



April 27, 2018

Sandra Scherer  
Montana Public Service Commission  
Utility Division  
1701 Prospect Avenue  
Helena, MT 59620

RE: 2017 Annual Report

CenturyTel of Montana, Inc. d/b/a CenturyLink  
Qwest Corporation d/b/a CenturyLink QC

In accordance with Section 69-3-203 of the Montana Code Annotated, please find enclosed an unbound single sided copy of the 2017 Annual Report for CenturyTel of Montana, Inc. and Qwest Corporation. The reports have been filed electronically on the Commission's website as well.

All questions regarding this correspondence should be addressed to:

Lisa Grantham  
Senior Manager - Regulatory Finance  
100 CenturyLink Drive  
Monroe, LA 71203  
318.388.9696  
[lisa.grantham@centurylink.com](mailto:lisa.grantham@centurylink.com)

Sincerely,

A handwritten signature in blue ink that reads "Lisa F. Grantham".

Lisa F. Grantham  
Senior Manager - Regulatory Finance

Enclosures

100 CenturyLink Drive  
Monroe, LA 71203  
Tel: 318.388.9000

**General Information**

Year: 2017

1 Legal Name of Respondent: Qwest Corporation

2 Name Under Which Respondent Does Business: CenturyLink QC

3 Date of Incorporation:

The Colorado Telephone Company was organized January 10, 1881, consolidated with the Tri-State Telephone and Telegraph Company on July 17, 1911, forming the Mountain States Telephone and Telegraph Company which on July 20, 1911, purchased the Rocky Mountain Telephone Company. On January 1, 1991, the Mountain States Telephone and Telegraph Company was merged with Northwestern Bell and Pacific Northwest Bell to form U S WEST Communications, Inc. On July 1, 2000, U S WEST, Inc., together with all its subsidiaries, including U S WEST Communications, Inc., was merged into Qwest Communications International, Inc. on April 1, 2011, Qwest Communications International, Inc., together with all its subsidiaries, including Qwest Corporation, was merged into CenturyLink, Inc.

4 Address to send Correspondence Concerning Report:

100 CenturyLink Drive  
Monroe, LA 71203

5 Person Responsible for This Report: Lisa F. Grantham

5a. Telephone Number: 318-388-9696

**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:

Qwest Services Corporation  
100 CenturyLink Dr.  
Monroe, LA 71203

1b. Means by which control was held: Ownership of voting securities.

1c. Percent Ownership: 100%

Dollars in Thousands

## Montana Total State Income Statement

2017

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	33,378	37,358
3	5080	Network Access Revenues	120,569	118,632
4	* 5100	Long Distance Message Revenue	54	59
5	^ 5110	Unidirectional Long Distance Revenue	54	59
6	^ 5120	Long Distance Private Network Revenue	0	0
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	16,433	17,316
10	^ 5230	Directory Revenue	1,025	1,067
11	^ 5240	Rent Revenue	3,837	2,003
12	^ 5250	Corporate Operations Revenue	59	23
13	^ 5260	Miscellaneous Revenue	1,011	3,144
14	^ 5270	Carrier Billing and Collection Revenue	1,018	1,170
15	^ 5280	Nonregulated Revenue	9,483	9,910
16	5300	Uncollectible Revenue	791	1,021
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>169,643</b>	<b>172,345</b>
18		<b>OPERATING EXPENSES:</b>		0
19	6110	Network Support Expense	94	128
20	6120	General Support Expense	4,044	5,166
21	6210	Central Office Switching Expense	2,526	2,727
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	2,105	2,418
24	6310	Information Origination/Termination Expense	3,034	3,261
25	* 6410	Cable and Wire Facilities Expense	14,950	13,872
26	^ 6431	Aerial Wire Expense	2	3
27	^ 6441	Conduit Systems Expense	7	17
28	6510	Other Property, Plant & Equipment Expense	381	425
29	6530	Network Operations Expense	7,833	9,542
30	6540	Access Expense	1,940	2,288
31	6560	Depreciation and Amortization Expense	27,964	28,334
32	6610	Marketing	7,690	8,379
33	6620	Services	8,460	9,056
34	6710	Executive and Planning	428	458
35	6720	General and Administrative	10,921	10,560
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26)</b>	<b>92,368</b>	<b>96,614</b>
38	7100	Other Operating Income and Expense	0	1
39	7200	Operating Taxes	32,311	30,936
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>44,964</b>	<b>44,796</b>

^ Subaccount of the account marked with a \*.

**Montana Intrastate Income Statement**

2017

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	33,378	37,358
3	5080	Network Access Revenues	5,004	5,415
4	* 5100	Long Distance Message Revenue	54	59
5	^ 5110	Unidirectional Long Distance Revenue	54	59
6	^ 5120	Long Distance Private Network Revenue	0	0
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	5,539	5,121
10	^ 5230	Directory Revenue	1,025	1,067
11	^ 5240	Rent Revenue	2,665	1,489
12	^ 5250	Corporate Operations Revenue	42	15
13	^ 5260	Miscellaneous Revenue	958	2,104
14	^ 5270	Carrier Billing and Collection Revenue	849	446
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	338	331
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>43,637</b>	<b>47,623</b>
18		<b>OPERATING EXPENSES:</b>	0	0
19	6110	Network Support Expense	64	87
20	6120	General Support Expense	2,801	3,544
21	6210	Central Office Switching Expense	1,588	1,715
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,325	1,522
24	6310	Information Origination/Termination Expense	218	200
25	* 6410	Cable and Wire Facilities Expense	10,286	9,547
26	^ 6431	Aerial Wire Expense	1	2
27	^ 6441	Conduit Systems Expense	5	12
28	6510	Other Property, Plant & Equipment Expense	254	284
29	6530	Network Operations Expense	4,972	6,055
30	6540	Access Expense	49	71
31	6560	Depreciation and Amortization Expense	18,948	19,121
32	6610	Marketing	4,345	4,848
33	6620	Services	6,294	6,708
34	6710	Executive and Planning	288	308
35	6720	General and Administrative	7,268	7,029
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		<b>Total Operating Expenses (Sum L.19 to L.36-I)</b>	<b>58,700</b>	<b>61,039</b>
38	7100	Other Operating Income and Expense	(0)	1
39	7200	Operating Taxes	(4,796)	(3,802)
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(10,268)</b>	<b>(9,613)</b>

^ Subaccount of the account marked with a \*.

Dollars in Thousands

## Montana Intrastate Regulated Income Statement

2017

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	33,214	37,194
3	5080	Network Access Revenues	3,166	3,415
4	* 5100	Long Distance Message Revenue	56	60
5	^ 5110	Unidirectional Long Distance Revenue	56	60
6	^ 5120	Long Distance Private Network Revenue	0	0
7	^ 5160	Other Long Distance Revenue	0	0
8	^ 5169	Other Long Distance Revenue Settlements	0	0
9	* 5200	Miscellaneous Revenue	4,819	4,735
10	^ 5230	Directory Revenue	1,025	1,067
11	^ 5240	Rent Revenue	2,777	1,572
12	^ 5250	Corporate Operations Revenue	42	15
13	^ 5260	Miscellaneous Revenue	975	2,081
14	^ 5270	Carrier Billing and Collection Revenue	0	0
15	^ 5280	Nonregulated Revenue	0	0
16	5300	Uncollectible Revenue	329	307
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>40,927</b>	<b>45,098</b>
18		<b>OPERATING EXPENSES:</b>		0
19	6110	Network Support Expense	64	87
20	6120	General Support Expense	2,625	3,332
21	6210	Central Office Switching Expense	1,517	1,647
22	6220	Operator Systems Expense	0	0
23	6230	Central Office Transmission Expense	1,266	1,462
24	6310	Information Origination/Termination Expense	208	192
25	* 6410	Cable and Wire Facilities Expense	9,826	9,169
26	^ 6431	Aerial Wire Expense	1	2
27	^ 6441	Conduit Systems Expense	5	12
28	6510	Other Property, Plant & Equipment Expense	254	284
29	6530	Network Operations Expense	4,663	5,719
30	6540	Access Expense	49	71
31	6560	Depreciation and Amortization Expense	17,750	18,041
32	6610	Marketing	3,606	3,560
33	6620	Services	6,294	6,708
34	6710	Executive and Planning	288	308
35	6720	General and Administrative	6,750	6,560
36	6790	Provision for Uncollectible Notes Receivable	0	0
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.</b>	<b>55,160</b>	<b>57,140</b>
38	7100	Other Operating Income and Expense	(0)	1
39	7200	Operating Taxes	(4,534)	(3,411)
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>(9,700)</b>	<b>(8,630)</b>

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

2017

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	1,038,728	1,032,856
2	3100	Accumulated Depreciation	952,960	936,938
3	2002	Property Held for Future Telecommunications Use		-
4	3200	Accumulated Depreciation - 2002		-
5	1220	Materials and Supplies	112	136
6	4340	Noncurrent Deferred Operating Income Taxes	4,958	4,322
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+)</b>	<b>80,922</b>	<b>91,732</b>

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	692,470	688,173
2	3100	Accumulated Depreciation	635,885	624,573
3	2002	Property Held for Future Telecommunications Use		-
4	3200	Accumulated Depreciation - 2002		-
5	1220	Materials and Supplies	77	93
6	4340	Noncurrent Deferred Operating Income Taxes	3,305	2,873
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+)</b>	<b>53,357</b>	<b>60,819</b>

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	653,780	654,172
2	3100	Accumulated Depreciation	602,479	595,482
3	2002	Property Held for Future Telecommunications Use		0
4	3200	Accumulated Depreciation - 2002		0
5	1220	Materials and Supplies	69	88
6	4340	Noncurrent Deferred Operating Income Taxes	3,266	2,860
7		Pre-1971 Unamortized Investment Tax Credits		0
8		Cash Working Capital (if allowed by Commission)		0
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+)</b>	<b>48,104</b>	<b>55,917</b>

**Executive Compensation - Montana-Based Employees**

Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)
				0
CenturyLink has no presidents, chief executive officers, chief financial officers, vice presidents or upper-level managers based in Montana.				
				0
				0
				0
				0
				0
				0
				0
				0
<b>Total executive compensation in the aggregate</b>				0