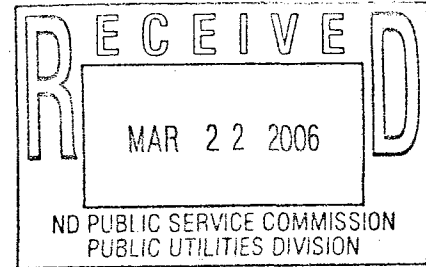




More Than a Telephone Company!

211 22nd St NW, PO Box 180
Devils Lake, ND 58301-0180
701-662-1100 or 1-800-880-4213
Fax 701-662-6446
www.goNDTC.com



March 22, 2006

Mike Diller
North Dakota Public Service Commission
600 E Boulevard Ave, Dept. 408
Bismarck, ND 58505-0480

Mike,

Enclosed is the 2005 Annual Report for North Dakota Telephone Company, the same information in the same format that was provided last year, including a Rate of Return calculation, Income Statement and Balance Sheet.

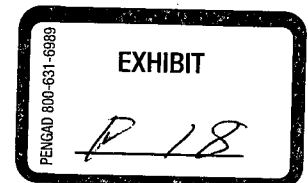
Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Shawna Senger".

Shawna Senger
Accounting Manager

Enclosure



**North Dakota Telephone Company
2005 Annual Report**

**Statement of Operating Revenues and Expenses
For the Year Ended December 31, 2005**

Operating Revenues

Local Network Services	4,912,529
Network Access Services	10,850,856
Long Distance Network Services	15,430
Billing and Collection Services	339,860
Miscellaneous Services	908,893
Less: Uncollectible Revenues	<u>0</u>

Total Operating Revenues 17,027,568

Operating Expenses

Plant Specific Operations	3,352,374
Plant Nonspecific Operations	1,419,463
Customer Operations	1,740,029
Corporate Operations	1,911,545
Depreciation Expense	3,860,200
Amortization Expense	543,902
Operating Taxes - Income	2,148,948
Operating Taxes - Other	<u>129,177</u>

Total Operating Expenses 15,105,638

Net Operating Margin 1,921,930

Rate Base Calculation

Description	Beginning Balance	Ending Balance	Average Balance
Plant In Service	68,726,493	73,525,615	71,126,054
Accumulated Depreciation	(52,037,286)	(55,072,000)	(53,554,643)
Plant Under Construction	1,383,219	2,760,537	2,071,878
Plant Adjustment and Goodwill	8,134,879	8,134,879	8,134,879
Accumulated amortization	(4,654,957)	(5,197,282)	(4,926,120)
Prepayments	316,605	270,134	293,370
Materials and Supplies	299,270	316,772	308,021
Deferred Income Taxes	(1,402,094)	(1,202,563)	(1,302,329)
Customer Advances and Deposits	(288,298)	(286,314)	(287,306)
Post Retirement Benefit Obligation	(1,542,833)	(1,763,561)	(1,653,197)
Average Rate Base			20,210,608

Rate of Return Calculation

Rate of Return on Average Rate Base	9.51%
Less: Weighted Average Cost of Debt	0.00%
Average Rate of Return On Common Equity	9.51%
Percent Of Common Equity to Total Capital	100.00%
Rate of Return on Weighted Common Equity	9.51%

NORTH DAKOTA TELEPHONE COMPANY
STATEMENT OF INCOME
December 2005

OPERATING REVENUES:

Local Network	4,912,529
Network Access	10,850,856
Long Distance network	15,430
Billing and Collection	339,860
Miscellaneous - NDTc	908,893
Uncollectable Operating	<u>0</u>

Total Operating Revenues 17,027,568

OPERATING EXPENSES:

Plant Specific	3,352,374
Plant Non-Specific	1,419,463
Depreciation	3,860,200
Amortization of Cust Lists and TPA	542,325
Customer Operations	1,740,029
Corporate Operations	1,911,545
Operating Taxes - Income	1,838,854
Operating Taxes - Other	<u>129,177</u>

Total Operating Expenses 14,793,967

Net Operating Income 2,233,601

NONOPERATING INCOME:

Interest Income	308,992
Special Charges	(66,495)
Other Nonoperating	0
Nonregulated Net Income	76,238
Internet Net Income	520,499
Net Income from LLC	482,722
Amortization Debt Issue	(1,577)
Nonoperating Income Taxes	<u>(310,094)</u>

Total Nonoperating Income 1,010,285

Interest Expense 934

Net Income 3,242,952

NORTH DAKOTA TELEPHONE COMPANY
BALANCE SHEET
December 2005

ASSETS

CURRENT ASSETS

Cash	4,921,712
Account Receivable	
Telecommunication	537,061
Other	1,700,356
Affiliates	576
Interest Receivable	69,966
Materials	316,772
Prepayments	270,134
Other Current	0

Total Current Assets 7,816,577

**INVESTMENTS AND
NONCURRENT ASSETS**

Investment in Affiliates	0
Investment in Affiliates NDTC	4,017,720
Investments in Nonaffiliates	2,481,519
Nonregulated Investments	490,065
Other Noncurrent	8,542
Deferred Charges	0

Total Other Assets 6,997,846

TELECOMMUNICATIONS PLANT

In Service	73,525,615
Under Construction	2,760,537
Plant Adjustment	2,937,596
Goodwill	0

Total Plant 79,223,748

Less:
 Accumulated Depreciation 55,072,000

Net Plant 24,151,748

TOTAL ASSETS 38,966,171

NORTH DAKOTA TELEPHONE COMPANY
BALANCE SHEET
December 2005

LIABILITIES AND EQUITIES

CURRENT LIABILITIES:

Accounts Payable	
Other	1,668,142
Affiliated	2,438,961
Current Maturities LTD	0
Note Payable	0
Advance Payments	197,322
Customer Deposits	88,992
Taxes Payable - Income	26,555
Taxes Payable - Other	123,785
Other Current	<u>244,145</u>

Total Current Liabilities 4,787,902

LONG TERM DEBT

LT Debt Less Current Maturities 0

OTHER LONG TERM LIABILITIES:

Accum Post Retirement Benefits	1,763,561
Investment Tax Credits	0
Deferred Income Taxes	<u>496,459</u>

Total Other LT Liabilities 2,260,020

EQUITIES:

Common Stock	807,950
Additional Paid in Capital	25,341,289
Other Equity	7,246,370
Retained Earnings	<u>(1,477,360)</u>

Total Equities 31,918,249

TOTAL LIABILITIES AND EQUITIES 38,966,171