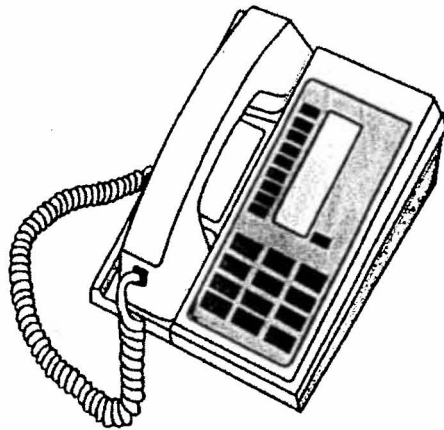


YEAR ENDING 2011

ANNUAL REPORT OF

CITIZENS TELECOMMUNICATIONS COMPANY OF MONTANA

TELEPHONE UTILITY



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

General Information

Year: 2011

1	Legal Name of Respondent:	Citizens Telecommunications Company of Montana
2	Name Under Which Respondent Does Business:	Frontier Communications of Montana
3	Date of Incorporation:	07/07/93
4	Address to send Correspondence Concerning Report:	100 CTE Drive Dallas, PA 18612
5	Person Responsible for This Report:	Jessica Matushek
5a.	Telephone Number:	570 - 631 - 5003
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:	Frontier Communications Corporation 3 High Ridge Park Stamford, CT 06905
1b.	Means by which control was held:	Common Stock
1c.	Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Donald R Shassian 3 High Ridge Park, Stamford, CT. 06905	None
2	Mary Agnes Wilderotter 3 High Ridge Park, Stamford, CT. 06905	None
3	Daniel J. McCarthy 3 High Ridge Park, Stamford, CT. 06905	None
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18	Chairman of the Board:	
19	Mary Agnes Wilderotter	
20		

Officers

Year: 2011

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	Chairman		Mary Agnes Wilderotter
2	President & C.O.O.		Daniel J. McCarthy
3	V.P. & C.F.O.		Donald R. Shassian
4	V.P. & Controller		Susana D'Emic
5	V.P. Deputy Counsel & Secretary		Nancy Rights
6	V.P. & Treasurer		David R. Whitehouse
7	V.P. Engineering		Michael Golob
8	V.P. Regulatory		Kenneth Mason
9	V.P. Tax		Alan Kelsey
10	Assistant Secretary		David G Schwartz
11	Assistant Secretary		Gregg C. Sayre
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13			
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Total Company Balance Sheet

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	400	(1,054)
3	1180	Telecommunications Accounts Receivable - Net	539,938	508,085
4	1190	Other Accounts Receivable - Net	(289,037)	383,748
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	10,403	9,579
8	* 1280	Prepayments		
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		Total Current Assets	261,705	900,358
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	7,629,728	4,002,884
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	750	1,244
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	7,630,478	4,004,128
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	32,843,128	32,267,745
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	145,695	249,666
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	14,619,967	14,619,967
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(26,036,009)	(24,317,246)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(10,521,771)	(10,089,884)
39		Net Property, Plant, & Equipment	11,051,009	12,730,248
40		TOTAL ASSETS	18,943,192	17,634,734

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	90,749	88,149
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	270,834	246,617
45	4040	Customer Deposits	11,308	11,274
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	26,082	27,772
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	30,067	17,278
53	4130	Other Current Liabilities	1,158	48
54		Total Current Liabilities	430,199	391,138
55		LONG-TERM DEBT:		
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		
63		Total Long-Term Debt		
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
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	5,432,336	5,301,476
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	50,381	192,547
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	5,482,717	5,494,024
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	1,000	1,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	13,029,277	11,748,572
79		Total Stockholders' Equity	13,030,277	11,749,572
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	18,943,192	17,634,734

Total Company Income Statement

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,291,451	2,335,572
3	5080	Network Access Revenues	3,767,655	3,568,982
4	* 5100	Long Distance Message Revenue	(174)	684
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	244,957	240,113
10	^ 5230	Directory Revenue	25,337	26,942
11	^ 5240	Rent Revenue	13,188	6,337
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	42,011	38,848
14	^ 5270	Carrier Billing and Collection Revenue	164,421	167,986
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	80,606	62,482
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	6,223,283	6,082,869
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	64	8,221
20	6120	General Support Expense	390,288	338,935
21	6210	Central Office Switching Expense	95,734	91,640
22	6220	Operator Systems Expense	4,180	4,835
23	6230	Central Office Transmission Expense	119,561	166,178
24	6310	Information Origination/Termination Expense	4,664	10,967
25	* 6410	Cable and Wire Facilities Expense	536,848	440,520
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(17)	3
29	6530	Network Operations Expense	435,137	528,057
30	6540	Access Expense	124,278	204,552
31	6560	Depreciation and Amortization Expense	2,190,224	2,145,838
32	6610	Marketing	205,932	225,286
33	6620	Services	488,027	407,190
34	6710	Executive and Planning	83,467	135,897
35	6720	General and Administrative	481,369	619,358
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,159,757	5,327,478
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,127,550	1,028,928
40		Net Operating Income (L.17-L.37+L.38-L.39)	(64,024)	(273,537)
41	7300	Nonoperating Income and Expense	(4,135)	355
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	42	84
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(1,348,906)	(1,283,569)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,280,705	1,010,303

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:	Same as Schedule 4	
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		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

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,291,451	2,335,572
3	5080	Network Access Revenues	1,044,404	971,228
4	* 5100	Long Distance Message Revenue	(174)	684
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	154,010	145,103
10	^ 5230	Directory Revenue	25,337	26,942
11	^ 5240	Rent Revenue	13,188	6,337
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	42,011	38,848
14	^ 5270	Carrier Billing and Collection Revenue	73,474	72,976
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	80,606	62,482
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,409,085	3,390,105
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	42	5,414
20	6120	General Support Expense	257,044	223,223
21	6210	Central Office Switching Expense	63,050	60,354
22	6220	Operator Systems Expense	2,753	3,184
23	6230	Central Office Transmission Expense	78,743	109,445
24	6310	Information Origination/Termination Expense	3,072	7,223
25	* 6410	Cable and Wire Facilities Expense	353,568	290,127
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(11)	2
29	6530	Network Operations Expense	286,407	347,567
30	6540	Access Expense	73,100	120,317
31	6560	Depreciation and Amortization Expense	1,573,457	1,541,570
32	6610	Marketing	121,850	133,302
33	6620	Services	364,068	303,764
34	6710	Executive and Planning	56,190	91,486
35	6720	General and Administrative	324,058	416,952
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,557,392	3,653,930
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	742,153	677,240
40		Net Operating Income (L.17-L.37+L.38-L.39)	(890,460)	(941,066)

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,291,451	2,335,572
3	5080	Network Access Revenues	1,044,404	971,228
4	* 5100	Long Distance Message Revenue	(174)	684
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	154,010	145,103
10	^ 5230	Directory Revenue	25,337	26,942
11	^ 5240	Rent Revenue	13,188	6,337
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	42,011	38,848
14	^ 5270	Carrier Billing and Collection Revenue	73,474	72,976
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	80,606	62,482
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	3,409,085	3,390,105
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	37	4,728
20	6120	General Support Expense	236,964	205,785
21	6210	Central Office Switching Expense	63,050	60,354
22	6220	Operator Systems Expense	2,753	3,184
23	6230	Central Office Transmission Expense	77,415	107,599
24	6310	Information Origination/Termination Expense	189	444
25	* 6410	Cable and Wire Facilities Expense	353,568	290,127
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(10)	2
29	6530	Network Operations Expense	281,057	341,075
30	6540	Access Expense	70,672	116,320
31	6560	Depreciation and Amortization Expense	1,559,121	1,527,525
32	6610	Marketing	52,585	57,527
33	6620	Services	295,258	246,352
34	6710	Executive and Planning	50,925	82,914
35	6720	General and Administrative	296,675	381,720
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,340,260	3,425,655
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	603,775	550,965
40		Net Operating Income (L.17-L.37+L.38-L.39)	(534,950)	(586,516)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2011

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	32,555,436	31,961,008
2	3100	Accumulated Depreciation	25,176,628	23,497,704
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	9,991	9,202
6	4340	Noncurrent Deferred Operating Income Taxes	5,366,906	5,236,046
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)	2,021,893	3,236,460

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	21,427,988	21,036,736
2	3100	Accumulated Depreciation	16,558,668	15,454,440
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	7,401	6,817
6	4340	Noncurrent Deferred Operating Income Taxes	2,292,206	2,236,315
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)	2,584,516	3,352,797

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	21,187,995	20,801,124
2	3100	Accumulated Depreciation	16,346,717	15,256,623
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	7,318	6,740
6	4340	Noncurrent Deferred Operating Income Taxes	577,407	563,328
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)	4,271,189	4,987,914

Statement of Cash Flows

Year: 2011

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		1,280,705
4	Reconciliation Adjustments:	2,150,650	
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	130,860	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	640,932	
11	Change in Materials, Supplies & Inventories - Net	(824)	
12	Change in Operating Payables & Accrued Liabilities - Net	39,060	
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net	(142,167)	
15	Other (explained on back of this page)		
16	Total Adjustments		2,818,511
17	Net Cash Provided by/(Used in) Operating Activities		4,099,216
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(471,412)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	(3,626,350)	
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		(4,097,762)
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		1,453
40	Cash & Cash Equivalents at Beginning of Period		(1,054)
41	Cash & Cash Equivalents at End of Period		400

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 10

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2011

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	Various		593,961	(54,023)	(270,264)	(18,772)				7,629,728	
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30	Totals		593,961	(54,023)	(270,264)	(18,772)				7,629,728	

Net Plant in Service - Detail

Year:2011

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	2,671,966	5,503			2,677,469	1,714,717	962,752
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	455,180				455,180	270,758	184,422
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	64,505	(11,272)
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	254,629				254,629	153,318	101,311
8	^ 2121	Buildings	1,753,200	5,503			1,758,703	1,148,625	610,078
9	^ 2122	Furniture	4,208				4,208	(2,166)	6,374
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers	74,794				74,794	79,677	(4,883)
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	3,791,741				3,791,741	2,952,353	839,388
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems	1,405,105				1,405,105	1,384,081	21,024
17	2232	Circuit Equipment	5,796,112	195,868			5,991,980	5,310,047	681,933
18	* 2310	Information Orig & Term Equip	129,748				129,748	159,649	(29,901)
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	129,748				129,748	159,649	(29,901)
24	2411	Poles	744,168	35,705	(1,190)		778,683	731,786	46,897
25	* 2420	Cable and Wire Facilities	17,535,070	354,798	(15,301)		17,874,567	13,599,876	4,274,691
26	^ 2421	Aerial Cable	3,471,063	44,141	(4,455)		3,510,749	3,754,527	(243,778)
27	^ 2422	Underground Cable	163,692				163,692	134,050	29,642
28	^ 2423	Buried Cable	13,900,315	310,657	(10,846)		14,200,126	9,711,299	4,488,827
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	2431	Aerial Wire	45,109				45,109	101,410	(56,301)
33	2441	Conduit Systems	148,728				148,728	82,093	66,635
34		Totals	32,267,747	591,874	(16,491)		32,843,130	26,036,012	6,807,118

^ Subaccount of the account marked with a *.

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 12

Analysis of Plant Held for Future Use

Year:2011

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							
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17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 13

Average Cost of Long Term Debt

Year:2011

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	n/a											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 14

Cost of Preferred Stock

Year:2011

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

Analysis of Common Stock

Year: 2011

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:	100**							
2									
3									
4		**Frontier Communications Corporation owns 100 shares, 100% of the outstanding common stock of CTC MT.							
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

Year: 2011

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	n/a						
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)						

Total Company Expense Matrix

Year:2011

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		(1)		66		64
2	^	6112 Motor Vehicle Expense		(1)		66		64
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	15,979	6,295	23,508	344,507		390,288
8	^	6121 Land and Building Expense	4,459	1,818	19,611	106,292		132,181
9	^	6122 Furniture and Artworks Expense				2,345		2,345
10	^	6123 Office Equipment Expense			3,897	8,504		12,401
11	^	6124 General Purpose Computers Expense	11,520	4,476		227,365		243,361
12	*	6210 Central Office Switching Expense	31,566	12,733		51,435		95,734
13	^	6211 Analog Electronic Expense						
14	^	6212 Digital Electronic Expense	31,566	12,733		51,435		95,734
15	^	6215 Electro-Mechanical Expense						
16		6220 Operator Systems Expense				4,180		4,180
17	*	6230 Central Office Transmission Expense	76,533	29,859		13,170		119,561
18	^	6231 Radio Systems Expense	12,108	4,897		1,542		18,547
19	^	6232 Circuit Equipment Expense	64,424	24,962		11,628		101,014
20	*	6310 Information Origination/Termination Expense	2,758	1,079		827		4,664
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	2,758	1,079		827		4,664
25	*	6410 Cable and Wire Facilities Expense	202,109	78,767	54,734	201,238		536,848
26	^	6411 Poles Expense			54,734			54,734
27	^	6421 Aerial Cable Expense	48,744	18,916		28,357		96,017
28	^	6422 Underground Cable Expense				4,168		4,168
29	^	6423 Buried Cable Expense	153,365	59,851		168,713		381,929
30	^	6424 Submarine Cable Expense						
31	^	6425 Deep Sea Cable Expense						
32	^	6426 Intrabuilding Network Cable Expense						
33	^	6431 Aerial Wire Expense						
34		Subtotals	328,945	128,731	78,242	615,422		1,151,341

^ 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	(14)	(3)				(17)
37	*	6530 Network Operations Expense	205,386	72,978		156,773		435,137
38	^	6531 Power Expense				46,067		46,067
39	^	6532 Network Administration Expense	60,610	22,568		39,572		122,750
40	^	6533 Testing Expense	3,905	1,606		195		5,706
41	^	6534 Plant Operations Expense	64,834	21,388		36,030		122,251
42	^	6535 Engineering Expense	76,038	27,416		34,908		138,362
43		6540 Access Expense				124,278		124,278
44		6561 Depreciation - Telecomm. Plant in Service				1,758,337		1,758,337
45		6562 Depreciation-Prop. for Future Telecom. Use						
46		6563 Amortization Expense - Tangible						
47		6564 Amortization Expense - Intangible						
48		6565 Amortization - Other				431,887		431,887
49	*	6610 Marketing	78,167	18,239		109,526		205,932
50	^	6611 Product Management	16,700	5,590		6,835		29,125
51	^	6612 Sales	61,467	12,649		24,710		98,826
52	^	6613 Product Advertising				77,981		77,981
53		6621 Call Completion Services	10,908	4,149		890		15,947
54		6622 Number Services	1,772	660		259		2,692
55		6623 Customer Services	242,621	87,341		139,426		469,388
56		6711 Executive	25,399	43,488		11,884		80,771
57		6712 Planning	1,498	972		225		2,696
58		6721 Accounting and Finance	54,181	16,169		14,176		84,526
59		6722 External Relations	12,977	4,467		31,369		48,813
60		6723 Human Relations	23,141	5,794		10,237		39,173
61		6724 Information Management	32,193	16,096		157,111		205,400
62		6725 Legal	8,635	1,189		7,315		17,139
63		6726 Procurement	5,843	2,059		(685)		7,216
64		6727 Research and Development						
65		6728 Other General and Administrative	4,770	5,232	8,583	60,517		79,101
66		6790 Provision for Uncollectible Notes Receivable						
67		Totals	1,036,422	407,562	86,825	3,628,948		5,159,757

^ Subaccount of the account marked with a *.

Total State Expense Matrix

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	same as Schedule 17					
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			Subtotals						

^ Subaccount of the account marked with a *.

Total State 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 *.

Pension Costs

Year: 2011

1	Plan Name _____			
2	Defined Benefit Plan? _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: _____	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	1,644,657,000	890,576,000	84.67%
8	Service cost	38,879,000	21,169,000	83.66%
9	Interest Cost	84,228,000	67,735,000	24.35%
10	Plan Change			
11	PBO of Acquired Business & Actuarial Adj. To Plan		645,354,000	
12	Actuarial (Gain)/ Loss	160,390,000	87,024,000	84.31%
13	Benefits paid	(128,841,000)	(67,270,000)	91.53%
14	Special Termination Benefits and Other		69,000	-100.00%
15	Benefit obligation at end of year	1,799,313,000	1,644,657,000	9.40%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	1,290,274,000	608,625,000	112.00%
18	Actual return on plan assets	19,883,000	154,554,000	-87.14%
19	Fair value of plan assests for Acquired Business		581,256,000	
20	Employer contribution	76,674,000	13,109,000	
21	Plan participants' contributions			
22	Benefits paid	(128,841,000)	(67,270,000)	91.53%
23	Fair value of plan assets at end of year	1,257,990,000	1,290,274,000	-2.50%
24	Funded Status	(541,323,000)	(354,383,000)	52.75%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	(541,323,000)	(354,383,000)	52.75%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate	4.50%	5.25%	14.29%
31	Expected return on plan assets	8.00%	8.00%	
32	Rate of compensation increase	2.50%	3.00%	20.00%
33	Components of Net Periodic Benefit Costs			
34	Service cost	38,879,000	21,169,000	-83.66%
35	Special Termination Charge and Other		69,000	100.00%
36	Interest cost	84,228,000	67,735,000	-24.35%
37	Expected return on plan assets	(100,558,000)	(69,831,000)	44.00%
38	Amortization of prior service cost	(199,000)	(199,000)	
39	Amortization of unrecognized loss	15,364,000	27,393,000	43.91%
40	Net periodic benefit cost	37,714,000	46,336,000	18.61%
41				
42	Montana Intrastate Costs:			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	9	10	10.00%
48	Not Covered by the Plan			
49	Active	9	10	10.00%
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End			
7	Discount rate	4.50% / 4.75%	5.75% / 5.50%	
8	Expected return on plan assets	6.00% / 3.00%	6.00%	
9	Medical Cost Inflation Rate	5-8.0%	5-9.0%	
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13				
14				
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	478,576,000	189,290,000	152.83%
20	Service cost	8,958,000	7,956,000	12.59%
21	Interest Cost	17,722,000	17,883,000	-0.90%
22	Plan participants' contributions	4,389,000	3,976,000	10.39%
23	Benefit obligation of Acquired Business at acquisition	(125,445,000)	285,451,000	
24	Actuarial (Gain)/ Loss	22,564,000	16,670,000	35.36%
25	Plan Change		(27,930,000)	
26	Benefits paid	(15,168,000)	(14,720,000)	3.04%
27	Benefit obligation at end of year	391,596,000	478,576,000	-18.17%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	6,240,000	8,028,000	-22.27%
30	Actual return on plan assets	219,000	600,000	-63.50%
31	Acquisition			
32	Employer contribution	9,421,000	8,355,000	12.76%
33	Plan participants' contributions			
34	Benefits paid	(10,779,000)	(10,743,000)	0.34%
35	Fair value of plan assets at end of year	5,101,000	6,240,000	-18.25%
36	Funded Status	(386,495,000)	(472,336,000)	-18.17%
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost	(386,495,000)	(472,336,000)	-18.17%
40	Components of Net Periodic Benefit Costs			
41	Service cost	8,958,000	7,956,000	12.59%
42	Interest cost	17,722,000	17,883,000	-0.90%
43	Expected return on plan assets	(324,000)	(436,000)	-25.69%
44	Amortization of prior service cost	(10,198,000)	(8,157,000)	25.02%
45	Amortization of unrecognized loss	4,424,000	4,917,000	-10.03%
46	Net periodic benefit cost	20,582,000	22,163,000	-7.13%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	5,101,000	6,240,000	-18.25%
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL	5,101,000	6,240,000	-18.25%
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year: 2011

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	7,349	3,426	114.51%
3	Not Covered by the Plan			
4	Active	5,017	1,005	399.20%
5	Retired	2,332	2,421	-3.68%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
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	Change in Plan Assets			
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	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
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	Accumulated Post Retirement Benefit Obligation			
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	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active	9	10	-10.00%
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2011

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Allegis Group Services, Inc.	Contractor Support	14,860	14,860	14,860
2	KLCB Ktny	Radio Advertising	718	718	718
3	SOS Staffing Services, Inc.	Staffing Services	10,269	10,269	10,269
4	Lincoln Electric	Pole Replacement	1,060	1,060	1,060
5	Track Utilities Inc.	Inspection Labor	169,296	169,296	169,296
6	Preferred Electric, Inc.	Electrical Services	745	745	745
7	Royal Service	Air Dryer Repair	756	756	756
8	Mountain LTD	Contract Labor	8,824	8,824	8,824
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
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41					
42					
43					
44					
45					
46					
47					
48					
49	Total		206,528	206,528	206,528

Subscriber Line Usage Data

Year: 2011

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	23,367,019	64.56%	25,425,998	66.37%
3	Interstate, IntraLATA	1,440,625	3.98%	1,469,311	3.84%
4	Total Interstate Usage	24,807,644	68.54%	26,895,309	70.20%
5	Intrastate, InterLATA	6,836,092	18.89%	8,050,935	21.01%
6	Intrastate, IntraLATA	4,508,995	12.46%	3,354,794	8.76%
7	Total Intrastate Usage	11,345,087	31.35%	11,405,729	29.77%
8	Total Toll Usage	36,152,731	99.89%	38,301,038	99.97%
9	Centrex				
10	Local	39,898	0.11%	10,649	0.03%
11	Total Minutes	36,192,629	100.00%	38,311,687	100.00%

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 23

Page 1 of

Cental Office and Access Line Statistics

Year: 2011

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	Libby, MT	DMS-10	3,316					1,164	106		26	166	99.9%	4,778
2	Troy, MT	DMS-10	1,669					265	10		10	65	99.9%	2,019
3	Eureka, MT	DMS-10	34					20	6		5	24	99.9%	89
4														
5	Total Company					346								
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31														
32														
33	Total		5019			346		1449	122		41	255	2.997	6886

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

Central Office and Switch Information

Year: 2011

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	Libby, Mt	Host HSO Stand Alone	DMS 10	NORTEL	502.1	6,400	1996
2	Troy, Mt	Remote SSO	DMS 10	NORTEL	412.2	2,560	1992
3	Eureka, Mt	Remote RSC	RSC-S	NORTEL	502.1	1,920	1996
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NOTE: Additional blank schedules are being provided for your convenience.

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Construction Budget - Montana

Year: 2011

Line No.	Description (a)	2012 (b)
1	Central Office Assets:	
2	DSLAM TA 1248 48 Port W8 T1 IMA	12,316.47
3	Comtest 24 Port Splitter Card	1,136.59
4	Calix ADSL 2-24 Card	7,420.11
5	Calix GE-2P/FE-4P I-Temp	11,884.07
6	Calix 1 GIGE SFP RJ45CU 100MITE	541.62
7	TSM-24DC Secure Serial Consol	4,675.08
8	140494 Inverter 3KVA, 120V AC B	8,099.70
9	SFP-OC48/STM16, LR2, L-16.2, 15	10,794.35
10	DSLAM TA 1248 48 Port W8 T1 IMA	11,519.31
11	48 PRT Expnsn OSP DSLM, -48V LC	14,478.40
12	Clousure SPL FOSC450 30"6PRT NT	1,251.21
13	AFL Panel W/50 Meter Tail	22,126.19
14	ADTRAN TA-1248A Host	8,439.08
15	GLC-ZX-SM (Compatible)	1,201.95
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23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	115,884
29	Total Central Office Budget (Total of Line 27 & Line 28)	115,884
30	Other Projects over \$500,000:	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	173,981
43	Total Construction Budget (Total of Lines 29, 41 & 42)	289,866

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets			
2	2210	Central Office Assets			
3	2220	Operator Systems			
4	2230	Central Office Transmission			
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets			
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	487,903	800,388	-39.04%

Montana Employee Counts

Year: 2011

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Exempt	1	none
2	Non-Exempt	9	9
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42			
43	Totals (Sum of Lines 1 through 42)	10	9

Compensation of Top 10 Montana Based Employees

Year: 2011

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	COMMUNICATIONS TECHNICIAN						#DIV/0!
2	COMMUNICATIONS TECHNICIAN						#DIV/0!
3	GENERAL MANAGER						#DIV/0!
4	COMMUNICATIONS TECHNICIAN						#DIV/0!
5	COMMUNICATIONS TECHNICIAN						#DIV/0!
6	COMMUNICATIONS TECHNICIAN						#DIV/0!
7	COMMUNICATIONS TECHNICIAN						#DIV/0!
8	CUSTOMER CARE REPRESENTATIVE						#DIV/0!
9	CUSTOMER CARE REPRESENTATIVE						#DIV/0!
10	CUSTOMER CARE REPRESENTATIVE						100.00%
11	LOCAL MANAGER						100.00%
Not Completed will file when Cause # ADV 2010-945 is resolved							
11	Totals (Sum L.1 to L.10)						

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	See Proxy Statement www.sec.gov						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2011

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	21,617
3	2003 - 2004	Construction Work in Progress	96
4	2005	Plant Acquisition Adjustments	9,623
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	8
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	24,044
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	55,388
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	3,409
13	6560	Depreciation & Amortization Expenses	1,573
14		Federal & State Income Taxes	742
15		Other Taxes	
16		Other Operating Expenses	1,984
17		TOTAL Operating Expenses	4,300
18		Net Operating Income	(890)
19		Other Income	
20		Other Deductions	
21		NET INCOME	(890)
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	5019
24		Business Access Lines	1534
25		PBX Access Lines	37
26		Other Access Lines	296
27		Total Number of Access Lines	6886
28		Average Number of Calls Per Access Line	
29		Local Calls	n/a
30		Toll Calls (Intra- or Interstate)	n/a
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	12
34		Gross Plant Investment per Access Line	3,139

Depreciation - Montana Intrastate Regulated

Year: 2011

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	22,014
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	5.6%	9,108
5	2121	Buildings	2.9%	36,227
6	2122	Furniture	3.9%	103
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	9.8%	4,579
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	177,059
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS	7.1%	303,131
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	6.3%	34,153
22	2421	Aerial Cable Metallic	6.9%	172,999
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic	4.7%	5,527
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic	4.8%	486,610
27	2423	Buried Cable Nonmetallic		
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	2.2%	2,351
34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates Docket Number <u>93.7.30</u> Order Number _____			
37				
38				
39				
40				

Amortization - Montana Intrastate Regulated

Year: 2011

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

Montana Regulatory Capital Structure & Costs

Year: 2011

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number 93.3.12			
2	Order Number 5632d			
3				
4	Common Equity	56.21%	9.83%	5.52%
5	Preferred Stock	0.51%	8.28%	0.04%
6	Long Term Debt	43.28%	12.67%	3.39%
7	Other			
8	Total	100.00%		8.953%
9				
10	Actual at Year End			
11				
12	Common Equity	50.50%	-23.68%	-11.96%
13	Preferred Stock			
14	Long Term Debt	49.50%	8.03%	3.97%
15	Other			
16	Total	100.00%		-7.985%

Network Access - Charges and Revenues

Year: 2011

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,767,655
2			
3	Montana - Intrastate		1,044,404
4			
5	Montana - Intrastate Regulated		1,044,404
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2011

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	Citizens Communication Company (Parent)	Executive Mgmt, Legal, Accounting, Share Holder Relations, HR	Fully Distributed Cost per FCC Part 64.901	145,572		145,572
2						
3						
4						
5	Telecom Sector Central Services	Financial, Regulatory, G/L, A/P, PY, IT, Legal, Engineering, Customer Service	Fully Distributed Cost per FCC Part 64.901	1,022,018		1,022,018
6						
7						
8						
9	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	138,691		138,691
10						
11						
12						
13	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901	318,521		318,521
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29						
30	TOTAL			\$1,624,802		\$1,624,802

Company Name: Citizens Telecommunications Company of Montana

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Affiliate Transactions - Products & Services Provided by Utility

Year: 2011

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	N/A					
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30	TOTAL					

Montana Intrastate Regulated Earned Rate of Return

Year: 2011

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	21,187,995	20,801,124	1.86%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(16,346,717)	(15,256,623)	-7.15%
5	Plant in Service	4,841,278	5,544,501	-12.68%
6				
7	Additions			
8	1220 Materials & Supplies	7,318	6,740	8.58%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	7,318	6,740	8.58%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	577,407	563,328	2.50%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	577,407	563,328	2.50%
20	TOTAL Rate Base	4,271,189	4,987,913	-14.37%
21				
22	Net Earnings	(534,950)	(586,516)	8.79%
23				
24	Rate of Return on Average Rate Base	-12.525%	-11.759%	-6.51%
25				
26	Rate of Return on Average Equity	-32.672%	-31.067%	-5.17%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,479,069)	(1,443,438)	
31	Plant Adjustment (TPA)			
32				
33	Comp Tax Rate @ 39.39% w/interest expense adjustment	75,800	85,837	-11.69%
34				
35				
36				
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41				
42				
43	Adjusted Rate of Return on Average Rate Base	-7.98%	-7.78%	-2.57%
44				
45	Adjusted Rate of Return on Average Equity	-23.68%	-23.20%	-2.08%

Other Taxes Paid

Year: 2011

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail telecommunications Excise Tax	113,680	113,364
2	Montana Public Service Commission Tax	6,012	9,997
3	Montana Consumer Counsel Tax	441	2,411
4	911 Emergency Telephone Fee	72,972	71,074
5	Montana Telecommunications Access Service (TDD)	6,214	6,132
6	Real Property Tax	404,670	359,819
7			
8			
9			
10			
11			
12	Total	603,990	562,797

SCHEDULE 37

Universal Service Funds Received

Year: 2011

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	775,999	779,117
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	775,999	779,117