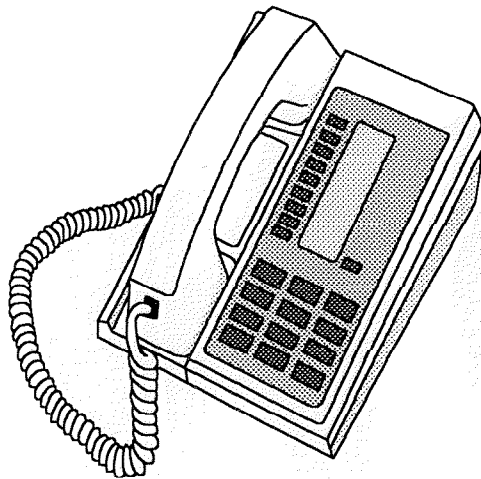


YEAR 1999

ANNUAL REPORT
OF
Lincoln Telephone Company

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

Check No. 6794
Lincoln Telephone Co

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200 MAY -2 AM 10:49
PUBLIC SERVICE
COMMISSION

Telephone Annual Report

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General Information

1999

1. Legal Name of Respondent: Lincoln Telephone Company, Inc.

2. Name Under Which Respondent Does Business: SAME

3. Date of Incorporation: 1,921

4. Address to send Correspondence Concerning Report: HC-30, Box 1
Lincoln, MT 59639

5. Person Responsible for This Report: Kenneth W Lumpkin, Secretary/Treasurer

5a. Telephone Number: 406-362-4216

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of year provide the following:

1a. Name and address of the controlling organization or person:

1b. Means by which control was held:

1c. Percent Ownership:

Board of Directors

Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Edward Grady HCR 30 Canyon Creek, MT 59633	977
2	E.S. Haines 3620 American Way Missoula, MT 59802	1,064
3	George D. Didriksen 2585 York Road Helena, MT 59601	677
4	J.P. Mulcare P.O. Box 69 Lincoln, MT 59639	900
5	Robert G. Orr P.O. Box 1 Lincoln, MT 59639	0
6		
7		
8		
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10		
11		
12		
13		
14		
15		
16		
17		
18	Chairman of the Board: J.P. Mulcare	
19		
20		

Officers

1999

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	President	Not active in business	John P. Mulcare P.O. Box 69 Lincoln, MT 59639
2			
3			
4			
5			
6	Vice-President	General Manager	Robert G. Orr P.O. Box 1 Lincoln, MT 59639
7			
8			
9			
10			
11	Secretary/Treasurer	Office Manager/Controller	Kenneth W. Lumpkin P.O. Box 1074 Lincoln, MT 59639
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Total Company Balance Sheet

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	522,178.00	638,798.00
3	1180	Telecommunications Accounts Receivable - Net	86,403.00	73,217.00
4	1190	Other Accounts Receivable - Net	113,439.00	85,779.00
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	10,117.00	13,115.00
7	1220	Materials and Supplies	22,854.00	23,819.00
8	* 1280	Prepayments	3,335.00	3,027.00
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance	3,335.00	3,027.00
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		Total Current Assets	758,326.00	837,755.00
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	774,200.00	785,508.00
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	774,200.00	785,508.00
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	4,101,291.00	4,023,856.00
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	3,270.00	
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(2,249,603.00)	(2,033,950.00)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	1,854,958.00	1,989,906.00
40		TOTAL ASSETS	3,387,484.00	3,613,169.00

^ Subaccount of account marked with a *.

Total Company Balance Sheet

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	58,615.00	211,093.00
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	2,600.00	2,550.00
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	17,920.00	
49	4080	Other Taxes - Accrued	31,712.00	29,439.00
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities		
54		Total Current Liabilities	110,847.00	243,082.00
55		LONG-TERM DEBT:		
56	4210	Funded Debt	698,591.00	749,325.00
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt	336,739.00	416,001.00
63		Total Long-Term Debt	1,035,330.00	1,165,326.00
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities	432,215.00	414,323.00
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes		
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	432,215.00	414,323.00
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	2,450.00	2,450.00
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock	(2,240.00)	(2,240.00)
77	4540	Other Capital		
78	4550	Retained Earnings	1,808,882.00	1,790,228.00
79		Total Stockholders' Equity	1,809,092.00	1,790,438.00
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	3,387,484.00	3,613,169.00

Total Company Income Statement

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	175,467.00	172,283.00
3	5080	Network Access Revenues	723,136.00	647,758.00
4	* 5100	Long Distance Message Revenue	16,909.00	12,080.00
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	16,909.00	12,080.00
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	78,612.00	74,635.00
10	^ 5230	Directory Revenue	100.00	582.00
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	45,760.00	31,255.00
14	^ 5270	Carrier Billing and Collection Revenue	32,752.00	42,798.00
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	1,905.00	210.00
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	992,219.00	906,546.00
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense	18,148.00	14,408.00
21	6210	Central Office Switching Expense	71,447.00	59,215.00
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		1,020.00
24	6310	Information Origination/Termination Expense	69.00	69.00
25	* 6410	Cable and Wire Facilities Expense	48,167.00	72,464.00
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense	48,167.00	72,464.00
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	8,482.00	8,284.00
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	220,439.00	219,498.00
32	6610	Marketing		
33	6620	Services	128,693.00	108,685.00
34	6710	Executive and Planning	76,976.00	76,647.00
35	6720	General and Administrative	151,724.00	146,177.00
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	724,145.00	706,467.00
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	146,983.00	129,391.00
40		Net Operating Income (L.17-L.37+L.38-L.39)	121,091.00	70,688.00
41	7300	Nonoperating Income and Expense	52,332.00	67,951.00
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	46,224.00	57,163.00
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net	(8,525.00)	(8,525.00)
46	7990	Nonregulated Net Income	(49,476.00)	(64,928.00)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	168,150.00	137,879.00

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	SAME AS SCHEDULE 4	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	SAME AS SCHEDULE 4	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Exp. (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with an *.

Montana Intrastate Regulated Income Statement

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	SAME AS SCHEDULE 4	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

1999

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	4,104,561	4,023,856
2	3100	Accumulated Depreciation	2,249,603	2,033,950
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	22,854	23,819
6	4340	Noncurrent Deferred Operating Income Taxes	183,870	170,213
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	1,693,942	1,843,512

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	SAME AS TOTAL STATE	
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	SAME AS TOTAL STATE	
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

Please Note Attached Schedule
Statement of Cash Flows

1999

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		
40	Cash & Cash Equivalents at Beginning of Period		
41	Cash & Cash Equivalents at End of Period		

LINCOLN TELEPHONE COMPANY, INC.
STATEMENTS OF CASH FLOWS

	Years ended December 31	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 168,150	\$ 137,880
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	235,029	236,456
(Increase) decrease in:		
Material, supplies and inventory	(240)	(5,041)
Accounts receivable	(12,774)	19,220
Due from officers, employees and other	(30,226)	3,364
Prepaid expense	(344)	85
Interest receivable	2,998	7,858
Cash surrender value of life insurance	(37,603)	(50,239)
Prepaid income taxes receivable	2,566	27,335
Patronage dividends reinvested	(685)	(664)
(Decrease) increase in:		
Accounts payable	(49,978)	36,802
Unmatured interest	875	1,000
Withholdings payable	361	(7,961)
Customer deposits and advances	(42)	492
Accrued tax expense	1,783	(18,124)
Unamortized investment tax credit	(4,290)	(6,832)
Deferred income tax	13,657	19,912
Estimated deferred compensation liability	8,525	8,525
Estimated postretirement benefits liability	-	21,155
Income taxes payable	17,920	(224)
	<u>315,682</u>	<u>430,999</u>
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Purchase of telephone plant assets	(200,598)	(186,109)
Purchase of CATV plant assets	(14,833)	(12,001)
Purchase of marketable investments	(3,958)	(3,170)
Proceeds from sale of marketable investments	65,000	16,353
Proceeds from sale of plant assets	12,000	-
(Purchase) proceeds of non-marketable stock	-	(50,000)
	<u>(142,389)</u>	<u>(234,927)</u>
CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES		
Long-term debt repaid	(130,869)	(52,360)
Dividends paid	(98,000)	(98,000)
Long-term debt incurred	-	216,000
	<u>(228,869)</u>	<u>65,640</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	<u>(55,576)</u>	<u>261,712</u>
Cash and cash equivalents beginning of year	<u>452,610</u>	<u>190,898</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 397,034</u>	<u>\$ 452,610</u>

Receivables and Investments-Affiliated & Nonaffiliated Companies

1999

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	DAIN BOSWORTH	125,144									
2											
3			86,403								
4											
5											
6	NECA				11,041						
7	TECOM				66,057						
8	ATT COMMUNICATIONS				7,219						
9	OTHER CARRIERS-ACCESS				29,122						
10											
11											
12											
13											
14	RURAL TELEPHONE BANK										12,333
15	MTA-HEADQUARTERS BLD.										1,640
16	NCDC-STOCK/CAP.CREDITS										4,702
17	MT.ADVANCED INFO.NETWORKS										415,000
18	JEFFERSON PILOT KEY MAN										391,286
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals	125,144	86,403		113,439						824,961

Net Plant in Service - Detail

1999

Line No.		Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	*	2110	Land and Support Assets	691,933	41,172	17,870		715,235	657,177	58,058
2	^	2111	Land	42,666				42,666		42,666
3	^	2112	Motor Vehicles	272,572	35,168	17,870		289,870	285,679	4,191
4	^	2113	Aircraft							
5	^	2114	Special Purpose Vehicles							
6	^	2115	Garage Work Equipment							
7	^	2116	Other Work Equipment	53,109				53,109	52,342	767
8	^	2121	Buildings	220,983				220,983	220,983	
9	^	2122	Furniture							
10	^	2123	Office Equipment	24,580	2,225			26,805	16,371	10,434
11	^	2124	General Purpose Computers	78,023	3,779			81,802	81,802	
12		2211	Analog Electronic Switching							
13		2212	Digital Electronic Switching	1,171,981	10,571			1,182,552	668,779	513,773
14		2215	Electro-Mechanical Switching							
15		2220	Operator Systems							
16		2231	Radio Systems	26,297				26,297	26,297	
17		2232	Circuit Equipment	71,836				71,836	32,609	39,227
18	*	2310	Information Orig & Term Equip	17,293				17,293	17,293	
19	^	2311	Station Apparatus							
20	^	2321	Customer Premises Wiring							
21	^	2341	Large Private Branch Exchanges							
22	^	2351	Public Telephone Term. Equip.	17,293				17,293	17,293	
23	^	2362	Other Terminal Equipment							
24		2411	Poles	267				267	240	27
25	*	2420	Cable and Wire Facilities	2,033,910	43,563			2,077,473	841,236	1,236,237
26	^	2421	Aerial Cable							
27	^	2422	Underground Cable							
28	^	2423	Buried Cable	2,033,910	43,563			2,077,473	841,236	1,236,237
29	^	2424	Submarine Cable							
30	^	2425	Deep Sea Cable							
31	^	2426	Intrabuilding Network Cable							
32		2431	Aerial Wire	10,338				10,338	5,972	4,366
33		2441	Conduit Systems							
34			Totals	4,023,855	95,306	17,870		4,101,291	2,249,603	1,851,688

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

1999

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Average Cost of Long Term Debt

1999

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	USDA/REA	1979	2014	1,119,000				563,444		12,575		2.23%
2												
3		1986	2006	258,999				133,272		12,823		9.62%
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total			1,377,999				696,716		25,398		3.65%

Cost of Preferred Stock**1999**

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	NONE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Analysis of Common Stock

1999

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price		Price/Earnings Ratio (i)
							High (g)	Low (h)	
1	Year Ended December 31:	98	19,891	1,629	1,000	38.61%	STOCK IS NOT PUBLICALLY TRADED		
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Capital Stock and Funded Debt reacquired or retired during the year

1999

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1							
2	NONE						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

SCHEDULE 17
Total Company Expense Matrix

1999

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110 Network Support Expense	NOT APPLICABLE					
2	^	6112 Motor Vehicle Expense						
3	^	6113 Aircraft Expense						
4	^	6114 Special Purpose Vehicles Expense						
5	^	6115 Garage Work Equipment Expense						
6	^	6116 Other Work Equipment Expense						
7	*	6120 General Support Expense						
8	^	6121 Land and Building Expense						
9	^	6122 Furniture and Artworks Expense						
10	^	6123 Office Equipment Expense						
11	^	6124 General Purpose Computers Expense						
12	*	6210 Central Office Switching Expense						
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense						
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense						
17	*	6230 Central Office Transmission Expense						
18	^	6231 Radio Systems Expense						
19	^	6232 Circuit Equipment Expense						
20	*	6310 Information Origination/Termination Expense						
21	^	6311 Station Apparatus Expense						
22	^	6341 Large Private Branch Exchange Expense						
23	^	6351 Public Telephone Terminal Equipment Expense						
24	^	6362 Other Terminal Equipment Expense						
25	*	6410 Cable and Wire Facilities Expense						
26	^	6411 Poles Expense						
27	^	6421 Aerial Cable Expense						
28	^	6422 Underground Cable Expense						
29	^	6423 Buried Cable Expense						
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

1999

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	6441	NOT APPLICABLE					
36		6510						
37	*	6530						
38	^	6531						
39	^	6532						
40	^	6533						
41	^	6534						
42	^	6535						
43		6540						
44		6561						
45		6562						
46		6563						
47		6564						
48		6565						
49	*	6610						
50	^	6611						
51	^	6612						
52	^	6613						
53		6621						
54		6622						
55		6623						
56		6711						
57		6712						
58		6721						
59		6722						
60		6723						
61		6724						
62		6725						
63		6726						
64		6727						
65		6728						
66		6790						
67		Totals						

^ Subaccount of the account marked with a *.

SCHEDULE 18
Total State Expense Matrix

1999

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110	Network Support Expense					
2	^	6112	Motor Vehicle Expense	NOT APPLICABLE				
3	^	6113	Aircraft Expense					
4	^	6114	Special Purpose Vehicles Expense					
5	^	6115	Garage Work Equipment Expense					
6	^	6116	Other Work Equipment Expense					
7	*	6120	General Support Expense					
8	^	6121	Land and Building Expense					
9	^	6122	Furniture and Artworks Expense					
10	^	6123	Office Equipment Expense					
11	^	6124	General Purpose Computers Expense					
12	*	6210	Central Office Switching Expense					
13	^	6211	Analog Electronic Expense					
14	^	6212	Digital Electronic Expense					
15	^	6215	Electro-Mechanical Expense					
16		6220	Operator Systems Expense					
17	*	6230	Central Office Transmission Expense					
18	^	6231	Radio Systems Expense					
19	^	6232	Circuit Equipment Expense					
20	*	6310	Information Origination/Termination Expense					
21	^	6311	Station Apparatus Expense					
22	^	6341	Large Private Branch Exchange Expense					
23	^	6351	Public Telephone Terminal Equipment Expense					
24	^	6362	Other Terminal Equipment Expense					
25	*	6410	Cable and Wire Facilities Expense					
26	^	6411	Poles Expense					
27	^	6421	Aerial Cable Expense					
28	^	6422	Underground Cable Expense					
29	^	6423	Buried Cable Expense					
30	^	6424	Submarine Cable Expense					
31	^	6425	Deep Sea Cable Expense					
32	^	6426	Intrabuilding Network Cable Expense					
33	^	6431	Aerial Wire Expense					
34			Subtotals					

^ Subaccount of the account marked with a *.

Total State Expense Matrix**1999**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^ 6441	Conduit Systems Expense						
36	6510	Other Property Expenses						
37	* 6530	Network Operations Expense						
38	^ 6531	Power Expense						
39	^ 6532	Network Administration Expense						
40	^ 6533	Testing Expense						
41	^ 6534	Plant Operations Expense						
42	^ 6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	* 6610	Marketing						
50	^ 6611	Product Management						
51	^ 6612	Sales						
52	^ 6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

1999

Defined Benefit Plan XXXX

Defined Contribution Plan? _____

Annual Contributions by Employer 20,911

Is the plan overfunded NO

NTCA Retirement & Security Plan

IRS CODE 001

Actuarial Cost Method _____

Line No.	Item (a)	This Year (b)	Last Year (c)
1	Accumulated Benefit Obligation		
2	Projected Benefit Obligation		
3	Fair Value of Plan Assets		
4	Discount Rate for Settlement of Liabilities		
5	Expected Long-Term Return on Assets		
6	Net Periodic Pension Cost:		
7	Service Cost		
8	Interest Cost		
9	Return on Plan Assets		
10	Amortization of Transition Amount		
11	Amortization of Gains or Losses		
12	Total		
13	Minimum Required Contribution		
14	Actual Contribution		
15	Maximum Amount Deductible		
16	Benefit Payments		
17	Montana Intrastate Costs:		
18	Pension Cost		
19	Pension Cost Capitalized		
20	Accumulated Pension Asset/Liability at Close of Year		
21	Number of Company Employees:		
22	Covered by the Plan	6	6
23	Not Covered by the Plan		
24	Active	6	6
25	Retired		
26	Deferred Vested Terminated		

Other Post Employment Benefits (OPEBs)

1999

Line No.	Description (a)	Last Year (b)	This Year (c)
1	General Information		
2	Assumptions:		
3	Discount Rate for Benefit Obligations		
4	Expected Long-Term Return on Assets		
5	Medical Cost Inflation Rate		
6	Actuarial Cost Method		
7	List each method used to fund OPEBs (ie: VEBA, 401(h)):		
8	Method - Tax Advantaged (Yes or No)		
9			
10			
11			
12	Describe Changes to the Benefit Plan:		
13			
14			
15			
16			
17	Total Company		
18	Accumulated Post Retirement Benefit Obligation (APBO)		
19	Fair Value of Plan Assets		
20	List the amount funded through each funding method:		
21	VEBA		
22	401(h)		
23	Other _____		
24	Total amount funded		
25	List amount that was tax deductible for each type of funding:		
26	VEBA		
27	401(h)		
28	Other _____		
29	Total amount that was tax deductible		
30	Net Periodic Post Retirement Benefit Cost:		
31	Service Cost		
32	Interest Cost		
33	Return on Plan Assets		
34	Amortization of Transition Obligation		
35	Amortization of Gains or Losses		
36	Total Net Periodic Post Retirement Benefit Cost		
37	Benefit Cost Expensed		
38	Benefit Cost Capitalized		
39	Benefit Payments		
40	Number of Company Employees:		
41	Covered by the Plan		
42	Not Covered by the Plan		
43	Active		
44	Retired		
45	Spouse/Dependants covered by the Plan		

Other Post Employment Benefits (OPEBs)

1999

Line No.	Description (a)	Last Year (b)	This Year (c)
	Montana		
46	Accumulated Post Retirement Benefit Obligation (APBO)		
47	Fair Value of Plan Assets		
48	List the amount funded through each funding method:		
49	VEBA		
50	401(h)		
51	Other _____		
52	Total amount funded		
53	List amount that was tax deductible for each type of funding:		
54	VEBA		
55	401(h)		
56	Other _____		
57	Total amount that was tax deductible		
58	Net Periodic Post Retirement Benefit Cost:		
59	Service Cost		
60	Interest Cost		
61	Return on Plan Assets		
62	Amortization of Transition Obligation		
63	Amortization of Gains or Losses		
64	Total Net Periodic Post Retirement Benefit Cost		
65	Benefit Cost Expensed		
66	Benefit Cost Capitalized		
67	Benefit Payments		
68	Number of Company Employees:		
69	Covered by the Plan		
70	Not Covered by the Plan		
71	Active		
72	Retired		
73	Spouse/Dependants covered by the Plan		
74	Regulatory Treatment		
75	Commission authorized - most recent		
76	Docket number:		
77	Order number:		
78	Amount recovered through rates		

Payments for Services to Persons Other Than Employees

1999

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
31					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44	Total				

Subscriber Line Usage Data

1999

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	3,430,073	69.16%	3,015,861	69.16%
3	Interstate, IntraLATA				
4	Total Interstate Usage	3,430,073	69.16%	3,015,861	69.16%
5	Intrastate, InterLATA	297,491	6.00%	261,876	6.01%
6	Intrastate, IntraLATA	1,232,249	24.84%	1,082,820	24.83%
7	Total Intrastate Usage	1,529,740	30.84%	1,344,696	30.84%
8	Total Toll Usage	4,959,813	100.00%	4,360,557	100.00%
9	Centrex				
10	Local				
11	Total Minutes	4,959,813	100.00%	4,360,557	100.00%

Central Office and Access Line Statistics

1999

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	LINCOLN	DIGITAL	686			12		185	56	13	1	24	100.0%	965
2														
3	CANYON CREEK	DIGITAL	136					9			1	1	100.0%	147
4														
5														
6														
7														
8														
9														
10														
11														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31	Total		822			12		194	56	13	2	25		1,112

Central Office and Switch Information

1,999

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	LINCOLN	HOST	DIGITAL	NORTHER TELECOM	DMS-10	10,000	1,985
2							
3							
4							
5	CANYON CREEK	REMOTE	DIGITAL	NORTHER TELECOM	RSLM	1,296	1,986
6							
7							
8							
9							
10							
11							
12							
13							
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40							
41							

Construction Budget - Montana

1999

Line No.	Description (a)	(b)
1	Central Office Assets:	
2		
3	SOFTWARE UPGRADES	80,000
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	80,000
28	Miscellaneous Central Office Projects not over \$500,000	
29	Total Central Office Budget (L.27+L.28)	80,000
30	Other Projects over \$500,000:	
31		
32	BURIED PLANT ADDITONS	95,000
33	VEHICLES	30,000
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	125,000
42	Miscellaneous projects not over \$500,000	
43	Total Construction Budget (L.29+L.41+L.42)	205,000

Montana Employee Counts

1999

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	GENERAL MANAGER	1	1
2	OFFICE MANAGER/ACCOUNTANT	1	1
3	COMBINATIONMAN	1	1
4	COMMERCIAL SECRETARY	1	1
5	COMMERCIAL CLERK	1	1
6	COMBINATION TECHNICIAN	1	1
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
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27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	Totals (Sum L.1 to L.42)	6	6

Compensation of Top 10 Montana Based Employees

1999

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	ROBERT G. ORR GENERAL MANAGER VICE-PRESIDENT	79,650	2,869	1,005	83,524	63,063	32.45%
2	KENNETH LUMPKIN OFFICE MANAGER SECRETARY/TREASURER	44,926	1,770	106	46,802	42,219	10.86%
3	SALLY J. BOGAERT COMMERCIAL	27,232	1,072	13	28,317	23,744	19.26%
4	MICHAEL L. KORMAN CENTRAL OFFICE TECH	46,386	1,687	73	48,146	33,882	42.10%
5	ROBERT CYR COMBINATION TECH	21,347	982		22,329		
6	BRENDA QUAY CLERK	22,112	880		22,992	20,735	10.88%
7	AARON DANIEL COMBINATION TECH	6,139			6,139	34,174	-82.04%
8	MATT BARREY LABORER	1,047			1,047	2,432	-56.95%
9							
10							
11	Totals (Sum L.1 to L.10)	248,839	9,260	1,197	259,296	220,249	17.73%

Compensation of Top 5 Corporate Employees - SEC Information**1999**

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	SEE SCHEDULE 27						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

1999

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	4,101,291
3	2003 - 2004	Construction Work in Progress	3,270
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	22,854
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(2,249,603)
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	1,877,812
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	992,219
13	6560	Depreciation & Amortization Expenses	220,439
14		Federal & State Income Taxes	77,004
15		Other Taxes	69,979
16		Other Operating Expenses	503,706
17		TOTAL Operating Expenses	871,128
18		Net Operating Income	121,091
19		Other Income	
20		Other Deductions	
21		NET INCOME	121,091
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	822
24		Business Access Lines	250
25		PBX Access Lines	
26		Other Access Lines	40
27		Total Number of Access Lines	1,112
28		Average Number of Calls Per Access Line	
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line (L.29 + L.30)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	4,989

Depreciation - Montana Intrastate Regulated

1999

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	15.8%	
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	15.8%	
5	2121	Buildings	7.3%	
6	2122	Furniture	7.6%	
7	2123.1	Office Support Equipment	7.6%	
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	7.6%	
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment	6.7%	
20	2362	Other Terminal Equipment		
21	2411	Poles	5.0%	
22	2421	Aerial Cable Metallic		
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	3.5%	
27	2423	Buried Cable Nonmetallic	3.5%	
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	5.0%	
33	2441	Conduit Systems		
34				
35		COMPOSITE TOTAL		
36				
37	Have these rates been approved by the Commission?		XXXX	YES _____ No
38				
39	If yes:		_____ Docket Number	_____ Order Number
40				

Montana Regulatory Capital Structure & Costs

1999

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<u>Commission Accepted - Most Recent</u>			
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity	53.40%		
13	Preferred Stock			
14	Long Term Debt	30.60%		
15	Other	16.00%		
16	Total	100.00%		

SCHEDULE 32**Network Access - Charges and Revenues**

1999

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		221,203
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		221,203
6			
7			
8			
9			
10			
11			
12			
13			

Affiliate Transactions - Products & Services Provided To Utility

1999

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	NOT APPLICABLE					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL					

Affiliate Transactions - Products & Services Provided By Utility

1999

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Expenses (e)	Revenues to MT Utility (f)
1	NOT APPLICABLE					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	TOTAL					

Montana Intrastate Regulated Earned Rate of Return

1999

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	4,104,561	3,737,140	9.83%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(2,249,603)	(1,816,952)	-23.81%
5	NET Plant in Service	1,854,958	1,920,188	-3.40%
6				
7	<u>Additions</u>			
8	1220 Materials & Supplies	22,854	24,112	-5.22%
9	1280 Prepayments	3,335	3,109	7.27%
10	Other Additions			
11	TOTAL Additions	26,189	27,221	-3.79%
12				
13	<u>Deductions</u>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits	7,095	18,217	-61.05%
16	4340 Noncurrent Deferred Operating Income Taxes	183,870	150,301	22.33%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	190,965	168,518	13.32%
20	TOTAL Rate Base	1,690,182	1,778,891	-4.99%
21				
22	Net Earnings	168,150	469,310	-64.17%
23				
24	Rate of Return on Average Rate Base	7.513%	26.382%	-71.52%
25				
26	Rate of Return on Average Equity	7.701%	26.148%	-70.55%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 1999

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	3608	3388
2	Montana Public Service Commission Tax	1034	1107
3	Montana Consumer Counsel Tax	330	419
4	911 Emergency Telephone Fee	6342	6453
5	Montana Telecommunications Access Service (TDD)	968	1001
6	Montana Corporate License Tax	10	10
7	Personal Property Tax	52163	55462
8	Real Property Tax		
9			
10			
11			
12	Total	64455	67840

Company Name:

Universal Service Funds Received

Year: 1999

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	9968	26536
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	9968	26536