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OF COUNSEL
RICHARD T. CIOTTONA

November 10, 2003

Mr. Dale Hardy Roberts
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

FILED

NOV 10 2003

Missouri Public
Service Commission

Re: Case No. TF-2000-428

Dear Mr. Roberts:

Enclosed for filing on behalf of Le-Ru Telephone Company ("Le-Ru"), please find an original and eight (8) copies of a Response to Order Directing Filing.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

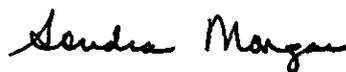
Copies of this filing have been provided to all parties of record.

I thank you in advance for your cooperation in this matter.

Sincerely yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:



Sondra B. Morgan

SBM/lar
Enclosure

cc: Office of Public Counsel
Denny Frey

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

NOV 10 2003

In the matter of the Application)
of LE-RU TELEPHONE COMPANY)
for authority to borrow an amount)
not to exceed \$9,164,700 from the)
Rural Utilities Service, the Rural)
Telephone Bank and the Federal)
Financing Bank and in connection)
therewith to execute an Amending)
Telephone Loan Contract Amendment,)
Promissory Notes, and a Restated)
Mortgage, Security Agreement and)
Financing Statement.)

Missouri Public
Service Commission

Case No. TF-2000-428

RESPONSE TO ORDER DIRECTING FILING

Comes now Le-Ru Telephone Company ("Le-Ru") and for its Response to the Second Order Directing Filing states to the Missouri Public Service Commission ("Commission") as follows:

1. On January 18, 2000, Le-Ru filed an Application with the Commission requesting authority to borrow an amount not to exceed \$9,164,700 from the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB").

2. On August 15, 2000, the Commission issued its Order Approving Financing in which it approved the Application with certain conditions previously agreed to by the Applicant, including the condition that Le-Ru would not borrow more than \$7,800,606 of the \$9,164,700 approved by the Rural Utilities Service ("RUS") without further order of the Commission.

3. Order paragraph 7 of the Modified Order stated that Le-Ru "shall file semi-annual surveillance reports beginning January 1, 2003, and ending December 31, 2007, or ending

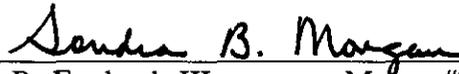
when the company's equity ratio reaches 40 percent." On September 1, 2003, the Commission issued its Order Directing Filing stating that Le-Ru had not filed a semiannual surveillance report and directing the company to do so.

4. In its Response to that Order, Le-Ru admitted that through oversight it had neglected to file the surveillance report on January 1, 2003, as ordered by the Commission in this case. However, Le-Ru stated that it had filed detailed financial information in its 2002 Annual Report filed with the Commission. Since the information in that report would be substantially the same as the information Le-Ru would have provided in a surveillance report on January 1, 2003, Le-Ru asked that the Annual Report be accepted as compliance with the requirement to file a surveillance report on January 1, 2003.

5. In its Order Directing Filing dated October 30, 2003, the Commission requested that Le-Ru file a copy of its 2002 Annual Report in this case in lieu of its first semiannual surveillance report. Accordingly, marked Appendix C and attached hereto is a copy of Le-Ru Telephone Company's Annual Report. Exhibit 11 to that Annual Report was filed as a separate "highly confidential" document. Le-Ru requests that Exhibit 11 to the Annual Report be treated in accordance with the terms of the Protective Order previously entered in this case as it contains highly confidential operational statistics not available to the public in any other format.

Wherefore Le-Ru respectfully requests that the Commission accept this Response to its Order Directing Filing as full compliance with the Commission's Order.

Respectfully submitted,



W. R. England, III Mo. #23975
Sondra B. Morgan Mo. #35482
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P.O. Box 456
Jefferson City, MO 65101-0456
(573) 635-7166
(573) 635-0427 (fax)
smorgan@brydonlaw.com (e-mail)

Attorneys for Le-Ru Telephone Company

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was delivered, via U.S. Mail, and/or hand-delivered this 10th day of November, 2003, to:

Office of Public Counsel
Governor Office Building
200 Madison Street
P.O. Box 7800
Jefferson City, MO 65102

Mr. Denny Frey
Public Service Commission
200 Madison Street
P.O. Box 360
Jefferson City, MO 65102


Sondra B. Morgan

le-ru copy

LE-RU TELEPHONE COMPANY

(Full Company Name)

INCUMBENT
LOCAL EXCHANGE CARRIER

ANNUAL REPORT

TO THE

MISSOURI PUBLIC SERVICE COMMISSION

For Period Ending December 31, 2002

(w) Schedule 11

1st copy

AFFIDAVIT

Robert L. Hart, being first duly sworn, states that he is President of Le-Ru Telephone Company; that he has examined the foregoing Report; that to the best of his knowledge, information and belief all statements of fact contained in the said Report are true and the said Report is a correct statement of the business and affairs of the above named Company for the period January 1 through December 31, 2002. In addition, Schedule No. 11 is being filed under seal as it contains market specific information relating to services offered in competition with others as well as confidential or private financial and business information that is not otherwise available to the public in any format.

Robert L. Hart
(Signature)

Subscribed and sworn to before me this 31st day of March, 2003.

Carolyn Dyer
Notary Public Carolyn Dyer

My Commission expires:

2/24/2004

CAROLYN DYER
Notary Public - Notary Seal
STATE OF MISSOURI
Newton County
My Commission Expires Feb. 24, 2004

Missouri Public Service Commission

Incumbent Local Exchange Carriers

Annual Report Form

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**Mize, Houser
& Company**

PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

An independent member of BKR International

To the Board of Directors
Le-Ru Telephone Company
Stella, Missouri

We have compiled the balance sheet of Le-Ru Telephone Company as of December 31, 2002, and the income statement for the year then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information included in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Missouri Public Service Commission information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them. These financial statements were compiled by us from financial statements for the same period that we previously audited, as indicated in our report dated February 4, 2003.

Mize, Houser & Company

Professional Association

March 14, 2003
Overland Park, Kansas

Annual Report of LE-RU TELEPHONE COMPANY as of December 31, 2002

8) List companies owned, controlled, or operated by the utility. Include a statement of the form and extent of such ownership, control or operation:

None

9) Does the company utilize actual or average cost for settlement purposes? If actual costs are used, please identify the consulting firm engaged to prepare the study; or if performed in house the staff member responsible for this study and the date last prepared.

Actual Cost
John Staurulakis, Inc. - Consulting Firm
June, 2002 for 2001 cost study

10) Please provide the effective date and file reference to the Depreciation Authority Order or other Case Number wherein the company received authorization for current depreciation rates (reference to HB 360 if appropriate) reported on Schedule 3.

Effective 12/20/98, depreciation rates were effective retroactive to 1/1/98.
Case # TR-98372, depreciation rates were included in this case.

11) Whether a corporation or not, give the particulars requested below concerning the principal officers of the telephone company at the end of the reporting year:

Date Office Assumed	Title	Name
5/31/2002	President	Robert L. Hart
5/31/2002	Vice President	James R. Millikin
5/31/2002	Secretary - Treasurer	Vickie L. Roberts

Item	Amount	FCC Account
12) Please identify what amount of Universal Service Fund (USF) payments were received from the National Exchange Carrier Association (NECA) for the reporting year.	\$697,464	5083
13) Please identify the "Unseparated NTS Revenue Requirement" as reported to NECA related to the above payment.	\$1,412,026	NA
14) Please identify the "Number of USF Loops" as reported by NECA related specifically to the above payment.	1,587	NA
15) Please identify what amount of USF payments were received by the company from NECA for the previous reporting year.	\$795,620	5083
16) Please identify the amount of USF payments expected to be received by the company for the following reporting year.	\$766,050	5083
17) Please identify the amount of Local Switching Support payments received by the company for the current reporting year.	\$256,320	5082
18) Please identify the amount of Local Switching Support received by the company for the previous reporting year.	\$283,980	5082
19) Please identify the amount of Long Term Support (LTS) payments received, or paid, by the company for the current reporting year.	\$286,656	5082
20) Please identify the amount of Long Term Support (LTS) payments received, or paid, by the company for the previous reporting year.	\$280,284	5082
21) Type of tax return filed (i.e. 1120C, 1120S, etc.):	1120S	
22) Taxpayer ID:	44-6012536	

Annual Report of LE-RU TELEPHONE COMPANY as of December 31, 2002**BALANCE SHEET ACCOUNTS**

FCC #	Account Description	Amount
<u>Current Assets</u>		
1130	Cash	\$650,913
1140	Special Cash Deposits	
1150	Working Cash Advance	\$550
1160	Temporary Investments	\$550,000
1180	Telecommunications Accounts Receivable	\$295,037
1190	Other Accounts Receivable	\$31,971
1191	Accounts Receivable Allowance - Other	
1200	Notes Receivable	\$50,000
1201	Notes Receivable Allowance	
1210	Interest and Dividends Receivable	\$6,719
1220	Material and Supplies	\$85,616
1290	Prepaid Rents	
1300	Prepaid Taxes	
1310	Prepaid Insurance	\$59,592
1320	Prepaid Directory Expenses	
1330	Other Prepayments	\$2,342
1350	Other Current Assets	
Total Current Assets		\$1,732,740
<u>Noncurrent Assets</u>		
1401	Investments in Affiliated Companies	
1402	Investments in Nonaffiliated Companies	\$1,500
1406	Nonregulated Investments	\$55,716
1407	Unamortized Debt Issuance Expenses	\$2,459
1408	Sinking Funds	
1410	Other Noncurrent Assets	\$659,630
1438	Deferred Maintenance & Retirements	
1439	Deferred Charges	\$433
1500	Other Jurisdictional Assets-Net	
Total Noncurrent Assets		\$719,738

Annual Report of LE-RU TELEPHONE COMPANY as of December 31, 2002**BALANCE SHEET ACCOUNTS**

FCC #	Account Description	Amount
<u>Regulated Plant</u>		
2001	Telecommunications Plant in Service	\$8,908,350
2002	Property Held For Future Telecommunications Use	
2003	Telecommunications Plant Under Construction - Short Term	\$3,287,269
2004	Telecommunications Plant Under Construction - Long Term	
2005	Telecommunications Plant Adjustment	
2006	Nonoperating Plant	\$52,637
2007	Goodwill	
Total Regulated Plant		\$12,248,256
<u>Depreciation and Amortization</u>		
3100	Accumulated Depreciation	\$3,914,975
3200	Accumulated Depreciation - Held For Future Use	
3300	Accumulated Depreciation - Nonoperating	\$7,607
3410	Accumulated Depreciation - Capitalized Leases	
3420	Accumulated Depreciation - Leasehold Improvements	
3500	Accumulated Depreciation - Intangible	
3600	Accumulated Depreciation - Other	
Total Depreciation and Amortization		\$3,922,582
Net Plant		\$8,325,674
Total Assets		\$10,778,152

Annual Report of

LE-RU TELEPHONE COMPANY

as of December 31, 2002

BALANCE SHEET ACCOUNTS

FCC #	Account Description	Amount
<u>Current Liabilities</u>		
4010	Accounts Payable	\$600,547
4020	Notes Payable	
4030	Advanced Billing and Payments	
4040	Customers' Deposits	
4050	Current Maturities - Long Term	\$338,194
4060	Current Maturities - Capital Leases	
4070	Income Taxes Accrued	
4080	Other Taxes Accrued	\$11,074
4100	Net Current Deferred Operating Income Taxes	
4110	Net Current Deferred Non-operating Income Taxes	
4120	Other Accrued Liabilities	\$4,010
4130	Other Current Liabilities	
<u>Total Current Liabilities</u>		<u>\$953,825</u>
<u>Long-Term Debt</u>		
4210	Funded Debt	\$7,218,977
4220	Premium on Long-Term Debt	
4230	Discount on Long-Term Debt	
4240	Reacquired Debt	
4250	Obligations Under Capital Leases	
4260	Advances From Affiliated Companies	
4270	Other Long-Term Debt	
<u>Total Long-Term Debt</u>		<u>\$7,218,977</u>

BALANCE SHEET ACCOUNTS

FCC #	Account Description	Amount
<u>Other Liabilities and Deferred Credits</u>		
4310	Other Long-Term Liabilities	
4320	Unamortized Operating Investment Tax Credits - Net	\$46,716
4330	Unamortized Nonoperating Investment tax Credits - Net	
4340	Net Non-current Deferred Operating Income Taxes	
4350	Net Noncurrent Deferred Nonoperating Income Taxes	
4360	Other Deferred Credits	
4370	Other Jurisdictional Liabilities and Deferred Credits - Net	
<u>Total Other Liabilities and Deferred Credits</u>		<u>\$46,716</u>
<u>Stockholders' Equity</u>		
4510	Capital stock	\$20,400
4520	Additional Paid -In Capital	
4530	Treasury Stock	
4540	Other Capital	
4550	Retained Earnings	\$2,538,234
<u>Total Stockholders' Equity</u>		<u>\$2,558,634</u>
<u>Total Liabilities and Shareholders' Equity</u>		<u>\$10,778,152</u>

Annual Report of LE-RU TELEPHONE COMPANY

as of December 31, 2002

PLANT IN SERVICE

FCC #	Account Description	Authorized Depreciation Rate (A)	Amount
<u>General Support Assets</u>			
2111	Land		\$15,825
2112	Motor Vehicles	10.23%	\$282,403
2113	Aircraft		
2114	Tools and Other Work Equipment	10.23%	\$168,769
2115	Garage Work Equipment		
2116	Other Work Equipment	6.71%	\$81,179
2121	Buildings	2.80%	\$210,319
2122	Furniture	6.71%	\$43,980
2123.1	Office Equipment - Office Support		
2123.2	Office Equipment - Co. Communications	9.70%	\$4,792
2124	General Purpose Equipment	13.59%	\$54,045
Total General Support Assets			\$861,312
<u>Central Office Assets</u>			
2211	Analog Electronic Switching		
2212	Digital Electronic Switching	6.67%	\$1,611,663
2215	Electromechanical Switching		
2220	Operator Systems		
2231.1	Satellite and Earth Station Equipment		
2231.2	Other Radio Facilities		
2232.1	Circuit Equipment - Digital	10.30%	\$2,431,205
2232.2	Circuit Equipment - Analog		
Total Central Office Assets			\$4,042,868

(A) See Schedule I, question 10.

PLANT IN SERVICE

FCC #	Account Description	Authorized Depreciation Rate (A)	Amount
<u>Information Origination/Termination Assets</u>			
2311	Station Apparatus		
2321	Customer Premises Wiring		
2341	Large Private Branch Exchange		
2351	Public Telephone Terminal Equipment		
2362	Other Terminal Equipment		
Total Info. Origination/Termination Assets			
<u>Cable and Wire Facilities Assets</u>			
2411	Poles	6.19%	\$24,013
2421.1	Aerial cable - Nonmetallic		
2421.2	Aerial cable - Metallic		
2422.1	Underground cable - Nonmetallic		
2422.2	Underground cable - Metallic		
2423.1	Buried cable - Nonmetallic		
2423.2	Buried cable - Metallic	4.29%	\$3,980,157
2424.1	Submarine cable - Nonmetallic		
2424.2	Submarine cable - Metallic		
2425	Deep Sea Cable		
2426	Intrabuilding Network Cable		
2431	Aerial Wire		
2441	Conduit Systems		
Total Cable and Wire Facilities Assets			\$4,004,170

(A) See Schedule 1, question 10.

Annual Report of LE-RU TELEPHONE COMPANY

as of December 31, 2002

PLANT IN SERVICE

FCC #	Account Description	Authorized Depreciation Rate (A)	Amount
<u>Amortizable Assets</u>			
2681	Capital Leases		
2682	Leasehold Improvements		
2690	Intangibles		
<u>Total Amortizable Assets</u>			
<u>Total Telecommunications Plant In Service</u>			\$8,908,350

(A) See Schedule 1, question 10.

DEPRECIATION RESERVE

FCC #	Account Description	Depreciation Expense Recorded	Accumulated Balance
General Support Assets			
3111	Land		
3112	Motor Vehicles	\$26,542	\$50,059
3113	Aircraft		
3114	Tools and Other Work Equipment	\$17,265	\$125,944
3115	Garage Work Equipment		
3116	Other Work Equipment	-\$527	\$81,179
3121	Buildings	\$5,889	\$114,687
3122	Furniture	\$2,914	\$22,445
3123.1	Office Equipment - Office Support		
3123.2	Office Equipment - Co. Communications	\$431	\$631
3124	General Purpose Equipment	\$7,051	\$10,740
Total General Support Assets		\$59,565	\$405,685
Central Office Assets			
3211	Analog Electronic Switching		
3212	Digital Electronic Switching	\$89,863	\$541,350
3215	Electromechanical Switching		
3220	Operator Systems		
3231.1	Satellite and Earth Station Equipment		
3231.2	Other Radio Facilities		
3232.1	Circuit Equipment - Digital	\$106,932	\$771,774
3232.2	Circuit Equipment - Analog		
Total Central Office Assets		\$196,795	\$1,313,124

DEPRECIATION RESERVE

FCC #	Account Description	Depreciation Expense Recorded	Accumulated Balance
<u>Information Origination/Termination Assets</u>			
3311	Station Apparatus		
3321	Customer Premises Wiring		
3341	Large Private Branch Exchange		
3351	Public Telephone Terminal Equipment		
3362	Other Terminal Equipment		
Total Info. Origination/Termination Assets			
<u>Cable and Wire Facilities Assets</u>			
3411	Poles	\$0	\$24,013
3421.1	Aerial cable - Nonmetallic		
3421.2	Aerial cable - Metallic		
3422.1	Underground cable - Nonmetallic		
3422.2	Underground cable - Metallic		
3423.1	Buried cable - Nonmetallic		
3423.2	Buried cable - Metallic	\$168,428	\$2,172,153
3424.1	Submarine cable - Nonmetallic		
3424.2	Submarine cable - Metallic		
3425	Deep Sea Cable		
3426	Intra-building Network Cable		
3431	Aerial Wire		
3441	Conduit Systems		
Total Cable and Wire Facilities Assets		\$168,428	\$2,196,166
Total Depreciation Reserve		\$424,788	\$3,914,975

Annual Report of

LE-RU TELEPHONE COMPANY

as of December 31, 2002

DEPRECIATION RESERVE

FCC #	Account Description	Amortization Expense Recorded	Accumulated Balance
<u>Amortizable Assets</u>			
3681	Capital Leases		
3682	Leasehold Improvements		
3690	Intangibles		
<u>Total Amortizable Assets</u>			

Annual Report of

LE-RU TELEPHONE COMPANY

as of December 31, 2002

SALVAGE and/or COST OF REMOVAL COSTS

(Do Not Include the Plant Cost Retired)

FCC #	Account Description	Amount Recorded To:	
		Depreciation Reserve	Income Statement
<u>General Support Assets</u>			
2111	Land		
2112	Motor Vehicles		
2113	Aircraft		
2114	Tools and Other Work Equipment		
2115	Garage Work Equipment		
2116	Other Work Equipment		
2121	Buildings		
2122	Furniture		
2123.1	Office Equipment - Office Support		
2123.2	Office Equipment - Co. Communications		
2124	General Purpose Equipment		
Total General Support Assets			
<u>Central Office Assets</u>			
2211	Analog Electronic Switching		
2212	Digital Electronic Switching		
2215	Electromechanical Switching		
2220	Operator Systems		
2231.1	Satellite and Earth Station Equipment		
2231.2	Other Radio Facilities		
2232.1	Circuit Equipment - Digital		
2232.2	Circuit Equipment - Analog		
Total Central Office Assets			

Annual Report of

LE-RU TELEPHONE COMPANY

as of December 31, 2002

SALVAGE and/or COST OF REMOVAL COSTS

(Do Not Include the Plant Cost Retired)

FCC #	Account Description	Amount Recorded To:	
		Depreciation Reserve	Income Statement
<u>Information Origination/Termination Assets</u>			
2311	Station Apparatus		
2321	Customer Premises Wiring		
2341	Large Private Branch Exchange		
2351	Public Telephone Terminal Equipment		
2362	Other Terminal Equipment		
Total Info. Origination/Termination Assets			
<u>Cable and Wire Facilities Assets</u>			
2411	Poles		
2421.1	Aerial cable - Nonmetallic		
2421.2	Aerial cable - Metallic		
2422.1	Underground cable - Nonmetallic		
2422.2	Underground cable - Metallic		
2423.1	Buried cable - Nonmetallic		
2423.2	Buried cable - Metallic		
2424.1	Submarine cable - Nonmetallic		
2424.2	Submarine cable - Metallic		
2425	Deep Sea Cable		
2426	Intrabuilding Network Cable		
2431	Aerial Wire		
2441	Conduit Systems		
Total Cable and Wire Facilities Assets			

Annual Report of

LE-RU TELEPHONE COMPANY

as of December 31, 2002

SALVAGE and/or COST OF REMOVAL COSTS

(Do Not Include the Plant Cost Retired)

FCC #	Account Description	Amount Recorded To:	
		Depreciation Reserve	Income Statement
<u>Amortizable Assets</u>			
2681	Capital Leases		
2682	Leasehold Improvements		
2690	Intangibles		
Total Amortizable Assets			
Total Salvage and/or Cost of Removal Costs			

LONG-TERM AND SHORT-TERM DEBT

Description of Obligation	Issue Date	Maturity Date	Face Amount Outstanding	Stated Interest Rate %	Annual Interest Expense
RUS Note #2040	3/2/1971	3/2/2006	\$23,287	2.00%	\$529
RUS Note #2041	3/2/1971	3/2/2006	\$3,542	2.00%	\$80
RUS Note #12050	11/5/1975	11/5/2012	\$138,989	2.00%	\$2,924
RUS Note #12051	11/5/1975	11/5/2012	\$24,857	2.00%	\$523
RUS Note #12052	11/5/1975	11/5/2012	\$22,189	2.00%	\$456
RUS Note #12060	3/2/1982	3/2/2019	\$826,284	2.00%	\$16,978
RUS Note #12061	3/2/1982	3/2/2019	\$83,836	2.00%	\$1,723
RUS Note #12062	3/2/1982	3/2/2019	\$76,742	2.00%	\$1,563
RUS Note #12070	6/4/1993	6/4/2016	\$450,808	5.00%	\$23,166
RUS Note #12071	6/4/1993	6/4/2016	\$58,605	5.00%	\$3,012
RUS Note #12072	6/4/1993	6/4/2016	\$122,469	5.00%	\$6,294
RUS Note #12073	6/4/1993	6/4/2016	\$51,843	5.00%	\$2,664
RUS Note #12074	6/4/1993	6/4/2016	\$46,853	5.00%	\$2,408
RUS Note #12075	6/4/1993	6/4/2016	\$230,462	5.00%	\$11,844
RUS Note #12076	6/4/1993	6/4/2016	\$88,017	5.00%	\$4,523
RUS Note #12077	6/4/1993	6/4/2016	\$106,418	5.00%	\$5,469
RUS Note #12078	6/4/1993	6/4/2016	\$85,715	5.00%	\$4,405
RUS Note #12080 variable int. rate	11/1/1999	10/1/2020	\$443,919	5.27%	\$23,812
RUS Note #12081 variable int. rate	11/1/1999	10/1/2020	\$107,579	5.21%	\$5,705
RUS Note #12082 variable int. rate	11/1/1999	10/1/2020	\$117,399	4.55%	\$5,451
RUS Note #12083 variable int. rate	11/1/1999	10/1/2020	\$728,087	5.26%	\$35,837
RUS Note #12084 variable int. rate	11/1/1999	10/1/2020	\$681,083	5.12%	\$29,662
RUS Note #12085 variable int. rate	11/1/1999	10/1/2020	\$834,086	5.39%	\$27,631
RUS Note #12086 variable int. rate	11/1/1999	10/1/2020	\$1,806,674	4.60%	\$28,470
RUS Note #12087 variable int. rate	11/1/1999	10/1/2020	\$398,387	4.23%	\$2,172
LESS: Capitalized Interest					-\$84,194
Total Interest Expense Recorded					\$163,107

INCOME STATEMENT

FCC #	Account Description	Missouri Jurisdiction	Total Company
Local Network Services Revenues			
5001	Basic Area Revenue	\$254,138	\$254,138
5002	Optional Extended Area Revenue		
5003	Cellular Mobile Revenue		
5004	Other Mobile Services Revenue		
5040	Local Private Line Revenue		
5050	Customer Premises Revenue		
5060	Other Local Exchange Revenue		
5069	Other Local Exchange Revenue Settlements		
Total Local Network Services Revenues		\$254,138	\$254,138
Network Access Services Revenues			
5081	End User Revenue		\$105,012
5082	Switched Access Revenue		\$1,992,014
5083	Special Access Revenue		
5084	State Access Revenue	\$472,694	\$472,694
Total Network Access Services Revenues		\$472,694	\$2,569,720
Long Distance Network Services Revenues			
5100	Long Distance Message Revenue		
5111	Long Distance Inward-only Revenue		
5112	Long Distance Outward-only Revenue		
5121	Subvoice Grade L.D. Private Network Revenue		
5122	Voice Grade L.D. Private Network Revenue		
5123	Audio Program Grade L.D. Private Network Revenue		
5124	Video Program Grade L.D. Private Network Revenue		
5125	Digital Transmission L.D. Private Network Revenue		
5126	Long Distance Private Network Switching Revenue		
5128	Other Long Distance Private Network Revenue		
5129	Other L.D. Private Network Revenue Settlements		
5160	Other Long Distance Revenues		
5169	Other Long Distance Revenue Settlements		
Total Long Distance Network Services Revenue			

INCOME STATEMENT

FCC #	Account Description	Missouri Jurisdiction	Total Company
<u>Miscellaneous Revenues</u>			
5230	Directory Revenue	\$1,019	\$1,019
5240	Rent Revenue		
5250	Corporate Operations Revenue		
5261	Special Billing Arrangements Revenue		
5262	Customer Operations Revenue		
5263	Plant Operations Revenue		
5264	Other Incidental Regulated Revenue	\$33,538	\$45,718
5269	Other Revenue Settlements		
5270	Carrier Billing & Collection Revenue	\$23,534	\$23,534
Total Miscellaneous Revenues		\$58,091	\$70,271
5280	Non-Regulated Operating Revenue		
<u>Uncollectible Revenues</u>			
5301	Uncollectible Revenue - Telecommunications	-\$17,462	-\$33,099
5302	Uncollectible Revenue - Other		
Total Uncollectible Revenues		-\$17,462	-\$33,099
Total Operating Revenues		\$767,461	\$2,861,030

INCOME STATEMENT

FCC #	Account Description	Missouri Jurisdiction	Total Company
	<u>Plant Non-specific Operations Expense</u>		
6510	Other Property Plant and Equipment Expense		
6511	Telecommunications Use Expense		
6512	Provisioning Expense		
6530	Network Operations Expense		
6531	Power Expense		\$16,682
6532	Network Administration Expense		
6533	Testing Expense		\$64,779
6534	Plant Operations Administration Expense		\$728
6535	Engineering Expense		
6540	Access Expense		
	Total Plant Non-specific Operations Expense		\$82,189
	<u>Depreciation and Amortization Expense</u>		
6561	Depreciation Expense - Plant in Service		\$424,788
6562	Depreciation Expense - Plant Held for Future Use		
6563	Amortization Expense - Tangible		
6564	Amortization Expense - Intangible		
6565	Amortization Expense - Other		
	Total Depreciation and Amortization Expense		\$424,788
	<u>Customer Operations Expense</u>		
6610	Marketing		
6611	Product Management		
6612	Sales		
6613	Product Advertising		
6620	Services		
6621	Call Completion Services		
6622	Number Services		
6623	Customer Services		\$413,726
	Total Customer Operations Expenses		\$413,726

INCOME STATEMENT

FCC #	Account Description	Missouri Jurisdiction	Total Company
<u>Corporate Operations Expense</u>			
6710	Executive and Planning		
6711	Executive		\$475,181
6712	Planning		
6720	General and Administrative		
6721	Accounting and Finance		\$446,404
6722	External Relations		\$41,819
6723	Human Resources		
6724	Information Management		
6725	Legal		\$3,288
6726	Procurement		
6727	Research and Development		
6728	Other General and Administrative		\$63,470
6790	Provision for Uncollectible Notes Receivable		
Total Corporate Operations Expense			\$1,030,162
Total Operating Expense			\$2,601,121
Net Operating Income			\$259,909
<u>Other Operating Income and Expense</u>			
7110	Income from Custom Work		
7130	Return from Nonregulated Use of Regulated Facilities		
7140	Gains and Losses from Foreign Exchange		
7150	Gains or Losses from Disposition of Land and Artwork		
7160	Other Operating Gains and Losses		
Total Other Operating Income and Expense			

Annual Report of

LE-RU TELEPHONE COMPANY

as of December 31, 2002

INCOME STATEMENT

FCC #	Account Description	Missouri Jurisdiction	Total Company
<u>Operating Taxes</u>			
7210	Operating Investment Tax Credits - Net		-\$4,824
7220	Operating Federal Income Taxes (SEE SCHEDULE 7A)		
7230	Operating State and Local Income Taxes (SEE SCHEDULE 7A)		
7240	Operating Other Taxes		
7250	Provision for Deferred Operating Income Taxes - Net		\$52,902
Total Operating Taxes			\$48,078
<u>Nonoperating Income and Expense</u>			
7300	Nonoperating Income and Expense		-\$2,287
7310	Dividend Income		\$1,032
7320	Interest Income		\$37,457
7330	Income from Sinking & Other Funds		
7340	Allowance for Funds Used During Construction		
7450	Gains or Losses from the Disposition of Certain Property		
7360	Other Nonoperating Income		
7370	Special Charges		-\$20,833
Total Nonoperating Income and Expense			\$15,369
<u>Nonoperating Taxes</u>			
7410	Nonoperating Investment Tax Credits - Net		
7420	Nonoperating Federal Income Taxes		
7430	Nonoperating State & Local Income Taxes		
7440	Nonoperating Other Taxes		
7450	Provision for Deferred Nonoperating Income Taxes - Net		
Total Non-Operating Taxes			

INCOME STATEMENT

FCC #	Account Description	Missouri Jurisdiction	Total Company
<u>Interest & Related Items</u>			
7510	Interest on Funded Debt		\$163,107
7520	Interest Expense - Capital Leases		
7530	Amortization of Debt Issuance Expense		\$215
7540	Other Interest Deductions		
Total Interest & Related Items			\$163,322
<u>Extraordinary Items</u>			
7610	Extraordinary Income Credits		
7620	Extraordinary Income Charges		
7630	Current Income Tax Effect of Extraordinary Items - Net		
7640	Provision for Deferred Income Tax Effect of Extraordinary Items - Net		
Total Extraordinary Items			
<u>Jurisdictional Differences & Nonregulated Items</u>			
7910	Income Effect of Jurisdictional Ratemaking Difference - Net		
7990	Nonregulated Net Income		\$58,340
Total Jurisdictional Differences & Nonregulated Items			\$58,340
NET INCOME			\$122,218

Le-Ru Telephone Company
Supplement to Income Statement
Attachment Schedule 7 Page 7A of the Missouri Public Service Commission Report
12/31/02

Net income before provision for shareholder income tax liabilities	\$ 122,218
Income taxes payable by individual shareholders:	
Current income tax benefit	151,000
Deferred income tax (expense)	<u>(210,000)</u>
Total income taxes to be paid at shareholder level	<u>(59,000)</u>
Net income after provision for shareholder income taxes	\$ <u>63,218</u>

This schedule has been prepared to present the income taxes generated by the operations of the telephone company for the year ended December 31, 2002 and to present actual operating results of the Company after the provision for income taxes. Under the subchapter S election of the Company, this income tax liability must be paid by the individual shareholders.

A reconciliation of financial statement net income to taxable income after removal of permanent differences follows:

Net income per financial statements	\$ 122,218
Permanent differences:	
Non deductible expense for income tax purposes	35,553
ITC, net	<u>(4,824)</u>
Total income before temporary differences	\$ <u>152,947</u>

For information purposes only

M033-002/DOC31

See Accountants' Compilation Report

Annual Report of LE-RU TELEPHONE COMPANY as of December 31, 2002

PENSION COST - DEFINED BENEFIT PLANS

Report **each individual Plan** covering one or more groups of Company employees on a separate schedule. (i.e. ESOP, Defined Contribution, Other (describe), etc.)

Plan Name: None

Trustee Name: _____

Item	Current Year	Previous Year
Date of Actuarial Report:		
Accumulated Benefit Obligation		
Projected Benefit Obligation		
Fair Value of Plan Assets		
Discount Rate % for Settlement of Liabilities		
Expected Long-Term Return On Assets Rate %		
Service Cost		
Interest Cost		
Return On Plan Assets		
Amortization of Transition Amount		
Amortization of Gains or Losses		
Total Pension Cost		
Minimum Required Contribution		
Actual Contribution		
Maximum Tax Deductible Contribution		
Benefit Payments		
Pension Cost Expensed		
Pension Cost Capitalized		
Pension Asset/Liability at Close of Year		

Annual Report of LE-RU TELEPHONE COMPANY as of December 31, 2002

PENSION COST - OTHER THAN DEFINED BENEFIT PLANS

Report each individual Plan covering one or more groups of Company employees on a separate schedule. (i.e. ESOP, Defined Contribution, Other (describe), etc.)

Plan Name: Le-Ru Telephone Company Employees' Profit Sharing Plan & Trust

Trustee Name: Robert L. Hart

Plan Description: Defined Contribution Profit Sharing Plan (Plan was adopted in 1994)

	Current Year	Previous Year
Date of Actuarial Report:	N/A	N/A
Projected Benefit Obligation	N/A	N/A
Fair Value of Plan Assets	\$953,964	\$945,371
Expected Long-Term Return on Assets		
Minimum Required Contribution		
Actual Contribution	\$123,022	\$104,838
Maximum Tax Deductible Contribution	\$123,022	\$104,838
Benefit Payments		
Pension Cost Expensed	\$123,022	\$104,838
Pension Cost Capitalized		
Pension Asset/Liability at Close of Year	\$123,022	\$104,838

Annual Report of LE-RU TELEPHONE COMPANY

for the year ended December 31, 2002

INCUMBENT LOCAL EXCHANGE CARRIER RETAIL ACCESS LINE REPORT

Note: This page is for retail sales only. Do not report the number of lines you are providing on a wholesale basis.

		Full Facility Based		Public Access Lines	
Exchange (Use name in the tariff)	Residential Voice Grade Equivalent Lines	Business Voice Grade Equivalent Lines		Public	Customer Owned Coin Telephone
POWELL	628	76		1	2
STELLA	804	59		1	0
Non-revenue producing company used lines					
Totals	1,432	135		2	2

See Accountants' Compilation Report

Instructions for completing the Incubent Local Exchange Carrier Access Line Report

I. BACKGROUND

In opening local telephone markets to competition, the Missouri Public Service Commission (MoPSC) is interested in determining and tracking the amount of actual competition occurring throughout the state. For a variety of reasons including but not limited to statutory reasons, the MoPSC finds it necessary to track the level of competition in local telephone markets.

II. PURPOSE

The purpose of this portion of the Annual Report is to ascertain, on an exchange specific basis, the number of voice-grade equivalent access lines in service being provided by your company in each exchange (as identified in your tariff) in Missouri. Information is sought for residential and business voice-grade equivalent access lines on an exchange-by-exchange basis. Please use the common exchange name as shown in your tariffs. Further, information is sought on the following ways of provisioning each access line: (A) pure resale lines; (B) unbundled network element lines (UNE); (C) unbundled network element platform lines (UNE-P); and, (D) pure facility based lines. Please report on a separate line the number of lines used for internal company purposes.

III. WHAT IS MEANT BY "VOICE TELEPHONE SERVICE"?

Voice telephone service means local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched telephone network, whether used by the end user for telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment and "dial-up" internet lines).

IV. WHAT IS MEANT BY "VOICE-GRADE" EQUIVALENT LINES?

You are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) and Digital Network (ISDN) Services lines as two voice-grade equivalent lines. Report 8 voice-grade equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Thus, a voice-grade equivalent line is a line that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network.

Voice-grade equivalent lines include high capacity (DS1, DS-3, etc.) lines that are channelized to provide voice-grade service. In such instances, it is the number of channels available for voice traffic to/from the public switched network that should be counted as voice-grade equivalent access lines. Note for competitive LEC's providing local exchange service over hybrid fiber-coaxial cable television systems: Count your records and report how many voice-grade equivalent lines are being billed.

**Instructions for completing the
Incumbent Local Exchange Carrier Access Line Report Con't.**

V. WHAT IS MEANT BY PURE RESALE VOICE GRADE EQUIVALENT LINES?

Pure resold lines are those lines provided pursuant to § 251 (c)(4) of the Communications Act of 1934, as amended. Pure resold lines are those lines not owned or controlled by the telephone company billing the end user for the service. Pure resold lines are typically leased from an underlying carrier at a wholesale discount off the tariffed rate. The use of resold lines exclusively provides a means to offer service without owning or controlling any equipment. Pure resold lines are those lines provided under a general or local exchange tariff, but without benefit of an accompanying switched access tariff.

VI. WHAT IS MEANT BY UNBUNDLED NETWORK ELEMENT (UNE) LINES?

UNE lines are those lines where the carrier provides some portion of the equipment required to provide telephone service. The most common example is a competitive LEC who provides the switching but leases a loop (or extended loop) from the incumbent LEC. UNE loops are obtained on a stand alone basis and service is provided to the end user without combining other UNEs. Service provisioned over UNE loops requires the carrier to lease a loop from another LEC in order to connect the customer to the carrier's own switch. UNE lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VII. WHAT IS MEANT BY UNE-P VOICE GRADE EQUIVALENT LINES?

UNE Platform (UNE-P) lines are those lines utilizing a combination of UNEs so that service provisioned over UNE-P lines does not require the carrier to use its own switch, port, or loop. UNE-P lines are commonly used by competitive LECs. UNE-P lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VIII. WHAT IS MEANT BY FULL FACILITY BASED VOICE GRADE EQUIVALENT LINES?

Full facility based lines are those lines owned or controlled exclusively by a local exchange carrier and used to connect to an end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities such as dark fiber that you obtained the right to use from other entities. Do not include, as full facilities based lines, lines provided over UNE loops that you obtained from another carrier. Full facility based lines are provided under a general or local exchange tariff in conjunction with a switched access tariff.

IX. WHAT IS MEANT BY PUBLIC ACCESS LINES?

Some carriers (particularly incumbent carriers) still separate pay telephone lines from business lines. Use this column to report pay telephone lines if your company tariffs reflect pay telephone lines distinct from business lines.

SCHEDULE 11
HIGHLY CONFIDENTIAL
FILED UNDER SEAL

Annual Report of LE-RU TELEPHONE COMPANY for the year ended December 31, 2002

VERIFICATION

The foregoing report must be verified by the oath of the President or chief officer of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State Of Missouri
County Of Newton } ss:

Robert L. Hart makes oath and says that
(Insert here the name of the affiant)

he is President
(Insert here the official title of the affiant)

of Le-Ru Telephone Company
(Insert here the exact legal title or name of the respondent)

that he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent.

January 1, 2002, to and including December 31, 2002

Robert L. Hart
(Signature of affiant)

Subscribed and sworn before me, a notary public in and for the
State and county above named, this 31st day of March, 2003
My Commission expires 2/24, 04

CAROLYN DYER
Notary Public - Notary Seal
STATE OF MISSOURI
Newton County
My Commission Expires Feb. 24, 2004

Carolyn Dyer
(Signature of officer authorized to administer oaths)

Subject: Non case Related Filings BMAR-2003-0197

Date: Wed, 9 Apr 2003 15:54:02 -0500

From: <efis_messenger@psc.state.mo.us>

To: <hartb@leru.net>

Your Non case Related Filings Submitted on behalf of : Le-Ru Telephone Company

Listing of Attachments :

Attachments	Security Level
bmar-2003-0197.pdf	Highly Confidential

Has been received by the Missouri Public Service Commission and has been appended to the following Tracking Number BMAR-2003-0197

Date Filed: 04/09/2003 Time :nbsp; 3:54:02 PM