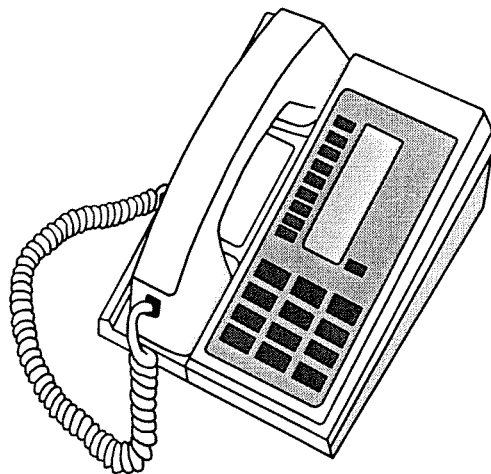


YEAR 2001

ANNUAL REPORT
OF
Citizens Communications

TELEPHONE UTILITY



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

General Information

Year: 2001

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:	July 7, 1993
4.	Address to send Correspondence Concerning Report:	4 Triad Center, Suite 200 Salt Lake City, UT 84180
5.	Person Responsible for This Report:	Lance Tade
5a.	Telephone Number:	(801) 924-6357
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:	Citizens Utilities Company P.O. Box 3801 / 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	Leonard Tow Stamford, Connecticut	None
2	Rudy J. Graf Stamford, Connecticut	None
3	John H. Casey, III Stamford, Connecticut	None
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Chairman of the Board: Leonard Tow	
19		
20		

Officers

Year: 2001

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		Scott N. Schneider *
2	President		Rudy J. Graf *
3	Executive Vice President, ILEC Operations		Robert Braden**
4	Vice President and Chief Operating Officer		John H. Casey, III *
5	Vice President and Treasurer		Donald B. Armour *
6	Vice President and Chief Financial Officer		Jerry Elliott*
7	Vice President, Engineering		David P. Frezza**
8	Vice President, Tax		Edward O. Kipperman*
9	Vice President and Chief Accounting Officer		Robert J. Larson*
10	Vice President, Administration		Randall Lis**
11	Vice President		Michael A. Zarrella*
12	General Counsel and Secretary		L. Russell Mitten*
13	Assistant Secretary		Virginia L. Coogle*
14	Assistant Secretary		Gregg C. Sayre**
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			* Stamford, Connecticut
34			**Rochester, New York
35			
36			
37			
38			
39			
40			
41			
42			

Total Company Balance Sheet

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	2,599	2,599
3	1180	Telecommunications Accounts Receivable - Net	590,974	673,335
4	1190	Other Accounts Receivable - Net	635,127	662,685
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	14,316	24,566
8	* 1280	Prepayments	279	199
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses	279	199
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		Total Current Assets	1,243,295	1,363,384
16		NONCURRENT ASSETS:		
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		Total Noncurrent Assets		
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	24,393,873	23,279,478
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	173,670	284,551
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	(11,262,917)	(10,243,824)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(6,207,671)	(5,325,829)
39		Net Property, Plant, & Equipment	21,716,922	22,614,343
40		TOTAL ASSETS	22,960,217	23,977,727

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	215,996	271,765
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	105,608	111,331
45	4040	Customer Deposits	16,078	21,373
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	(200)	(200)
49	4080	Other Taxes - Accrued	172,195	198,280
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	40,065	26,276
53	4130	Other Current Liabilities	9,290	14,926
54		Total Current Liabilities	559,032	643,751
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	16,995,889	19,237,582
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	16,995,889	19,237,582
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	4,603,992	3,977,542
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	45,293	300,990
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	4,649,285	4,278,532
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	755,011	(183,138)
79		Total Stockholders' Equity	756,011	(182,138)
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	22,960,217	23,977,727

Total Company Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,270,733	2,296,909
3	5080	Network Access Revenues	5,309,691	5,059,994
4	* 5100	Long Distance Message Revenue	32,041	47,299
5	^ 5110	Unidirectional Long Distance Revenue	31,868	46,274
6	^ 5120	Long Distance Private Network Revenue	1	(89)
7	^ 5160	Other Long Distance Revenue	172	1,114
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	444,432	488,244
10	^ 5230	Directory Revenue	24,096	25,740
11	^ 5240	Rent Revenue	13,025	15,567
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	45,944	53,542
14	^ 5270	Carrier Billing and Collection Revenue	93,138	94,268
15	^ 5280	Nonregulated Revenue	268,229	299,127
16	5300	Uncollectible Revenue	(2,750)	241,212
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,059,646	7,651,234
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		25
20	6120	General Support Expense	661,736	562,979
21	6210	Central Office Switching Expense	85,784	79,311
22	6220	Operator Systems Expense	25	135
23	6230	Central Office Transmission Expense	125,281	89,293
24	6310	Information Origination/Termination Expense	119,711	143,216
25	* 6410	Cable and Wire Facilities Expense	285,979	320,249
26	^ 6431	Aerial Wire Expense	656	270
27	^ 6441	Conduit Systems Expense		1
28	6510	Other Property, Plant & Equipment Expense	2,408	575
29	6530	Network Operations Expense	483,749	398,336
30	6540	Access Expense	45,417	17,337
31	6560	Depreciation and Amortization Expense	2,546,423	2,374,210
32	6610	Marketing	197,427	216,982
33	6620	Services	544,476	460,309
34	6710	Executive and Planning	130,356	115,383
35	6720	General and Administrative	881,947	1,374,187
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,110,717	6,152,527
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,021,030	868,172
40		Net Operating Income (L.17-L.37+L.38-L.39)	927,899	630,535
41	7300	Nonoperating Income and Expense	(16,908)	(258,932)
42	7400	Nonoperating Taxes	6,659	(101,196)
43	7500	Interest and Related Items		(1,038)
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	904,332	473,837

^ Subaccount of the account marked with a *.

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Montana Total State Income Statement

Year: 2001

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

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,270,733	2,296,909
3	5080	Network Access Revenues	2,660,307	2,184,595
4	* 5100	Long Distance Message Revenue	6,842	19,127
5	^ 5110	Unidirectional Long Distance Revenue	6,669	18,102
6	^ 5120	Long Distance Private Network Revenue	1	(89)
7	^ 5160	Other Long Distance Revenue	172	1,114
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	384,717	423,329
10	^ 5230	Directory Revenue	24,095	25,740
11	^ 5240	Rent Revenue	13,025	15,567
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	30,514	26,183
14	^ 5270	Carrier Billing and Collection Revenue	48,854	56,712
15	^ 5280	Nonregulated Revenue	268,229	299,127
16	5300	Uncollectible Revenue	(2,750)	241,212
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	5,325,349	4,682,748
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		25
20	6120	General Support Expense	433,503	370,947
21	6210	Central Office Switching Expense	43,381	40,576
22	6220	Operator Systems Expense	13	69
23	6230	Central Office Transmission Expense	63,355	45,682
24	6310	Information Origination/Termination Expense	89,783	107,412
25	* 6410	Cable and Wire Facilities Expense	211,881	237,272
26	^ 6431	Aerial Wire Expense	486	200
27	^ 6441	Conduit Systems Expense		1
28	6510	Other Property, Plant & Equipment Expense	1,577	396
29	6530	Network Operations Expense	316,904	262,464
30	6540	Access Expense	936	
31	6560	Depreciation and Amortization Expense	1,647,026	1,539,675
32	6610	Marketing	197,427	216,982
33	6620	Services	427,904	359,179
34	6710	Executive and Planning	94,912	85,383
35	6720	General and Administrative	642,146	1,016,898
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,170,747	4,282,961
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	678,270	604,942
40		Net Operating Income (L.17-L.37+L.38-L.39)	476,332	(205,155)

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,270,733	2,296,909
3	5080	Network Access Revenues	2,660,307	2,184,595
4	* 5100	Long Distance Message Revenue	6,842	19,127
5	^ 5110	Unidirectional Long Distance Revenue	6,669	18,102
6	^ 5120	Long Distance Private Network Revenue	1	(89)
7	^ 5160	Other Long Distance Revenue	172	1,114
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	116,488	124,202
10	^ 5230	Directory Revenue	24,095	25,740
11	^ 5240	Rent Revenue	13,025	15,567
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	30,514	26,183
14	^ 5270	Carrier Billing and Collection Revenue	48,854	56,712
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	(2,750)	241,212
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	5,057,120	4,383,621
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		25
20	6120	General Support Expense	412,045	360,151
21	6210	Central Office Switching Expense	43,381	40,457
22	6220	Operator Systems Expense	13	69
23	6230	Central Office Transmission Expense	57,501	45,563
24	6310	Information Origination/Termination Expense	3,178	4,361
25	* 6410	Cable and Wire Facilities Expense	211,881	237,272
26	^ 6431	Aerial Wire Expense	486	200
27	^ 6441	Conduit Systems Expense		1
28	6510	Other Property, Plant & Equipment Expense	1,566	378
29	6530	Network Operations Expense	303,832	262,463
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense	1,638,956	1,478,242
32	6610	Marketing	165,601	195,002
33	6620	Services	418,790	359,179
34	6710	Executive and Planning	93,479	82,267
35	6720	General and Administrative	614,469	971,849
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,964,692	4,037,279
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	680,373	578,929
40		Net Operating Income (L.17-L.37+L.38-L.39)	412,055	(232,587)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2001

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	23,836,676	23,263,281
2	3100	Accumulated Depreciation	10,753,371	10,216,826
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	19,441	23,487
6	4340	Noncurrent Deferred Operating Income Taxes	3,810,676	4,454,995
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)	9,292,070	8,614,947

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	15,615,406	15,328,176
2	3100	Accumulated Depreciation	7,254,224	6,924,965
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	14,404	17,402
6	4340	Noncurrent Deferred Operating Income Taxes	1,626,778	2,014,994
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)	6,748,809	6,405,618

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	15,502,975	15,112,049
2	3100	Accumulated Depreciation	7,170,075	6,833,555
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	19,637	17,282
6	4340	Noncurrent Deferred Operating Income Taxes	1,662,729	2,061,339
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)	6,689,808	6,234,436

Statement of Cash Flows

Year: 2001

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		904,332
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	2,546,423	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	626,450	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	109,919	
11	Change in Materials, Supplies & Inventories - Net	10,250	
12	Change in Operating Payables & Accrued Liabilities - Net	(55,769)	
13	Change in Other Assets & Deferred Credits - Net	(80)	
14	Change in Other Liabilities & Deferred Credits - Net	(284,647)	
15	Other (explained on back of this page)		
16	Total Adjustments		2,952,546
17	Net Cash Provided by/(Used in) Operating Activities		3,856,878
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,615,185)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		(1,615,185)
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	(2,241,693)	
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		(2,241,693)
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		(0)
40	Cash & Cash Equivalents at Beginning of Period		2,599
41	Cash & Cash Equivalents at End of Period		2,599

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2001

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. 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		609,111	18,137	648,893	13,766					
2											
3											
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27											
28											
29											
30	Totals	-	609,111	18,137	648,893	13,766	-	-	-	-	-

Net Plant in Service - Detail

Year: 2001

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	2,365,254	178,811	94,622	21,031	2,428,412	958,116	1,470,296
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	256,178	96,621		21,031	331,768	87,358	244,410
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	53,574	(342)
6	^ 2115	Garage Work Equipment	167,950	15,575			183,526	87,942	95,584
7	^ 2116	Other Work Equipment	1,624,691	26,078	7,500		1,643,270	706,827	936,442
8	^ 2121	Buildings	7,980				7,980	(652)	8,632
9	^ 2122	Furniture	26,840				26,840	24,124	2,717
10	^ 2123	Office Equipment	151,659	40,536	87,122		105,073	(1,057)	106,131
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems	2,714,350	739,685	29,183		3,424,852	613,955	2,810,897
16	^ 2231	Radio Systems	1,249,165	17,434	28,682		1,237,917	1,242,256	(4,339)
17	^ 2232	Circuit Equipment	3,411,251	145,686	62,167		3,494,770	1,941,938	1,552,832
18	* 2310	Information Orig & Term Equip	237,994	5,585			243,579	230,045	13,535
19	^ 2311	Station Apparatus	39,181				39,181	24,522	14,659
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	52,516	5,585			52,516	52,901	(385)
25	* 2420	Cable and Wire Facilities	146,297	3,378	2,763		151,882	152,621	(739)
26	^ 2421	Aerial Cable	508,161	309,847	47,584		508,776	362,805	145,971
27	^ 2422	Underground Cable	2,494,262	(8,691)	17,499		2,468,072	5,792,873	7,042,407
28	^ 2423	Buried Cable	156,834	(766)			156,069	1,797,349	670,723
29	^ 2424	Submarine Cable	9,921,920	319,304	30,085		10,211,140	58,056	98,013
30	^ 2425	Deep Sea Cable						3,937,468	6,273,671
31	^ 2426	Intrabuilding Network Cable							
32	^ 2431	Aerial Wire	45,109				45,109	71,555	(26,446)
33	^ 2441	Conduit Systems	148,728				148,728	49,373	99,355
34	^ 2682	Buildings Leasehold Improvements	26,449				26,449		26,449
35		Totals	23,279,478	1,400,427	265,001	21,031	24,393,873	11,262,917	13,130,956

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2001

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							
2	NONE						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
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19							
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21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals	(Sum L.1 to L.29)					

Average Cost of Long Term Debt

Year: 2001

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	None											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Cost of Preferred Stock

Year: 2001

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	Not Applicable											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
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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)											

Year:2001

Analysis of Common Stock

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 High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	100**							
2									
3		**Citizens Communications Company owns 100 shares, 100% of the outstanding common stock of CTC MT.							
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Capital Stock and Funded Debt Recquired or Retired During the Year **Year:2001**

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Requisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Requisition (g)
1	Not Applicable						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
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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)						

Total Company Expense Matrix

Year: 2001

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense						661,736
2	^	Motor Vehicle Expense	94,120	20,641	29,233	517,742		245,592
3	^	Aircraft Expense	8,024	1,758	19,710	216,099		22,920
4	^	Special Purpose Vehicles Expense			22	22,898		35,116
5	^	Garage Work Equipment Expense			9,501	25,615		358,108
6	^	Other Work Equipment Expense				253,129		85,784
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense	86,096	18,882				
12	*	Central Office Switching Expense	45,662	15,148		24,973		
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	45,662	15,148		24,973		85,784
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	74,874	24,905		25		25
18	^	Radio Systems Expense	5,388	1,789		25,502		125,281
19	^	Circuit Equipment Expense	69,486	23,116		7,407		14,584
20	*	Information Origination/Termination Expense	46,482	15,424		18,095		110,697
21	^	Station Apparatus Expense	22,900	7,602		57,805		119,711
22	^	Large Private Branch Exchange Expense	205	68		33,606		64,108
23	^	Public Telephone Terminal Equipment Exp.	5,523	1,832		25		299
24	^	Other Terminal Equipment Expense	17,853	5,922		21,436		28,792
25	*	Cable and Wire Facilities Expense	169,557	58,390		2,738		26,513
26	^	Poles Expense	609	202	39,868	18,164		285,979
27	^	Aerial Cable Expense	59,796	19,787	39,868	45		40,723
28	^	Underground Cable Expense	3,375	1,087		6,102		85,684
29	^	Buried Cable Expense	104,854	37,002		372		4,834
30	^	Submarine Cable Expense	(128)	(43)		11,546		153,402
31	^	Deep Sea Cable Expense						(171)
32	^	Intrabuilding Network Cable Expense	601	206				851
33	^	Aerial Wire Expense	451	150		54		656
34		Subtotals	430,696	134,507	69,100	644,212		1,278,515

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Year:2001

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expenses		176		1,994		2,407
36	6510	Other Property Expenses	238			197,769		483,749
37	*	Network Operations Expense	218,686	67,294		32,696		32,696
38	^	Power Expense				65,271		214,084
39	^	Network Administration Expense	115,855	32,958		2,176		32,543
40	^	Testing Expense	23,396	6,970		96,610		197,010
41	^	Plant Operations Expense	76,686	23,714		1,016		7,416
42	^	Engineering Expense	2,748	3,652		45,417		45,417
43	6540	Access Expense				1,659,378		1,659,378
44	6561	Depreciation - Telecomm. Plant in Service				4,581		4,581
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	*	Marketing	88,785	18,453		882,464		882,464
50	^	Product Management	19,554	4,242		90,189		197,427
51	^	Sales	66,423	13,556		2,317		26,113
52	^	Product Advertising	2,807	656		62,303		142,282
53	6621	Call Completion Services	11,966	5,578		25,569		29,032
54	6622	Number Services	12,613	1,118		94,641		112,185
55	6623	Customer Services	285,237	83,287		43,155		20,613
56	6711	Executive	73,010	11,802	5,748	39,747		411,679
57	6712	Planning	45	2		2		130,307
58	6721	Accounting and Finance	80,109	6,595		40,636		49
59	6722	External Relations	50,631	5,892		12,008		127,340
60	6723	Human Relations	19,368	16,959		19,512		68,530
61	6724	Information Management	90,864	26,075		384,687		55,839
62	6725	Legal	6,602	1,031		4,682		501,626
63	6726	Procurement	14,558	823	2,172	(2,482)		12,314
64	6727	Research and Development						15,071
65	6728	Other General and Administrative	24		921			101,225
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,383,431	379,590	77,942	4,269,754	-	6,110,717

^ Subaccount of the account marked with a *.

262,156

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	*	Network Support Expense	Same as Schedule 17					
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *.

Total State Expense Matrix
Year:2001

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2001

1	Plan Name	Citizens Pension Plan			
2	Defined Benefit Plan?	YES		Defined Contribution Plan?	NO
3	Actuarial Cost Method?	PROJECTED UNIT CREDIT		IRS Code:	
4	Annual Contribution by Employer:	13,253,013		Is the Plan Over Funded?	
5					
	Item	Current Year	Last Year	% Change	
6	Change in Benefit Obligation				
7	Benefit obligation at beginning of year	282,024,000	227,602,000		
8	Service cost	14,065,000	12,286,000		
9	Interest Cost	37,680,000	18,772,000		
10	Plan participants' contributions				
11	Amendments	(3,679,000)	275,000		
12	Actuarial Loss	16,771,000	23,223,000		
13	Acquisition	447,279,000	11,300,000		
14	Benefits paid	(34,213,000)	(11,434,000)		
15	Benefit obligation at end of year	759,927,000	282,024,000		
16	Change in Plan Assets				
17	Fair value of plan assets at beginning of year	249,400,000	238,886,000		
18	Actual return on plan assets	(13,337,000)	7,155,000		
19	Acquisition	583,190,000	12,622,000		
20	Employer contribution	13,253,000	2,171,000		
21	Plan participants' contributions				
22	Benefits paid	(34,213,000)	(11,434,000)		
23	Fair value of plan assets at end of year	798,293,000	249,400,000		
24	Funded Status	38,366,000	(32,624,000)	217.60%	
25	Unrecognized net actuarial loss	96,860,000	21,900,000	342.28%	
26	Unrecognized prior service cost	(1,539,000)	1,898,000	-181.09%	
27	Prepaid (accrued) benefit cost	133,687,000	(8,826,000)	1192.33%	
28					
29	Weighted-average Assumptions as of Year End				
30	Discount rate	7.25%	7.50%	-3.33%	
31	Expected return on plan assets	8.25%	8.25%		
32	Rate of compensation increase	4.00%	4.00%		
33					
34	Components of Net Periodic Benefit Costs				
35	Service cost	14,065,000	12,286,000	14.48%	
36	Interest cost	37,680,000	18,772,000	100.72%	
37	Expected return on plan assets	(44,852,000)	(19,743,000)	3.47%	
38	Amortization of prior service cost	(242,000)	196,000	12.00%	
39	Recognized net actuarial loss				
40	Net periodic benefit cost	6,651,000	11,511,000	-42.22%	
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	7.25%	7.50%	-6.25%
8 Expected return on plan assets	8.25%	8.25%	
9 Medical Cost Inflation Rate	9.00%	9.00%	28.60%
10 Actuarial Cost Method			
11 Rate of compensation increase	N/A	N/A	
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13 VEBA - Tax Advantaged			
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	59,191,000	45,528,000	-12.42%
20 Service cost	937,000	652,000	-16.52%
21 Interest Cost	8,812,000	3,943,000	14.92%
22 Plan participants' contributions	1,023,000	700,000	11.29%
23 Amendments/Curtailments	(14,203,000)	(812,000)	100.00%
24 Actuarial Loss	20,321,000	8,733,000	-201.66%
25 Acquisition	119,611,000	3,441,000	100.00%
26 Benefits paid	(5,350,000)	(2,994,000)	10.64%
27 Benefit obligation at end of year	190,342,000	59,191,000	30.01%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	25,412,000	20,460,000	9.35%
30 Actual return on plan assets	310,000	1,093,000	-8.92%
31 Acquisition	3,334,000	2,361,000	100.00%
32 Employer contribution	1,498,000	1,498,000	
33 Plan participants' contributions		-	
34 Benefits paid	(1,464,000)	-	100.00%
35 Fair value of plan assets at end of year	29,090,000	25,412,000	24.21%
36 Funded Status			
37 Unrecognized net actuarial loss (Gain)	(161,252,000)	(33,779,000)	34.75%
38 Unrecognized prior service cost	18,174,000	(4,832,000)	-67.69%
39 Prepaid (accrued) benefit cost	276,000	281,000	-21.73%
	(142,802,000)	(38,330,000)	-3.36%
40 Components of Net Periodic Benefit Costs			
41 Service cost	937,000	652,000	-16.52%
42 Interest cost	8,812,000	3,943,000	14.92%
43 Expected return on plan assets	(2,227,000)	(1,688,000)	9.33%
44 Amortization of prior service cost	25,000	23,000	-14.82%
45 Recognized net actuarial loss	204,000	(793,000)	-7.21%
46 Net periodic benefit cost	7,751,000	2,137,000	16.14%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	29,090,000	25,412,000	24.20%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	29,090,000	25,412,000	24.20%
52 Amount that was tax deductible - VEBA	1,498,000	1,498,000	
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL	1,498,000	1,498,000	

Other Post Employment Benefits (OPEBS) Continued

Year: 2001

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	5,532	1,682	-7.53%
3	Not Covered by the Plan			
4	Active	2,753	1,135	-12.97%
5	Retired	2,779	547	6.21%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	7,465	17,307	-7.07%
10	Service cost	634	560	-39.26%
11	Interest Cost	1,802	452	-64.30%
12	Plan participants' contributions	2,893	-	-100.00%
13	Amendments			
14	Actuarial (Gain) Loss	15,188	(10,854)	224.01%
15	Acquisition			
16	Benefits paid	(1,959)	-	100.00%
17	Benefit obligation at end of year	26,023	7,465	-56.80%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	40,606	39,346	8.48%
20	Actual return on plan assets	(120)	1,260	-59.05%
21	Acquisition	-	-	
22	Employer contribution	-	-	
23	Plan participants' contributions	-	-	
24	Benefits paid	-	-	
25	Fair value of plan assets at end of year	40,486	40,606	3.20%
26	Funded Status	14,463	33,141	50.37%
27	Unrecognized net actuarial loss	(96,889)	(125,593)	-2.52%
28	Unrecognized prior service cost	-	-	
29	Prepaid (accrued) benefit cost	(82,426)	-92452	-13.44%
30	Components of Net Periodic Benefit Cccosts			
31	Service cost	634	560	-39.20%
32	Interest cost	1,802	452	-64.30%
33	Expected return on plan assets	(3,350)	(3,246)	8.49%
34	Amortization of prior service cost	-	-	
35	Recognized net actuarial loss (Gain)	(9,711)	(12,113)	-2.89%
36	Net periodic benefit cost	(10,625)	(14,347)	8.06%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	40,486	40,606	3.20%
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL	40,486	40,606	3.20%
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	9	10	90.90%
52	Not Covered by the Plan			
53	Active	9	10	90.90%
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2001

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	3D Communications	Plant Specific	56,316	56,316	56,316
2	Flathead Electric Coop.	Cable & Wire Facilities	52,752	52,752	52,752
3	Income & Misc. Tax Division	Taxing Authority	61,107	61,107	61,107
4	Lincoln County Treasurer	Taxing Authority	380,814	380,814	380,814
5	State Treasure Dept of Revenue	Taxing Authority	102,899	102,899	102,899
6	Advaced Fibre Communications	Cable & Wire Facilities	45,142		
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
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48					
49	Total		699,030	653,888	653,888

Subscriber Line Usage Data

Year: 2001

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	32,653,783	69.02%	34,217,997	73.68%
3	Interstate, IntraLATA	1,210,427	2.56%	1,175,252	2.53%
4	Total Interstate Usage	33,864,210	71.57%	35,393,249	76.20%
5	Intrastate, InterLATA	11,031,901	23.32%	10,196,205	21.95%
6	Intrastate, IntraLATA	2,413,520	5.10%	853,782	1.84%
7	Total Intrastate Usage	13,445,421	28.43%	11,049,987	23.80%
8	Total Toll Usage	47,309,631	100.00%	46,443,236	100.00%
9	Centrex				
10	Local	Not Available		Not Available	
11	Total Minutes	47,309,631	100.00%	46,443,236	100.00%

Year: 2001

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	Libby, MT	DMS-10	4246	0	0	190	0	1149	320	7	34		99.9%	5756
2	Troy, MT	DMS-10	1571	0	0	77	0	224	34	4	14		99.9%	1847
3	Eureka, MT	DMS-10	417	0	0	29	0	174	22	0	7		99.9%	620
4														0
5														0
6														0
7														0
8														0
9														0
10														0
11														0
12														0
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30														0
31														0
32														0
33	Total		6234	0	0	296	0	1547	376	11	55	0		8223

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

Central Office and Switch Information

Year: 2001

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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48							

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

Construction Budget - Montana

Year 2002

Line No.	Description (a)	2001 (b)
1	Central Office Assets:	
2		
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4		
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	681,897
29	Total Central Office Budget (Total of Line 27 & Line 28)	681,897
30	Other Projects over \$500,000:	
31	HWY 2 Rd Move Swap Creek	506,262
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	506,262
42	Miscellaneous projects not over \$500,000	547,740
43	Total Construction Budget (Total of Lines 29, 41 & 42)	1,735,899

Montana Employee Counts

Year: 2001

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Hourly	11	10
2			
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43	Totals (Sum of Lines 1 through 42)	11	10

Proprietary Information

Compensation of Top 10 Montana Based Employees

Year: 2001

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							
7							
8							
9							
10							
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						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2001

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	15,981
3	2003 - 2004	Construction Work in Progress	114
4	2005	Plant Acquisition Adjustments	9,578
5	2002	Plant Held for Future Use	-
6	1220	Materials & Supplies	10
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	7,598
9	4360.2	Contributions in Aid of Construction	-
10		NET BOOK COSTS	33,280
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	5,325
13	6560	Depreciation & Amortization Expenses	1,647
14		Federal & State Income Taxes	672
15		Other Taxes	339
16		Other Operating Expenses	2,191
17		TOTAL Operating Expenses	4,849
18		Net Operating Income	476
19		Other Income	-
20		Other Deductions	-
21		NET INCOME	476
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	6,247
24		Business Access Lines	2,000
25		PBX Access Lines	100
26		Other Access Lines	
27		Total Number of Access Lines	8,347
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)	-
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	14
34		Gross Plant Investment per Access Line	3

Depreciation - Montana Intrastate Regulated

Year 2001

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	23,817
2	2114	Special Purpose Vehicles	7.7%	
3	2115	Garage Work Equipment		
4	2116	Other Work Equipment	5.6%	6,588
	2116.31	Other Work Equipment Under \$2,000	6.3%	3,299
5	2121	Buildings	2.9%	47,365
6	2122	Furniture	3.9%	164
	2123.31	Furniture Under \$2,000	16.3%	618
7	2123.1	Office Support Equipment	6.9%	
8	2123.2	Company Communications Equipment	8.3%	(129)
	2123.31	Company Communications Equipment Under \$2,000	9.2%	1,194
9	2124	General Purpose Computers	13.4%	15,957
	2124.31	General Purpose Computers Under \$2,000	2.2%	92
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	6.5%	197,271
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	6.9%	14,591
16	2232	Circuit DDS		
17	2232	Circuit Digital	8.0%	223,840
18	2232	Circuit Analog	8.0%	47,923
	2232	Digital Spec SVC Cir	8.0%	
	2311	Station Apparatus	Various	648
19	2351	Public Telephone Terminating Equipment	8.8%	
20	2362	Other Terminal Equipment	7.2%	5,446
21	2411	Poles	6.3%	32,019
22	2421	Aerial Cable Metallic	6.9%	163,591
23	2421	Aerial Cable Nonmetallic		7,250
24	2422	Underground Cable Metallic	4.7%	5,906
25	2422	Underground Cable Nonmetallic		1,445
26	2423	Buried Cable Metallic	4.8%	454,120
27	2423	Buried Cable Nonmetallic		25,583
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	20.9%	9,428
33	2441	Conduit Systems	2.2%	3,272
34				
35		COMPOSITE TOTAL	5.4%	
36	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
37				
38	If yes: <u>93.7.30</u> Docket Number _____ Order Number _____			
39				
40				

Montana Regulatory Capital Structure & Costs

Year: 2001

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>93.3.12</u>			
2	Order Number <u>5632d</u>			
3				
4	Common Equity	22.56%		3.045%
5	Preferred Stock	2.33%	5.240%	0.122%
6	Long Term Debt	75.11%	7.700%	5.783%
7	Other			
8	Total	100.00%		8.950%
9				
Actual at Year End				
10				
11				
12	Common Equity	22.56%	-26.468%	-5.971%
13	Preferred Stock	2.33%	5.240%	0.122%
14	Long Term Debt	75.11%	7.700%	5.783%
15	Other			
16	Total	100.00%		-0.066%

Network Access - Charges and Revenues

Year: 2001

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,569,673
2			
3	Montana - Intrastate		920,289
4			
5	Montana - Intrastate Regulated		920,289
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2001

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 Utilities Company	Corporate Executive, Planning, I/S, H/R, Legal/Regulatory, Treasury, Accounting, & SAO Com Instr/Others	Fully Distributed Cost per FCC Part 64.901	158,517		158,517
2						
3						
4						
5						
6	Citizens Telecommunications Service Company	Executive, Employee Support Services, Business Support Services, Legal, Operations, Controller, Finance/Support, Others, I/S, Marketing/Regulatory Affairs, National Sales, & Dir Bill Mode	Fully Distributed Cost per FCC Part 64.901	3,808,959		3,808,959
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30	TOTAL			\$3,967,476		\$3,967,476

Affiliate Transactions - Products & Services Provided by Utility

Year: 2001

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	Citizens Telecommunications Service Company, L.L.C	Tarrified Telephone Service and Company Official Toll Service	Tarrified	56,473		56,473
2		Building Space Rental	Fully Distributed Cost	5,940		5,940
3		Directory Listings	Market Price	303		303
4	Citizens Directory Service Company	Directory Billing and Collections	Market Price	955		955
5		Others	Tarrified			
6	Citizens Telecommunications Company, Inc.	Billing and Collections Services	Market Price	34,611		34,611
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30	TOTAL			\$98,282		\$98,282

Montana Intrastate Regulated Earned Rate of Return

Year: 2001

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	15,865,367	15,122,570	4.91%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(7,509,827)	(6,851,613)	-9.61%
5	Plant in Service	8,355,540	8,270,957	1.02%
6				
7	Additions			
8	1220 Materials & Supplies	14,460	18,075	-20.00%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	14,460	18,075	-20.00%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	2,008,880	1,840,420	9.15%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	2,008,880	1,840,420	9.15%
20	TOTAL Rate Base	6,361,119	6,448,613	-1.36%
21				
22	Net Earnings	412,055	(232,587)	277.16%
23				
24	Rate of Return on Average Rate Base	6.478%	-3.61%	279.60%
25				
26	Rate of Return on Average Equity	2.54%	-1.60%	258.54%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,483,079)	(1,541,233)	
31	Plant Adjustment (TPA).			
32				
33				
34	Comp. Tax Rate @ 39.39% w/interest expense adjustment	292,876	227,302	28.85%
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base	8.987%	5.93%	51.55%
44				
45	Adjusted Rate of Return on Average Equity	13.66%	5.07%	169.38%

Other Taxes Paid

Year: 2001

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail Telecommunications Excise Tax	55,082	104,593
2	Montana Public Service Commission Tax	11,364	7,936
3	Montana Consumer Counsel Tax	4,546	3,175
4	911 Emergency Telephone Fee	51,173	49,554
5	Montana Telecommunications Access Service (TDD)	10,787	10,289
6	Real Property Tax	411,024	347,498
7			
8			
9			
10			
11			
12	Total	543,976	523,045

Universal Service Funds Received

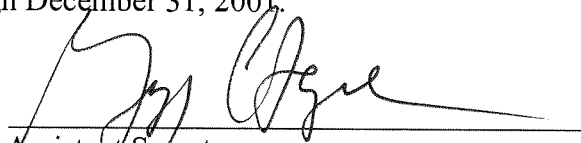
Year: 2001

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,344,767	1,740,018
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1,344,767	1,740,018

Citizens Telecommunications Company of Montana
Year ended December 31, 2001

I have examined the foregoing report; that to the best of my knowledge,
information and belief, all statements of fact in this report are true; and that this
report correctly states the respondent's business and affairs in each matter set
forth from January 1, 2001 through December 31, 2001.

Signature:

A handwritten signature in black ink, appearing to read "Tom O'Neil", written over a horizontal line.

Title:

Assistant Secretary