.78	9328.78
	2110.21	653									125073.36	147107.55	MARTELL CONST.
002321	2110.21	764	I	C 1	Fairfield Regen-Building		.000	12/02	10234	1.00	14794.45	16674.46	16674.46
	2110.21	764									14794.45	16674.46	
000013	2110.21	796	I	E 04	CENTRAL OFF. BUILDING -TIPANUK		.000	9/87	87-17	1.00	15000.00	19338.67	19338.67
	2110.21	796									15000.00	19338.67	
000014	2110.21	857	I	T 20	MICROWAVE BUILDING - SIGNAL BU		.000	1/82	86-14	1.00	5037.00	5037.00	5037.00
000015	2110.21	857	I	O 37	CENTRAL OFFICE BUILDING 3-CRK		.000	6/85	83-27	1.00	32153.24	32153.24	32153.24
000016	2110.21	857	I	O 37	FENCE AROUND 3-CRK CENTRAL OFF		.000	3/87	85-10	1.00	186.76	186.76	186.76
001158	2110.21	857	I	O 37	AIR CONDITIONER W/3 YR WARRANT		10.000	8/93	CK4105	1.00	646.00	646.00	646.00
001680	2110.21	857	I	O 37	MODEL 106.8791091 Three Creek, Matrial Usage,BUI		.000	12/97	19611	1.00	2865.94	2865.94	2865.94
001681	2110.21	857	I	O 37	Three Creek, Labor Distr, Bui		.000	12/97	19611	1.00	1067.87	1067.87	1067.87
001682	2110.21	857	I	O 37	Three Creek, Overhed Distr,Bui		.000	12/97	19611	1.00	1026.28	1026.28	1026.28
	2110.21	857									42983.09	42983.09	
000017	2110.21	864	I	E 28	CENTRAL OFFICE BUILDING- ATL		.000	12/88	86-31	1.00	21076.87	30890.44	30890.44
000018	2110.21	864	I	E 04	Microwave Tower - Trinity		.000	12/88	88-13	1.00	1878.34	11532.23	11532.23
001486	2110.21	864	I	E 24	Air Conditioner		10.000	4/96	CK 9080	1.00	345.45	345.45	345.45
	2110.21	864									23300.66	42768.12	
000019	2110.21	868	I	E 16	CENTRAL OFFICE BUILDING - PRAI		.000	5/87	85-08	1.00	39800.00	48505.35	48505.35
000020	2110.21	868	I	E 16	MICROWAVE TOWER - PRAIRIE C.O.		.000	12/87	87-01	1.00	19108.65	19108.65	19108.65
	2110.21	868									58908.65	67614.00	
	2110.21	Buildings - Idaho									378659.31	448481.29	
000021	2110.22	488	N	E 01	PORCH		.000	12/88	08816	1.00	2611.43	5493.98	5493.98
000022	2110.22	488	N	E 01	10 X 30 TRAILER - CENTRAL OFF.		.000	12/88		1.00	4000.00	4000.00	4000.00
	2110.22	488									6611.43	9493.98	

Rural Telephone Co.
CPR MASTER

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INDEX	G/L #	EXC S	TAX	DESCRIPTION	IDENT #	BAY	SHELF	CATG PAIRS	PUT SVC	SOURCE (W/O)	MATERIAL SALVAGE	TOTAL AMOUNT	UNIT	MANUFACTURER
000023	2110.22	756	N	E 02	CENTRAL OFFICE AT TUSCARORA			.000	12/87	87-12	EA	18600.00	30005.79	30005.79
	2110.22	756										18600.00	30005.79	
000024	2110.22	758	N	E 01	CO Building at North Fork Highway 225			.000	12/87	87-11	EA	20000.00	27871.11	27871.11
000025	2110.22	758	N	E 02	T-CARRIER HUT AT DINNER STA.			.000	12/87	87-37	EA	.00	2694.54	2694.54
000026	2110.22	758	N	E 02	T-CARRIER HUT AT FREEPORT(J.C)			.000	12/87	87-37	EA	.00	1917.49	1917.49
000027	2110.22	758	N	E 01	T-CARRIER HUT AT BIG SPRINGS			.000	12/87	87-37	EA	1917.49	1917.49	1917.49
001599	2110.22	758	N	E 02	Carrier Hut at Dinner Station			10.000	10/96	295-05	EA	4646.90	8224.52	8224.52
001689	2110.22	758	N	E 01	North Fork, Material Usage, CO			.000	12/97	29410		2158.25	2158.25	2158.25
001690	2110.22	758	N	E 01	North Fork, Labor Distr, CO			.000	12/97	29410		785.31	785.31	785.31
001691	2110.22	758	N	E 01	North Fork, Vehicle Distr, CO			.000	12/97	29410		447.85	447.85	447.85
001692	2110.22	758	N	E 01	North Fork, Overhead Distr, CO			.000	12/97	29410		1444.06	1444.06	1444.06
	2110.22	758										31399.86	47460.62	
001751	2110.22	969	N	W 4040	Antelope Valley CO Building			.000	98	29801		139832.51	139832.50	139832.50
001752	2110.22	969	N	W 4040	Antelope Valley CO Building			.000	98	29801		35326.28	35326.29	35326.29
001753	2110.22	969	N	W 4040	Antelope Valley CO Building			.000	98	29801		47737.58	47737.58	47737.58
000028	2110.22	969	N	W 01	CO Building at Red Rock 151 Shetland Circle			.000	2/84	82-12	EA	.00	34026.52	34026.52
001107	2110.22	969	N	W 01	T-CARRIER HUT			10.000	6/92	291-19	EA	3687.09	9558.47	9558.47
001108	2110.22	969	N	W 01	GIBSON AIR CONDITIONER			10.000	6/92	29119	EA	418.95	1086.09	1086.09
001109	2110.22	969	N	W 01	20' STEEL TOWER			4.232	6/92	29119	EA	3500.00	9073.46	9073.46
001179	2110.22	969	N	W 01	20' TOWER			10.000	12/93	6J 36	EA	3500.00	3500.00	3500.00
	2110.22	969			BLACKFOOT							234002.41	280140.91	
	2110.22				Buildings - Nevada							290613.70	367101.30	

GRAND TOTAL

825494.69

987587.77

April 8, 2004

Administrator
Rural Utilities Service
United States Department of Agriculture
Stop 1500
Washington, D.C. 20250-1500

*Atty Opinion
to be forwarded
to Conley Ward.*

Subject: Rural Telephone Company

To Whom It May Concern:

We are counsel to Rural Telephone Company (the "Company") in connection with the Company's application (Application) for a loan or loan guarantee from the Rural Utilities Service (RUS) to provide telephone service. We have examined, or caused to be examined, by competent and trustworthy persons such corporate records and files and such other records, indexes, and files as we have deemed necessary to permit us to render the opinions expressed herein.

We are of the opinion that:

1. The Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Idaho.
2. The Company operates in the State(s) of Idaho and Nevada and is duly licensed and qualified and in good standing as a foreign corporation, authorized to do business and own property in such State(s).
3. The Company has full legal right, power and authority to own its property and carry on its business as now conducted.
4. The execution, delivery and performance by the Company of the Application and the consummation of the transactions contemplated thereby are within the powers of the Company.
5. The Application has been duly executed by the Company.
6. The Company owns the real property described on Schedule A attached hereto and such property is in the counties of _____ in the State(s) of _____.

7. The Company has the power to grant a security interest in the property described in paragraph 6 to the RUS as collateral for the loan described in the Application.
8. Schedule A contains complete and accurate descriptions of all the real property owned or leased by the Company, excluding easements and rights-of-way, which are sufficient, in form and substance, for inclusion in the granting clause of a mortgage creating a lien on such property.
9. The Company owns telecommunications facilities, including central office facilities, lines, and other outside plant, in the counties of _____
_____ in the State(s) of _____.
10. For purposes of Article 9 of the Uniform Commercial Code in the State of _____, the Company is a "transmitting utility" (or is not a "transmitting utility.")
11. The execution, delivery and performance by the Company of the loan documents will not require the consent, permission or authorization of any governmental authority.

or

11. The execution, delivery and performance by the Company of the loan documents will require the consent, permission or authorization of _____.

We have also verified the following information:

1. The Company's organizational number is _____.
2. The exact true and correct legal name of the Company, as stated in its organization documents, is _____.
3. The Company's corporate debt limit is _____.
4. The Company's taxpayer identification number is _____.
5. The pending claims or litigation against the Company are described in the attached Schedule B.

or

5. There are no pending claims or litigation against the Company.

6. The Company has no subsidiaries.

or

6. The Company's subsidiaries are listed on the attached Schedule C.

7. The titles of the officials of the Company with the proper authority to execute all loan documents on behalf of the Company, and attest to the execution where required, are James R. Martell, President; Carmela M. Martell, Secretary/Treasurer; and Michael J. Martell, Vice President.

Sincerely,

TAB L

CONSENT RESOLUTION
of
RURAL TELEPHONE COMPANY

The undersigned being the President, Vice-President, and Secretary-Treasurer of Rural Telephone Company (RTC) do hereby take the following corporate action in accordance with the general corporation laws of the State of Idaho and the constituent documents of the corporation.

BE IT RESOLVED, permission is hereby granted to make application to and upon approval subsequently indebt the corporation for the purpose of obtaining a loan through the Rural Utilities Service (RUS) in the amount of US\$17,425,204.

BE IT FURTHER RESOLVED, RTC is, in its understanding and to the best of its knowledge, STMP Compliant.

BE IT FURTHER RESOLVED, Conley Ward, attorney at law, is appointed as the attorney in fact to oversee all aspects of the RUS loan referred to in this resolution.

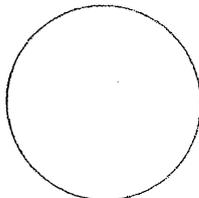
BE IT FURTHER RESOLVED, RTC selects and appoints Michael J. Martell and Mark R. Martell jointly to fulfill any and all General Manager duties on behalf of RTC.

The undersigned have executed this Consent Resolution this 7th day of April, 2004.

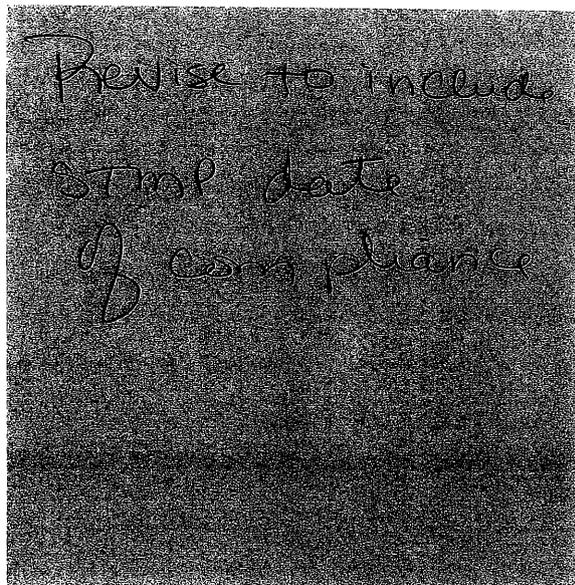
James R. Martell, President

Michael J. Martell, Vice-President

Carmela M. Martell, Secretary-Treasurer



Corporate Seal



TAB M

CONSENT RESOLUTION
of
RURAL TELEPHONE COMPANY

The undersigned being the President, Vice-President, and Secretary-Treasurer of Rural Telephone Company (RTC) do hereby take the following corporate action in accordance with the general corporation laws of the State of Idaho and the constituent documents of the corporation.

BE IT RESOLVED, permission is hereby granted to make application to and upon approval subsequently indebt the corporation for the purpose of obtaining a loan through the Rural Utilities Service (RUS) in the amount of US\$17,425,204.

BE IT FURTHER RESOLVED, RTC is, in its understanding and to the best of its knowledge, STMP Compliant.

BE IT FURTHER RESOLVED, Conley Ward, attorney at law, is appointed as the attorney in fact to oversee all aspects of the RUS loan referred to in this resolution.

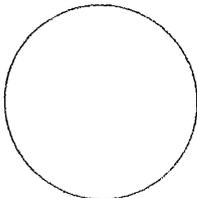
BE IT FURTHER RESOLVED, RTC selects and appoints Michael J. Martell and Mark R. Martell jointly to fulfill any and all General Manager duties on behalf of RTC.

The undersigned have executed this Consent Resolution this 7th day of April, 2004.

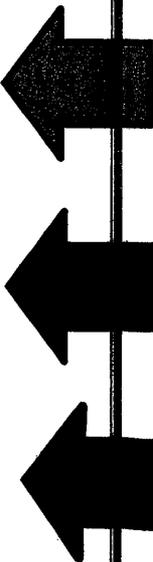
James R. Martell, President

Michael J. Martell, Vice-President

Carmela M. Martell, Secretary-Treasurer



Corporate Seal



TAB N

CONSENT RESOLUTION
of
RURAL TELEPHONE COMPANY

The undersigned being the President, Vice-President, and Secretary-Treasurer of Rural Telephone Company (RTC) do hereby take the following corporate action in accordance with the general corporation laws of the State of Idaho and the constituent documents of the corporation.

BE IT RESOLVED, permission is hereby granted to make application to and upon approval subsequently indebt the corporation for the purpose of obtaining a loan through the Rural Utilities Service (RUS) in an amount less than or equal to seventeen million dollars (US\$17,000,000).

BE IT FURTHER RESOLVED, RTC is, in its understanding and to the best of its knowledge, STMP Compliant.

BE IT FURTHER RESOLVED, Conley Ward, attorney at law, is appointed as the attorney in fact to oversee all aspects of the RUS loan referred to in this resolution.

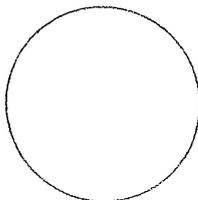
BE IT FURTHER RESOLVED, RTC selects and appoints Michael J. Martell and Mark R. Martell jointly to fulfill any and all General Manager duties on behalf of RTC.

The undersigned have executed this Consent Resolution this 7th day of April, 2004.

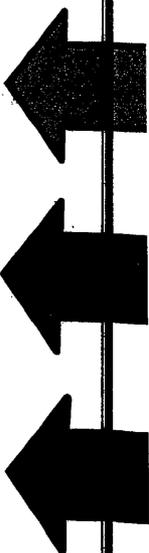
James R. Martell, President

Michael J. Martell, Vice-President

Carmela M. Martell, Secretary-Treasurer



Corporate Seal



TAB 0

ASSURANCES REQUIRED BY 49 CFR SECTION 24.4(a)

The Rural Telephone Company assures that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act), 42 U.S.C. 4601-4655, and with implementing Federal regulations in 49 C.F.R. Part 24 and 7 C.F.R. Part 21.

Specifically, the Rural Telephone Company assures that:

- (1) Whenever Federal Financial assistance is used to pay for any part of the cost of a program or project which will result in the displacement of any person;
 - (a) Fair and reasonable relocation payments and assistance will be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act;
 - (b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons; and,
 - (c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205 (c) (3) of the Uniform Act.

March 1, 2004

Date

(Signature of President or Authorized Official)
James R. Martell, President

**U.S. Department of Agriculture
Rural Utilities Service**

***Uniform Relocation Assistance and Real Property Acquisition
Policies Act of 1970 Certification***

The Rural Telephone Company, Inc. (Applicant) assures that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act), 42 U.S.C. 4601-4655, and with implementing Federal regulations in 49 CFR Part 24 and 7 CFR Part 21.

Specifically, the Rural Telephone Company, Inc. (Applicant) assures that:

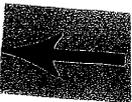
Whenever Federal financial assistance is used to pay for any part of the cost of a program or project which will result in the displacement of any person:

- (a) Fair and reasonable relocation payments and assistance shall be provided to or for displaced persons in accordance with sections 202, 203, and 204 of the Uniform Act;
- (b) Relocation assistance programs offering the services described in section 205 of the Uniform Act shall be provided to displaced persons; and
- (c) Within a reasonable period of time prior to displacement, comparable replacement dwellings will be available to displaced persons in accordance with section 205(c) (3) of the Uniform Act.

March 1, 2004

Date

(Authorized Representative's Signature)
James R. Martell, President



TAB P

CERTIFICATION OF NONSEGREGATED FACILITIES

Rural Telephone Company, Inc. (the "Applicant")

certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Applicant certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Applicant agrees that a breach of this certification will constitute a violation of the Equal Opportunity Clause in any loan contract which Applicant may enter into, relating to a loan from the Rural Electrification Administration to the Applicant. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Applicant agrees that (except where it has obtained identical certifications from proposed contractors for specific time periods) it will obtain identical certifications from proposed contractors prior to the award of contracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

The execution of the foregoing certification has been duly approved and authorized by the board of directors of the Applicant at the meeting of such board of directors held on February 24,

2004.

Rural Telephone Company, Inc.

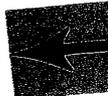
APPLICANT

By _____

PRESIDENT

James R. Martell

Date: 3/1/2004



TAB 2

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. The valid OMB control number for this information collection is 0572-0074. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information

U.S. Department of Agriculture
Rural Utilities Service

CERTIFICATE OF AUTHORITY

INSTRUCTIONS-Submit one copy to RUS. See 7 CFR 1744 (Telecommunications) and RUS Bulletin 26-1 (Electric)

In conformity with the requirements of the Rural Utilities Service (RUS), and in accordance with the resolution of the board of directors of the Rural Telephone Company
BORROWER'S NAME

892 W. Madison Avenue Glenns Ferry, ID 83623
BORROWER'S ADDRESS

attached hereto, adopted at a meeting of the board, held _____ 20 at which a quorum of the board was present, the officers and manager, whose signatures appear below, have been authorized to sign the following RUS forms in connection with requisitioning and accounting for Loan Funds:

(Check One)

	RUS Form No.	TITLE
<input checked="" type="checkbox"/>	481	FINANCIAL REQUIREMENT STATEMENT (Telecommunications)
<input type="checkbox"/>	595	FINANCIAL REQUIREMENT & EXPENDITURE STATEMENT (Electric)

This certification is to remain in *force* until rescinded by resolution of the board of directors and notification of such action to RUS

President	James R. Martell	
TITLE	NAME (TYPE OR PRINT)	SIGNATURE
Secretary/Treasurer	Carmela M. Martell	
TITLE	NAME (TYPE OR PRINT)	SIGNATURE
TITLE	NAME (TYPE OR PRINT)	SIGNATURE

Rural Telephone Company
BORROWER'S NAME

SIGNATURE OF PRESIDENT
James R. Martell

03 - 01 - 2004
DATE

SIGNATURE OF SECRETARY
Carmela M. Martell

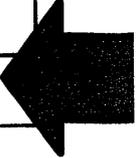


TABK

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. The valid OMB control number for this information collection is 0572-0051. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collection of information.

United States Department of Agriculture Rural Utilities Service REQUEST FOR MAIL LIST DATA		BORROWER DESIGNATION IDAHO 515-G	
		TAX IDENTIFICATION NUMBER 93-0739703	
LEGAL NAME Rural Telephone Company, Inc.		PRIMARY E-MAIL ADDRESS Susan.Case@ruraltelphone.com	
CORRESPONDENCE ADDRESS STREET 1 892 W. Madison Avenue 2 3 CITY Glenss Ferry STATE IDZIP 83623		WEBSITE URL www.rtcI.net	
		REGULAR BOARD MEETING HELD ON Decèmber 31st	
PHYSICAL ADDRESS STREET 1 892 W. Madison Avenue 2 3 CITY Glenss Ferry STATE IDZIP 83623		DATE SET FOR NEXT ANNUAL MEETING December 31, 2004	
		PHONE NO. (208) 366-2614	FAX NO. (208) 366-2615
CORPORATE OFFICIALS			
NAME (First, Middle Initial, and Last)		MAILING ADDRESS (include P.O. Box, Street Address or Rural Route, City, State, and Zip Code)	
MANAGER OR CEO TITLE _____	STREET 1 2 3 CITY	STATE	ZIP
PRESIDENT TITLE _____ James R. Martell	STREET 1 892 W. Madison Avenue 2 3 CITY Glenss Ferry	STATE ID ZIP	83623
VICE PRESIDENT TITLE _____ Michael J. Martell	STREET 1 892 W. Madison Avenue 2 3 CITY Glenss Ferry	STATE ID ZIP	83623
SECRETARY TITLE _____ Carmela M. Martell	STREET 1 892 W. Madison Avenue 2 3 CITY Glenss Ferry	STATE ID ZIP	83623
TREASURER TITLE _____ Carmela M. Martell	STREET 1 892 W. Madison Avenue 2 3 CITY Glenss Ferry	STATE ID ZIP	83623
TITLE _____	STREET 1 2 3 CITY	STATE	ZIP
TITLE _____	STREET 1 2 3 CITY	STATE	ZIP
TITLE _____	STREET 1 2 3 CITY	STATE	ZIP
TITLE _____	STREET 1 2 3 CITY	STATE	ZIP
TITLE _____	STREET 1 2 3 CITY	STATE	ZIP

RELATED ORGANIZATIONS		
NAME OF ORGANIZATION	MAILING ADDRESS (include P.O. Box, Street Address or Rural Route, City, State, and Zip Code)	
ATTORNEY Felton & Felton Michael Felton, Jr.	STREET 1 PO Box 589 2 1020 Main Street 3 Buhl CITY PHONE (208) 543-4368	STATE ID ZIP 83316
C.P.A. AKT Doug Davison, CPA	STREET 1 1011 Commercial St. NE 2 Suite 120 3 Salem CITY PHONE	STATE OR ZIP 97301
CONSULTING ENGINEER Mid State Consultants	STREET 1 1475 N. 200 W. 2 PO Box 311 3 Nephi CITY PHONE (435) 623-8601	STATE UT ZIP 840
DATE PREPARED March 1, 2004	SIGNATURE 	TITLE President



COMPLIANCE ASSURANCE

(Title VI, Civil Rights Act of 1964,
Section 504, Rehabilitation Act of 1973,
Age Discrimination Act of 1975)

Rural Utilities Service United States
Department of Agriculture Washington,
D.C. 20250

The undersigned acknowledges that it is familiar with Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) ("Title VI of the Civil Rights Act"), Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794) ("Section 504 of the Rehabilitation Act"), the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.) (the "Age Discrimination Act"), the rules and regulations of the U.S. Department of Agriculture implementing Title VI of the Civil Rights Act (7 CFR Part 15) and implementing Section 504 of the Rehabilitation Act (7 CFR Part 15b), the government-wide rules and regulations of the U.S. Department of Health and Human Services implementing the Age Discrimination Act (45 CFR Part 90) under which the U.S. Department of Agriculture is operating until such time as it adopts its own implementing regulations (7 CFR Part 15, 7 CFR Part 15b and 45 CFR Part 90 being hereinafter collectively called the "Departmental rules and regulations"), and the rules and regulations of the Rural Utilities Service implementing Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, the Age Discrimination Act and the Departmental rules and regulations (7 CFR Part 1786) (the "RUS Regulations").

The undersigned hereby assures the Rural Utilities Service that it will comply fully with all requirements imposed by or pursuant to such Departmental rules and regulations and the RUS regulations which require that no person, on the basis of race, color, national origin, age, or handicap, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities.

The undersigned further agrees that, in the event of its violation of or failure to comply with any of the requirements imposed by or pursuant to such Departmental rules and regulations, the United States may seek judicial enforcement of compliance with such requirements.

This assurance is executed and supplied to the Rural Utilities Service pursuant to a duly adopted resolution of the board of directors of the undersigned.

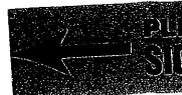
RUS Borrower

March 1, 2004

Date

Person Authorized by the Board
To Sign This Assurance

James R. Martell, President



CONSENT RESOLUTION

OF

**RURAL TELEPHONE COMPANY
(RUS Loan Application)**

The undersigned, being the all of the directors of Rural Telephone Company, an Idaho corporation (the "Company"), do hereby take the following corporate action without a meeting in accordance with the general corporation laws of the State of Idaho and the constituent documents of the Company:

WHEREAS, the Company desires to provide new underground plant and upgraded services in each of its exchanges in Idaho and Nevada (the "Project");

WHEREAS, to the best of the Company's knowledge, the Project is in compliance with the State Telecommunications Modernization Plan ("STMP"); and

WHEREAS the Company now wishes to finance the Project with financing from the Rural Utilities Service ("RUS") in the amount of up to Seventeen Million, Four Hundred Twenty Five Thousand One Hundred Four Dollars (\$17,425,104.00) (the "RUS Loan").

NOW, THEREFORE, BE IT RESOLVED, that the officers and directors of the Company are hereby authorized and directed to make application to and upon approval of RUS seek and obtain the RUS Loan; and it is

FURTHER RESOLVED that the Company shall take all such actions in the knowledge of the Board of Directors, to cause the Project to be in compliance with STMP; and it is

FURTHER RESOLVED, the Board of Directors of the Company have determined that the desired financing is specifically in furtherance of the Company's corporate purposes, is necessary and convenient to the conduct, promotion and attainment of its business and will be to its benefit, and that the application for the RUS Loan, and the execution of the documents in connection with the application for the RUS Loan do not constitute an ultra vires act on the part of the Company, and such execution is authorized by the corporate laws of the State of Idaho and not otherwise prohibited by the Company's Certificate of Incorporation or Bylaws; and it is

FURTHER RESOLVED that for action of RUS in reliance hereon, the Secretary of the Company be and hereby is authorized and empowered to certify to RUS a copy of these resolutions and any other form of resolutions substantially in the same effect which may be required by RUS, and to attest to the execution of all loan documents by the President and/or Vice President of the Company in connection with the RUS Loan where required by RUS, and that RUS may consider such officers and directors to continue in office and these resolutions to remain in full force and effect until written notice to the contrary shall be received by an officer of RUS; and it is

FURTHER RESOLVED that James R. Martell, as President of the Company, and Michael J. Martell, as Vice-President of the Company, jointly and/or severally, are hereby authorized and directed on behalf of the Company to negotiate, enter into, execute and deliver all contracts, assignments, documents, affidavits, agreements,

certifications and all other documents as said President and/or Vice President shall deem necessary, desirable or appropriate, and to take all such other and further actions as they shall deem necessary, desirable, appropriate or expedient to make application to RUS for the RUS Loan; and it is

FURTHER RESOLVED, that the President and/or the Vice-President of the Company, jointly and/or severally are hereby authorized to (a) sign, execute, certify to, verify, acknowledge, deliver, accept, file, and record any and all instruments and documents, and (b) take, or cause to be taken, any and all such action in the name and on behalf of the Company as in such officer's judgment, is necessary, desirable, or appropriate in order to make application to RUS for the RUS Loan, or otherwise expedient to effect the purposes of the foregoing resolutions.

[end of text]

The undersigned, being all of the Directors of Rural Telephone Company, hereby execute this Consent Resolution effective as of this 24 day of June, 2004.



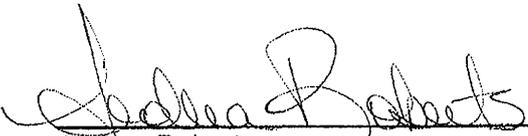
Michael J. Martell



Mark R. Martell



Matthew J. Martell



Andrea Roberts



Angela Carpenter



Corporate Secretary

Corporate Seal

Conley E. Ward [ISB No. 1683]
GIVENS PURSLEY LLP
601 W. Bannock Street
P. O. Box 2720
Boise, ID 83701-2720
Telephone No. (208) 388-1200
Fax No. (208) 388-1300
cew@givenspursley.com

Attorneys for Rural Telephone Company
S:\clients\1716\25\PROPOSED ORDER.doc

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF RURAL TELEPHONE COMPANY FOR
AUTHORITY TO BORROW FROM THE
RURAL UTILITIES SERVICE ("RUS") IN
THE AMOUNT OF NOT MORE THAN
\$17,500,000

Case No.
PROPOSED ORDER

On July 23, 2004 Rural Telephone Company (hereinafter Applicant) filed an Application for Loan Approval with this Commission requesting authority to execute loan contract amendments and supplemental mortgages in the amount of not more than \$17,500,000 with the United States of America, acting through the Rural Utilities Service ("RUS").

In support of said Application, Applicant alleges that the proposed RUS loan proceeds will be used to pay for, and partially reimburse general funds to: (1) establish a new central office and switch in the Boise River exchange, (2) provide new fiber optic and buried cable for inter-office transmission, (3) provide for switch and software upgrades and access line growth through 2008, and (4) make related system improvements.

After examining the Application and supporting documents and being fully advised in the premises, the Commission hereby finds that a hearing in this matter is not required, and that the

proposed transaction is consistent with the public interest and the Applicant's proper performance of its duties as a public utility.

IT IS THEREFORE ORDERED that the Application of Rural Telephone Company for authority to execute a loan contract amendment and supplemental mortgage with the RUS in an amount not to exceed \$17,500,000 be, and the same is hereby GRANTED.

DONE by Order of the Idaho Public Utilities Commission this _____ day of _____
_____ 2004.

Paul Kjellander, President

Dennis S. Hansen, Commissioner

Marsha Smith, Commissioner

**LEGAL NOTICE OF RURAL TELEPHONE COMPANY
APPLICATION FOR AUTHORITY TO BORROW FUNDS**

NOTICE IS HEREBY GIVEN that on July 23, 2004, Rural Telephone Company completed and filed with the Idaho Public Utilities Commission an Application for authority to borrow up to \$17,500,000 from the United States of America, acting through the Rural Utilities Service, and in connection with the borrowing to execute a telephone loan contract amendment and a supplemental mortgage.

The Application is on file and is available for public inspection at the Idaho Public Utilities Commission. Any person desiring to comment on said Application must file petitions or protests with the Idaho Public Utilities Commission within fourteen (14) days of the filing date. If no protests are received within this time limit, the Commission may consider the Application and enter its Order without setting the matter for hearing. If written protests are filed with the Commission within the time limit set, the Commission will consider the same, and in its discretion, may set a hearing. Petitions or protests must be filed with: Jean Jewell, Secretary, Idaho Public Utilities Commission, Statehouse, Boise, Idaho 83720.

Jean Jewell, Secretary
Idaho Public Utilities Commission