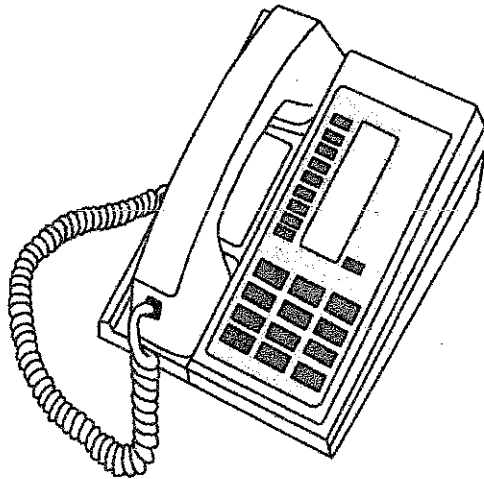


YEAR ENDING 2010

ANNUAL REPORT  
OF  
**HOT SPRINGS TELEPHONE  
COMPANY**  
TELEPHONE UTILITY



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PUBLIC SERVICE  
COMMISSION

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

# Telephone Annual Report

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## General Information

Year: 2010

1	Legal Name of Respondent:	Hot Springs Telephone Co.
2	Name Under Which Respondent Does Business:	Same as above
3	Date of Incorporation:	1/1/1955
4	Address to send Correspondence Concerning Report:	P.O. Box 7850 Kalispell, MT. 59904-0850
5	Person Responsible for This Report:	Phyllis O. Ekblad
5a.	Telephone Number:	(406) 755-7231
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:	N A
	1b. Means by which control was held:	N A
	1c. Percent Ownership:	N A

Line No.	Board of Directors	
	Name of Director and Address (City, State)	Fees Paid During Year
	(a)	(b)
1	Jay W. Preston Sr. 312 Main St. SW, Ronan, MT. 59864	None
2	Robert B. Ekblad, P.O. Box 161, Dayton, MT. 59914	7,200
3	Phyllis O. Ekblad, 319 Commons Way, Kalispell, MT. 59901	None
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18	Chairman of the Board:	
19		
20		

## Officers

Year: 2010

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	General Manager	Jay W. Preston Sr. Ronan, MT.
2	Secretary-Treasurer	Financial & Accounting	Phyllis O. Ekblad, Kalispell, MT.
3	Vice-President	Engineering Studies, Technology	Robert B. Ekblad, Dayton, MT.
4		Forecasting & Advance Planning	
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## Total Company Balance Sheet

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	504,543	811,998
3	1180	Telecommunications Accounts Receivable - Net	3,509	2,441
4	1190	Other Accounts Receivable - Net		
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies		
8	* 1280	Prepayments	4,820	4,091
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	<b>512,872</b>	<b>818,530</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments		
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		<b>Total Noncurrent Assets</b>		
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	4,047,220	3,701,020
29	2002	Property Held for Future Telecommunications Use	50,000	50,000
30	2003	Plant Under Construction - Short Term		
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(2,807,311)	(2,693,487)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>1,289,909</b>	<b>1,057,533</b>
40		<b>TOTAL ASSETS</b>	<b>1,802,781</b>	<b>1,876,063</b>

^ Subaccount of account marked with a \*.

## Total Company Balance Sheet

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	62,089	171,927
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		
45	4040	Customer Deposits	16,645	15,370
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued		
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		<b>Total Current Liabilities</b>	<b>78,734</b>	<b>187,298</b>
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt		
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	4,117	4,117
63		<b>Total Long-Term Debt</b>	<b>4,117</b>	<b>4,117</b>
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities		
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		<b>Total Other Liabilities and Deferred Credits</b>		
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	80,000	80,000
75	4520	Additional Paid-In Capital	10,832	10,832
76	4530	Treasury Stock	(125,000)	(125,000)
77	4540	Other Capital		
78	4550	Retained Earnings	1,754,099	1,718,817
79		<b>Total Stockholders' Equity</b>	<b>1,719,931</b>	<b>1,684,649</b>
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	<b>1,802,781</b>	<b>1,876,063</b>

## Total Company Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	396,113	393,104
3	5080	Network Access Revenues	988,653	1,018,831
4	* 5100	Long Distance Message Revenue	17,119	20,740
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	172,692	38,544
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	53,755	43,684
16	5300	Uncollectible Revenue	(3,495)	(1,880)
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>1,624,837</b>	<b>1,513,021</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	334,764	336,078
20	6120	General Support Expense	30,078	22,985
21	6210	Central Office Switching Expense	38,007	24,400
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	154,013	126,444
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	162,568	172,613
29	6530	Network Operations Expense	57,427	65,134
30	6540	Access Expense	81,186	69,191
31	6560	Depreciation and Amortization Expense	137,652	117,195
32	6610	Marketing		
33	6620	Services	137,126	118,744
34	6710	Executive and Planning	36,159	37,174
35	6720	General and Administrative	372,865	366,497
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>1,541,843</b>	<b>1,456,454</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	24,674	29,056
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>58,319</b>	<b>27,511</b>
41	7300	Nonoperating Income and Expense		
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	864	135
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	3,855	178
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>53,601</b>	<b>27,199</b>

^ Subaccount of the account marked with a \*.



Not Required—Doing Business Only In Montana

**Montana Total State Income Statement**

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues		
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		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
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		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

Not Required-- We have less than 5,000 Access Lines

## Montana Intrastate Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues		
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		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
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		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	178,287	190,941
3	5080	Network Access Revenues	134,955	134,987
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	64,874	64,363
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	(3,495)	(1,880)
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>381,612</b>	<b>392,170</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	21,833	17,059
20	6120	General Support Expense	30,078	22,985
21	6210	Central Office Switching Expense	38,007	24,400
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	154,013	126,444
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	101,204	103,276
29	6530	Network Operations Expense	57,427	65,134
30	6540	Access Expense		2,700
31	6560	Depreciation and Amortization Expense	136,528	116,209
32	6610	Marketing		
33	6620	Services	671,455	65,479
34	6710	Executive and Planning	36,159	37,174
35	6720	General and Administrative	303,706	307,885
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>1,550,410</b>	<b>888,743</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	25,126	29,191
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(1,193,924)</b>	<b>(525,764)</b>

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2010

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	3966874	3531817
2	3100	Accumulated Depreciation	2767919	2635178
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2006		
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		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	1198955	896639

Not Required-- We have less than 5,000 access lines

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2006		
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		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>		

Not Required-- We have less than 5,000 access lines

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		
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		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>		

## Statement of Cash Flows

Year: 2010

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		(307,351.23)
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		58,280.94
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		137,652.00
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		(1,068.24)
11	Change in Materials, Supplies & Inventories - Net		326.67
12	Change in Operating Payables & Accrued Liabilities - Net		(109,838.37)
13	* Change in Other Assets & Deferred Credits - Net		(729.00)
14	^ Change in Other Liabilities & Deferred Credits - Net		1,275.00
15	@ Other (explained on back of this page)		
16	Total Adjustments		27,618.06
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		85,899.00
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of		(370,027.51)
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)		(222.72)
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>		(370,250.23)
26	<b>Cash Flows from Financing Activities:</b>		
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		(23,000.00)
36	Other Financing Activities (explained on back of this page)		
37	<b>Net Cash Provided by Financing Activities</b>		(23,000.00)
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(307,351.23)
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		662,040.29
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		354,689.06

\* Prepaid Federal and State Income Taxes (Increase \$729.00)

^ Subscriber Deposits (Increase \$1275.00)

# Net Increase in Investments \$222.72

Company Name: Hot Springs Telephone Co.

Does Not Apply

**SCHEDULE 10**

**Receivables and Investments-Affiliated & Nonaffiliated Companies**

Year: 2010

Line No.	Name of Affiliate or Company (a)	Account 11160 Temporary Investments (b)	Account 11180 Telecom. Accounts Receivable (c)	Account 11181 Accts. Rec. Telecom. Allowance (d)	Account 11190 Other Accounts Receivable (e)	Account 11191 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 Affl. Companies (j)	Account 1402 Investments in Nonaffl. Companies (k)
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29											
30	Totals										

## Net Plant in Service - Detail

Year:2010

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2010 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	1020040	174016			1194056	686962	507094
2	^ 2111	Land							
3	^ 2112	Motor Vehicles							
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles							
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment							
8	^ 2121	Buildings							
9	^ 2122	Furniture							
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers							
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	546075	41017			587092	468200	118892
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems	440941	96			441037	335285	105752
17	2232	Circuit Equipment	16238				16238		16238
18	* 2310	Information Orig & Term Equip	107290	-24262			83028	90244	-7216.03
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment							
24	2411	Poles	16627				16627	10018	6608.84
25	* 2420	Cable and Wire Facilities	1380855	244190			1625046	1174555	450491
26	^ 2421	Aerial Cable							
27	^ 2422	Underground Cable							
28	^ 2423	Buried Cable							
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	2431	Aerial Wire							
33	2441	Conduit Systems	3750				3750	2655	1095
34		<b>Totals</b>	<b>3531817</b>	<b>435057</b>			<b>3966874</b>	<b>2767919</b>	<b>1198955</b>

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

**SCHEDULE 12**

**Analysis of Plant Held for Future Use**

**Year: 2010**

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)					



Company Name: Hot Springs Telephone Co.

**SCHEDULE 13**

**Average Cost of Long Term Debt**

**Year: 2010**

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					-	-	-		-		-	
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	<b>Total</b>											

Company Name: Hot Springs Telephone Co.

DOES NOT APPLY

SCHEDULE 14

Cost of Preferred Stock

Year: 2010

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												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
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16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Company Name: Hot Springs Telephone Co.

SCHEDULE 15

Analysis of Common Stock

Year:2010

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:								
2									
3									
4									
5									
6									
7									
8	Month by Month Data:		NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES						
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									

Company Name: Hot Springs Telephone Co.

**SCHEDULE 16**

**Capital Stock and Funded Debt Reacquired or Retired During the Year**

**Year: 2010**

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	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
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20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Company Name: Hot Springs Telephone Co.

NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES

SCHEDULE 17

Page 1 of 2

**Total Company Expense Matrix**

**Year: 2010**

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						
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 Exp.						
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		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*.

## Total Company Expense Matrix

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 \*.

Company Name: Hot Springs Telephone Co.

NOT REQUIRED- WE HAVE LESS THAN 5,000 ACCESS LINES

SCHEDULE 18

Page 1 of 2

**Total State Expense Matrix**

Year:2010

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						
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 Exp.						
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		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*.

Company Name: Hot Springs Telephone Co.

**Total State Expense Matrix**

**SCHEDULE 18**  
Page 2 of 2  
**Year: 2010**

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		<b>Totals</b>						

^ Subaccount of the account marked with a \*



**Pension Costs**

Year: 2010

1	Plan Name Hot Springs Telephone Co. Profit Sharing Plan			
2	Defined Benefit Plan? <u>N/A</u>	Defined Contribution Plan? Yes <u>          </u>		
3	Actuarial Cost Method? <u>N/A</u>	IRS Code: <u>401</u>		
4	Annual Contribution by Employer: Based on Profits <u>          </u>	Is the Plan Over Funded? <u>No</u>		
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year	1,276,509.64	1,123,535.71	-11.98%
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year	1,276,509.64	1,123,535.71	-11.98%
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year	1,123,535.71	889,419.99	-20.84%
18	Actual return on plan assets	36,105.21	179,649.32	397.57%
19	Acquisition			
20	Employer contribution	60,691.84	54,466.40	-10.26%
21	Plan participants' contributions			
22	Benefits paid	24,294.45		
23	Fair value of plan assets at end of year	1,244,627.21	1,123,535.71	-9.73%
24	<b>Funded Status</b>	N/A	N/A	
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>	N/A	N/A	
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>	N/A	N/A	
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	<b>Montana Intrastate Costs:</b>	N/A	N/A	
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan	11	10	-9.09%
48	Not Covered by the Plan	1	2	100.00%
49	Active	12	12	
50	Retired			
51	Deferred Vested Terminated			

**Other Post Employment Benefits (OPEBS)**

Item	Current Year	Last Year	% Change
<b>1 Regulatory Treatment:</b>			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
<b>6 Weighted-average Assumptions as of Year End</b>			
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
<b>12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13			
14			
<b>15 Describe any Changes to the Benefit Plan:</b>			
16			
<b>17 TOTAL COMPANY</b>			
<b>18 Change in Benefit Obligation</b>			
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
<b>28 Change in Plan Assets</b>			
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
<b>36 Funded Status</b>			
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
<b>40 Components of Net Periodic Benefit Costs</b>			
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
<b>47 Accumulated Post Retirement Benefit Obligation</b>			
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Year: 2010

## Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	<b>Number of Company Employees:</b>			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	<b>Change in Plan Assets</b>			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	<b>Funded Status</b>			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Costs</b>			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	<b>Accumulated Post Retirement Benefit Obligation</b>			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	<b>Montana Intrastate Costs:</b>			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

## Payments for Services to Persons Other Than Employees

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	NONE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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42					
43					
44					
45					
46					
47					
48					
49	Total				

## Subscriber Line Usage Data

Year: 2010

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	3,075,924	23%	3,146,140	24%
3	Interstate, IntraLATA	-		-	
4	<b>Total Interstate Usage</b>	3,075,924	23%	3,146,140	24%
5	Intrastate, InterLATA	199,211	2%	200,564	2%
6	Intrastate, IntraLATA	2,957,994	22%	2,928,758	22%
7	<b>Total Intrastate Usage</b>	3,157,205	24%	3,129,322	24%
8	<b>Total Toll Usage</b>	6,233,129	47%	6,275,462	47%
9	Centrex	-		-	
10	Local	6,976,739	53%	7,026,920	53%
11	<b>Total Minutes</b>	13,209,868	100%	13,302,382	100%

Company Name: Hot Springs Telephone Co.

**SCHEDULE 23**

Page 1 of

Year: 2010

**Central Office and Access Line Statistics**

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential 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	Urban		45		113	114		14	95		8			389
2	Rural		143		161	53		25	13		3			398
3														
4														
5														
6														
7														
8														
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28														
29														
30														
31														
32														
33	Total		188		274	167		39	108		11			787

NOTE: Additional blank schedules are being provided for your convenience.

## Central Office and Switch Information

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	HOT SPRINGS	(Stand alone)	DIGITAL	SIEMENS	DCO-RNS-SF	1,080	1999
2							
3							
4							
5							
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48							

NOTE: Additional blank schedules are being provided for your convenience.

## Construction Budget - Montana

Year: 2011

Line No.	Description (a)	2011 (b)
1	<b>Central Office Assets:</b>	
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	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	5,000
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	<b>5,000</b>
30	<b>Other Projects over \$500,000: --</b>	
31	Fiber to the Carriers Buildings	90,000
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	90,000
42	Miscellaneous projects not over \$500,000 Fiber	
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	<b>95,000</b>



# **Montana Total State Construction Expenditures**

0

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	55,754	173,936	-67.95%
2	2210	Central Office Assets	12,943		
3	2220	Operator Systems			
4	2230	Central Office Transmission	28,170	17,401	61.89%
5	2310	Information/Termination Assets	1,261	2,934	-57.01%
6	2410	Cable and Wire Facilities Assets	244,190	68,795	254.95%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		<b>Total Construction Expenditures</b>	<b>342,319</b>	<b>263,066</b>	<b>30.13%</b>

## Montana Employee Counts

Year: 2010

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	GENERAL MANAGER	1	1
2	OFFICE MANAGER	1	1
3	COE MAINTENANCE MANAGER & LINEMAN	1	1
4	PART TIME OFFICE CLERK	1	1
5	ACCOUNTANT & FINANCIAL MANAGER	1	1
6	ASSISTANT ACCOUNTANT & PAYROLL CLERK	1	1
7	INSTALLATIONS, LINEMEN & CONSTRUCTION WORKERS	3	3
8	INTERNET CONSULTANT	2	2
9	FULL TIME OFFICE CLERK	1	1
10			
11			
12			
13			
14			
15			
16			
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36			
37			
38			
39			
40			
41			
42			
43	Totals (Sum of Lines 1 through 42)	12	12

**Compensation of Top 10 Montana Based Employees**

Year: 2010

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Pension Plan Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	<b>Totals (Sum L.1 to L.10)</b>	-	-	-	-	-	

DOES NOT APPLY

Year: 2010

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

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							
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

## Montana Composite Statistics

Year: 2010

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	3970
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-2767
9	4360.2	Contributions in Aid of Construction	-4
10		<b>NET BOOK COSTS</b>	1199
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	381
13	6560	Depreciation & Amortization Expenses	136
14		Federal & State Income Taxes	7
15		Other Taxes	90
16		Other Operating Expenses	125
17		<b>TOTAL Operating Expenses</b>	358
18		Net Operating Income	23
19		Other Income	44
20		Other Deductions	9
21		<b>NET INCOME</b>	58
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	629
24		Business Access Lines	147
25		PBX Access Lines	
26		Other Access Lines Pay Phones	11
27		<b>Total Number of Access Lines</b>	787
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	1162790
30		Toll Calls (Intra- or Interstate)	1038855
31		<b>Total Number of Calls Per Access Line</b> (Total of Line 29 & Line 30 divided by Line 27)	2798
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	30
34		Gross Plant Investment per Access Line	5041

## Depreciation - Montana Intrastate Regulated

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	20.0%	20,910
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	20.0%	2,362
5	2121	Buildings	5.0%	10,686
6	2122	Furniture	20.0%	2,043
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	20.0%	5,672
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	10.0%	17,332
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	10.0%	28,084
16	2232	Circuit DDS		
17	2232	Circuit Digital		
18	2232	Circuit Analog	10.0%	
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment	10.0%	
21	2411	Poles		
22	2421	Aerial Cable Metallic	10.0%	7,435
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	5.0%	26,351
27	2423	Buried Cable Nonmetallic	5.0%	15,278
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		
33	2441	Conduit Systems	10.0%	375
34				
35		<b>COMPOSITE TOTAL</b>	3.5%	136,528
36	Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates			
37				
38				
39				
40	Docket Number _____ Order Number _____			

## Montana Regulatory Capital Structure &amp; Costs

Year: 2010

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<b>Commission Accepted - Most Recent</b>			
1	Docket Number	N/A		
2	Order Number			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
9				
10	<b>Actual at Year End</b>			
11				
12	Common Equity	99.77%	12.500%	12.471%
13	Preferred Stock			
14	Long Term Debt	0.23%	9.000%	0.021%
15	Other			
16	<b>Total</b>	100.00%		12.492%

## Network Access - Charges and Revenues

Year: 2010

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		157,954
2			
3	Montana - Intrastate		22,999
4			
5	Montana - Intrastate Regulated		134,955
6			-
7			
8			
9			
10			
11			
12			
13			

Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

**SCHEDULE 33**

**Affiliate Transactions - Products & Services Provided to Utility**

Year: 2010

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affl. Revenues (e)	Charges to MTI Utility (f)
1						
2						
3						
4						
5						
6						
7						
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26						
27						
28						
29						
30	<b>TOTAL</b>					



Company Name: Hot Springs Telephone Co.  
DOES NOT APPLY

SCHEDULE 34

Affiliate Transactions - Products & Services Provided by Utility

Year: 2010

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MTR Utility (f)
1						
2						
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24						
25						
26						
27						
28						
29						
30	TOTAL					

## Montana Intrastate Regulated Earned Rate of Return

Year: 2010

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	3,966,874	3,531,817	12.32%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(2,767,919)	(2,635,178)	-5.04%
5	<b>Plant in Service</b>	<b>1,198,955</b>	<b>896,639</b>	<b>33.72%</b>
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	<b>TOTAL Additions</b>			
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes			
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>			
20	<b>TOTAL Rate Base</b>	<b>1,198,955</b>	<b>896,639</b>	<b>33.72%</b>
21				
22	<b>Net Earnings</b>	<b>53,601</b>	<b>27,198</b>	<b>97.08%</b>
23				
24	<b>Rate of Return on Average Rate Base</b>	<b>4.471%</b>	<b>3.033%</b>	<b>47.38%</b>
25				
26	<b>Rate of Return on Average Equity</b>	<b>3.116%</b>	<b>1.614%</b>	<b>93.03%</b>
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31	N/A			
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			

**Other Taxes Paid**

Year: 2010

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	829	1046
3	Montana Consumer Counsel Tax	225	177
4	911 Emergency Telephone Fee	9334	9232
5	Montana Telecommunications Access Service (TDD)	925	916
6	Montana Corporate License Tax	3667	3331
7	Personal Property Tax	2464	2456
8	Real Property Tax	13961	13916
9	Montana State Excise Tax	13082	12683
10			
11			
12	<b>Total</b>	<b>44487</b>	<b>43757</b>

**SCHEDULE 37****Universal Service Funds Received**

Year: 2010

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	261,123	228,116
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	<b>261,123</b>	<b>228,116</b>

Company Name: Hot Springs Telephone Co.

SCHEDULE 30a

**Amortization - Montana Intrastate Regulated**

Year: 2010

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1				
2				
3				
4				
5				
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32				
33				
34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates Docket Number _____ Order Number _____			
37				
38				
39				
40				