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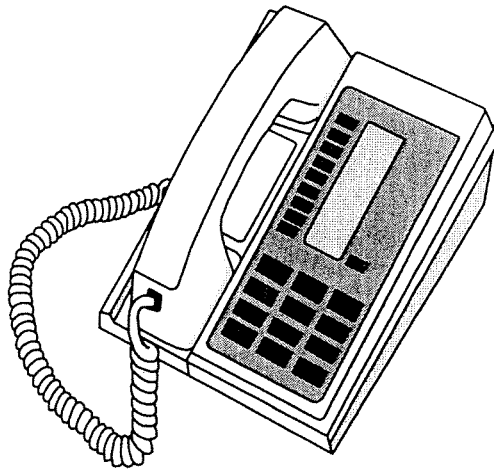
YEAR 2002

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PUBLIC SERVICE
COMMISSION

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: 2002

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	John H. Casey, III Stamford, Connecticut	None
2	Scott N. Schneider Stamford, Connecticut	None
3	Leonard Tow Stamford, Connecticut	None
4		
5		
6		
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17		
18	Chairman of the Board: Leonard Tow	
19		
20		

Officers

Year: 2002

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

Total Company Balance Sheet

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	69,403	2,599
3	1180	Telecommunications Accounts Receivable - Net	435,202	590,974
4	1190	Other Accounts Receivable - Net	748,489	635,127
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	12,879	14,316
8	* 1280	Prepayments	627	279
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses	627	279
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		Total Current Assets	1,266,600	1,243,295
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	20,010	
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	(0)	
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	20,010	
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	25,137,523	24,393,873
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	486,478	173,670
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	(12,547,303)	(11,262,917)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(6,634,788)	(6,207,671)
39		Net Property, Plant, & Equipment	21,061,878	21,716,922
40		TOTAL ASSETS	22,348,487	22,960,217

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	138,543	215,996
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	108,404	105,608
45	4040	Customer Deposits	18,329	16,078
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	342,019	(200)
49	4080	Other Taxes - Accrued	172,447	172,195
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	48,995	40,065
53	4130	Other Current Liabilities	1,489	9,290
54		Total Current Liabilities	830,226	559,032
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	14,868,950	16,995,889
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	14,868,950	16,995,889
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	4,560,597	4,603,992
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	42,214	45,293
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	4,602,811	4,649,285
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	2,045,501	755,011
79		Total Stockholders' Equity	2,046,501	756,011
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	22,348,487	22,960,217

Total Company Income Statement

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,162,320	2,270,733
3	5080	Network Access Revenues	4,894,052	5,309,691
4	* 5100	Long Distance Message Revenue	18,371	32,041
5	^ 5110	Unidirectional Long Distance Revenue	17,755	31,868
6	^ 5120	Long Distance Private Network Revenue	(3)	1
7	^ 5160	Other Long Distance Revenue	619	172
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	139,938	444,432
10	^ 5230	Directory Revenue	23,307	24,096
11	^ 5240	Rent Revenue	7,726	13,025
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	29,847	45,944
14	^ 5270	Carrier Billing and Collection Revenue	79,058	93,138
15	^ 5280	Nonregulated Revenue		268,229
16	5300	Uncollectible Revenue	43,348	(2,750)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,171,332	8,059,646
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	17,770	
20	6120	General Support Expense	657,157	661,736
21	6210	Central Office Switching Expense	77,664	85,784
22	6220	Operator Systems Expense		25
23	6230	Central Office Transmission Expense	114,223	125,281
24	6310	Information Origination/Termination Expense	21,163	119,711
25	* 6410	Cable and Wire Facilities Expense	298,960	285,979
26	^ 6431	Aerial Wire Expense		656
27	^ 6441	Conduit Systems Expense	28	
28	6510	Other Property, Plant & Equipment Expense	543	2,408
29	6530	Network Operations Expense	358,388	483,749
30	6540	Access Expense	50,400	45,417
31	6560	Depreciation and Amortization Expense	2,007,728	2,546,423
32	6610	Marketing	180,754	197,427
33	6620	Services	328,167	544,476
34	6710	Executive and Planning	148,212	130,356
35	6720	General and Administrative	444,179	881,947
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	4,705,307	6,110,717
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,348,913	1,021,030
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,117,112	927,899
41	7300	Nonoperating Income and Expense	10,864	(16,908)
42	7400	Nonoperating Taxes	1,038	6,659
43	7500	Interest and Related Items		
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(163,554)	
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,290,491	904,332

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2002

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: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,162,320	2,270,733
3	5080	Network Access Revenues	2,489,336	2,660,307
4	* 5100	Long Distance Message Revenue	6,782	6,842
5	^ 5110	Unidirectional Long Distance Revenue	6,166	6,669
6	^ 5120	Long Distance Private Network Revenue	(3)	1
7	^ 5160	Other Long Distance Revenue	619	172
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	72,527	384,717
10	^ 5230	Directory Revenue	23,307	24,095
11	^ 5240	Rent Revenue	7,726	13,025
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	29,847	30,514
14	^ 5270	Carrier Billing and Collection Revenue	11,647	48,854
15	^ 5280	Nonregulated Revenue		268,229
16	5300	Uncollectible Revenue	43,348	(2,750)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,687,617	5,325,349
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	11,526	
20	6120	General Support Expense	426,267	433,503
21	6210	Central Office Switching Expense	38,524	43,381
22	6220	Operator Systems Expense		13
23	6230	Central Office Transmission Expense		63,355
24	6310	Information Origination/Termination Expense	15,872	89,783
25	* 6410	Cable and Wire Facilities Expense	221,488	211,881
26	^ 6431	Aerial Wire Expense		486
27	^ 6441	Conduit Systems Expense	21	
28	6510	Other Property, Plant & Equipment Expense	352	1,577
29	6530	Network Operations Expense	232,470	316,904
30	6540	Access Expense	8,824	936
31	6560	Depreciation and Amortization Expense	1,305,951	1,647,026
32	6610	Marketing	180,754	197,427
33	6620	Services	235,020	427,904
34	6710	Executive and Planning	102,910	94,912
35	6720	General and Administrative	308,414	642,146
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,088,373	4,170,747
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,064,654	678,270
40		Net Operating Income (L.17-L.37+L.38-L.39)	534,590	476,332

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	2,162,320	2,270,733
3	5080	Network Access Revenues	2,489,336	2,660,307
4	* 5100	Long Distance Message Revenue	6,782	6,842
5	^ 5110	Unidirectional Long Distance Revenue	6,166	6,669
6	^ 5120	Long Distance Private Network Revenue	(3)	1
7	^ 5160	Other Long Distance Revenue	619	172
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	72,527	116,488
10	^ 5230	Directory Revenue	23,307	24,095
11	^ 5240	Rent Revenue	7,726	13,025
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	29,847	30,514
14	^ 5270	Carrier Billing and Collection Revenue	11,647	48,854
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	43,348	(2,750)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,687,617	5,057,120
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	9,820	
20	6120	General Support Expense	382,958	412,045
21	6210	Central Office Switching Expense	38,466	43,381
22	6220	Operator Systems Expense		13
23	6230	Central Office Transmission Expense		57,501
24	6310	Information Origination/Termination Expense	2,855	3,178
25	* 6410	Cable and Wire Facilities Expense	221,488	211,881
26	^ 6431	Aerial Wire Expense		486
27	^ 6441	Conduit Systems Expense	21	
28	6510	Other Property, Plant & Equipment Expense	332	1,566
29	6530	Network Operations Expense	215,081	303,832
30	6540	Access Expense	8,824	
31	6560	Depreciation and Amortization Expense	1,288,974	1,638,956
32	6610	Marketing	110,025	165,601
33	6620	Services	187,288	418,790
34	6710	Executive and Planning	92,383	93,479
35	6720	General and Administrative	275,846	614,469
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	2,834,339	3,964,692
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,113,415	680,373
40		Net Operating Income (L.17-L.37+L.38-L.39)	739,863	412,055

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	24,765,698	23,836,676
2	3100	Accumulated Depreciation	11,905,110	10,753,371
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	13,597	19,441
6	4340	Noncurrent Deferred Operating Income Taxes	4,582,295	3,810,676
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)	8,291,891	9,292,070

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	16,064,344	15,615,406
2	3100	Accumulated Depreciation	7,957,459	7,254,224
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	10,074	14,404
6	4340	Noncurrent Deferred Operating Income Taxes	1,753,497	1,626,778
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)	6,363,462	6,748,809

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	15,820,166	15,502,975
2	3100	Accumulated Depreciation	7,511,045	7,170,075
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	19,791	19,637
6	4340	Noncurrent Deferred Operating Income Taxes	1,728,072	1,662,729
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)	6,600,840	6,689,808

Statement of Cash Flows

Year: 2002

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		1,290,491
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	2,007,728	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	(43,395)	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	42,410	
11	Change in Materials, Supplies & Inventories - Net	1,437	
12	Change in Operating Payables & Accrued Liabilities - Net	(77,453)	
13	Change in Other Assets & Deferred Credits - Net	(348)	
14	Change in Other Liabilities & Deferred Credits - Net	3,349	
15	Other (explained on back of this page)		
16	Total Adjustments		1,933,729
17	Net Cash Provided by/(Used in) Operating Activities		3,224,220
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(1,097,281)	
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		(1,097,281)
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	(2,126,940)	
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		(2,126,940)
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		69,403
41	Cash & Cash Equivalents at End of Period		69,403

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2002

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		453,449	(18,248)	806,518	(58,029)					
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30	Totals	-	453,449	(18,248)	806,518	(58,029)	-	-	-	-	-

Net Plant in Service - Detail

Year: 2002

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	2,428,412	24,938	21,997	8,112	2,423,241	1,121,593	1,301,648
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	331,768	(21,031)	21,997	8,112	280,628	87,288	193,340
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	57,800	(4,567)
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	183,526	8,636			192,162	103,198	88,964
8	^ 2121	Buildings	1,643,270	37,333			1,680,603	839,749	840,854
9	^ 2122	Furniture	7,980				7,980	18	7,962
10	^ 2123	Office Equipment	26,840				26,840	26,255	585
11	^ 2124	General Purpose Computers	105,073				105,073	7,285	97,788
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching	3,424,852	430,661		(1,322)	3,856,835	303,755	3,553,080
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	1,237,917	19,838			1,257,755	1,342,109	(84,354)
17	^ 2232	Circuit Equipment	3,494,770	122,333			3,617,103	2,229,098	1,388,005
18	* 2310	Information Orig & Term Equip	243,579			91,697	151,882	164,679	(12,797)
19	^ 2311	Station Apparatus	39,181			39,181	(0)		(0)
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.	52,516				0		0
23	^ 2362	Other Terminal Equipment	151,882				151,882	164,679	(12,797)
24	^ 2411	Poles	508,776	15,263			524,039	402,829	121,210
25	* 2420	Cable and Wire Facilities	12,835,281	256,196	5,096		13,086,381	6,824,020	6,262,361
26	^ 2421	Aerial Cable	2,468,072	75,997	728		2,543,341	1,996,440	546,901
27	^ 2422	Underground Cable	156,069				156,069	70,446	85,623
28	^ 2423	Buried Cable							
29	^ 2424	Submarine Cable	10,211,140	180,199	4,368		10,386,971	4,757,134	5,629,837
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	^ 2431	Aerial Wire	45,109				45,109	75,136	(30,027)
33	^ 2441	Conduit Systems	148,728				148,728	61,180	87,548
34	^ 2682	Buildings Leasehold Improvements	26,449				26,449	17,669	8,780
35		Totals	24,393,873	869,229	27,093	98,487	25,137,522	12,542,068	12,595,454

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2002

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

Average Cost of Long Term Debt

Year: 2002

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												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Year: 2002

Cost of Preferred Stock

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												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Analysis of Common Stock

Year: 2002

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 Telecommunications 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 Reacquired or Retired During the Year

Year: 2002

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	Not Applicable						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Total Company Expense Matrix

Year:2002

Line No.	Acct. No.	Description	Salaries and Wages	Benefits	Rents	Other Expenses	Clearances	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	* 6110	Network Support Expense	518,115	131,877		17,119.5		177,69,52
2	^ 6112	Motor Vehicle Expense	518,115	131,877		14,234.15		14,884.17
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	61,869	14,654	28,305	2,885.35		2885.35
8	^ 6121	Land and Building Expense	11,023	2,579	17,935	552,328		657,157
9	^ 6122	Furniture and Artworks Expense			7	212,253		243,790
10	^ 6123	Office Equipment Expense			9,924	19,450		19,457
11	^ 6124	General Purpose Computers Expense	50,847	12,075	438	15,581		25,506
12	* 6210	Central Office Switching Expense	45,113	15,517		305,044		368,404
13	^ 6211	Analog Electronic Expense				17,033		77,664
14	^ 6212	Digital Electronic Expense	45,113	15,517				
15	^ 6215	Electro-Mechanical Expense						
16	^ 6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense	71,914	24,545		17,764		114,223
18	^ 6231	Radio Systems Expense	3,842	1,283		4,665		9,790
19	^ 6232	Circuit Equipment Expense	68,072	23,262		13,099		104,434
20	* 6310	Information Origination/Termination Expense	14,565	4,961		1,637		21,163
21	^ 6311	Station Apparatus Expense	1,650	577		139		2,365
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense	12,916	4,384		1,498		18,798
25	* 6410	Cable and Wire Facilities Expense	131,929	45,878	51,982	69,171		298,960
26	^ 6411	Poles Expense	546	190		4,063		56,781
27	^ 6421	Aerial Cable Expense	43,691	15,269	51,982	4,949		63,909
28	^ 6422	Underground Cable Expense	368	121		7		495
29	^ 6423	Buried Cable Expense						
30	^ 6424	Submarine Cable Expense	87,303	30,294		60,151		177,748
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals	325,909	105,687	80,287	675,053		1,186,936

^ 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	^	Conduit Systems Expense	22	4		2		28
36	6510	Other Property Expenses	587	(445)		401		543
37	*	Network Operations Expense	178,102	33,702		146,584		358,389
38	^	Power Expense				20,436		20,436
39	^	Network Administration Expense	91,787	26,009		48,006		165,803
40	^	Testing Expense	13,261	3,762		4,993		22,016
41	^	Plant Operations Expense	78,472	29,222		67,456		175,150
42	^	Engineering Expense	(5,418)	(25,291)		5,692		(25,017)
43		Access Expense				50,400		50,400
44		Depreciation - Telecomm. Plant in Service				1,557,018		1,557,018
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible				12,522		12,522
47		Amortization Expense - Intangible						
48		Amortization - Other				438,188		438,188
49	*	Marketing	130,295	15,341		35,119		180,754
50	^	Product Management	14,666	3,159		3,604		21,429
51	^	Sales	115,162	12,060		6,908		134,131
52	^	Product Advertising	467	121		24,606		25,195
53		Call Completion Services	7,864	3,708		(10,873)		699
54		Number Services	8,772	448		(43,465)		(34,245)
55		Customer Services	242,351	70,688	11	48,663		361,713
56		Executive	64,377	8,094	7,568	65,799		145,839
57		Planning	669	177		1,526		2,373
58		Accounting and Finance	40,337	7,359		(9,131)		38,564
59		External Relations	28,464	4,957		8,000		41,422
60		Human Relations	13,773	2,711		2,566		19,050
61		Information Management	55,004	13,527		35,501		104,032
62		Legal	4,818	844		14,732		20,394
63		Procurement	3,939	769		(5,090)		(382)
64		Research and Development						
65		Other General and Administrative	4,973	12,393	166	203,565		221,096
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,110,234	279,962	88,032	3,227,079	-	4,705,307

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No.	Description	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

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

2002

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:	_16,362,657_		Is the Plan Over Funded? _____	
5					
		Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation				
7	Benefit obligation at beginning of year		759,927,000	282,024,000	
8	Service cost		12,159,000	14,065,000	
9	Interest Cost		53,320,000	37,680,000	
10	<i>Plant Closings/Reduction in Force</i>		(5,609,000)		
11	Amendments			(3,679,000)	
12	Actuarial Loss		28,948,000	16,771,000	
13	Acquisition/ <i>Divestitures</i>		(6,239,000)	447,279,000	
14	Benefits paid		(62,269,000)	(34,213,000)	
15	Benefit obligation at end of year		780,237,000	759,927,000	
16	Change in Plan Assets				
17	Fair value of plan assets at beginning of year		798,293,000	249,400,000	
18	Actual return on plan assets		(60,026,000)	(13,337,000)	
19	Acquisition			583,190,000	
20	Employer contribution		16,363,000	13,253,000	
21	Plan participants' contributions				
22	Benefits paid		(62,269,000)	(34,213,000)	
23	Fair value of plan assets at end of year		692,361,000	798,293,000	
24	Funded Status				
25	Unrecognized net actuarial loss		(87,876,000)	38,366,000	-329.05%
26	Unrecognized prior service cost		235,107,000	96,860,000	142.73%
27	Prepaid (accrued) benefit cost		(1,433,000)	(1,539,000)	6.89%
28			145,798,000	133,687,000	1192.33%
29	Weighted-average Assumptions as of Year End				
30	Discount rate		6.75%	7.25%	-6.90%
31	Expected return on plan assets		8.25%	8.25%	
32	Rate of compensation increase		4.00%	4.00%	
33	Components of Net Periodic Benefit Costs				
35	Service cost		12,159,000	14,065,000	-13.55%
36	Interest cost		53,320,000	37,680,000	41.51%
37	Expected return on plan assets		(63,258,000)	(44,852,000)	3.47%
38	Amortization of prior service cost		(106,000)	(242,000)	12.00%
39	Recognized net actuarial loss		2,137,000		
40	Net periodic benefit cost		4,252,000	6,651,000	-36.07%
41	Montana Intrastate Costs:				
42	Pension Costs				
43	Pension Costs Capitalized				
44	Accumulated Pension Asset (Liability) at Year End				
45					
46	Number of Company Employees:				
47	Covered by the Plan		11	9	22.22%
48	Not Covered by the Plan				
49	Active		11	9	22.22%
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	6.75%	7.25%	-6.25%
8 Expected return on plan assets	8.25%	8.25%	
9 Medical Cost Inflation Rate	8-12%	9.00%	
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	190,342,000	59,191,000	-12.42%
20 Service cost	1,350,000	937,000	-16.52%
21 Interest Cost	13,753,000	8,812,000	14.92%
22 Plan participants' contributions	3,771,000	1,023,000	11.29%
23 Amendments/Curtailments/Plant closings/Reduction in Force	(1,950,000)	(14,203,000)	100.00%
24 Actuarial Loss	21,406,000	20,321,000	-201.66%
25 Acquisition/Divestitures	(4,348,000)	119,611,000	100.00%
26 Benefits paid	(13,641,000)	(5,350,000)	10.64%
27 Benefit obligation at end of year	210,683,000	190,342,000	30.01%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	29,090,000	25,412,000	9.35%
30 Actual return on plan assets	(1,711,000)	310,000	-8.92%
31 Acquisition	-	3,334,000	100.00%
32 Employer contribution	9,541,000	1,498,000	
33 Plan participants' contributions		-	100.00%
34 Benefits paid	(9,870,000)	(1,464,000)	100.00%
35 Fair value of plan assets at end of year	27,050,000	29,090,000	24.21%
36 Funded Status			
37 Unrecognized net actuarial loss (Gain)	(183,633,000)	(161,252,000)	34.75%
38 Unrecognized prior service cost/Transititon Obligation	35,048,000	18,174,000	-67.69%
39 Prepaid (accrued) benefit cost	250,000	276,000	-21.73%
	(148,335,000)	(142,802,000)	-3.36%
40 Components of Net Periodic Benefit Costs			
41 Service cost	1,350,000	937,000	-16.52%
42 Interest cost	13,753,000	8,812,000	14.92%
43 Expected return on plan assets	(2,438,000)	(2,227,000)	9.33%
44 Amortization of prior service cost	26,000	25,000	-14.82%
45 Recognized net actuarial loss	2,383,000	204,000	-7.21%
46 Net periodic benefit cost	15,074,000	7,751,000	16.14%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	27,050,000	29,090,000	24.20%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	27,050,000	29,090,000	24.20%
52 Amount that was tax deductible - VEBA	988,233	1,498,000	
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL	988,233	1,498,000	

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	5,337	5,532	-7.53%
3	Not Covered by the Plan			
4	Active	2,863	2,753	-12.97%
5	Retired	2,474	2,779	6.21%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year	26,023	7,465	-7.07%
10	Service cost	768	634	-39.26%
11	Interest Cost	2,255	1,802	-64.30%
12	Plan participants' contributions	2,524	2,893	-100.00%
13	Amendments/ <i>Plant Closings/Reduction in Force</i>	(2,297)		100.00%
14	Actuarial (Gain) Loss	11,594	15,188	224.01%
15	Acquisition		-	
16	Benefits paid	(5,524)	(1,959)	100.00%
17	Benefit obligation at end of year	35,343	26,023	-56.80%
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year	40,486	40,606	8.48%
20	Actual return on plan assets	2,335	(120)	-59.05%
21	Acquisition	-	-	
22	Employer contribution	-	-	
23	Plan participants' contributions	-	-	
24	Benefits paid	-	-	
25	Fair value of plan assets at end of year	42,821	40,486	3.20%
26	Funded Status	7,478	14,463	50.37%
27	Unrecognized net actuarial loss	(76,466)	(96,889)	-2.52%
28	Unrecognized prior service cost	-	-	
29	Prepaid (accrued) benefit cost	(68,988)	(82,426)	-13.44%
30	Components of Net Periodic Benefit Cccosts			
31	Service cost	768	634	-39.20%
32	Interest cost	2,255	1,802	-64.30%
33	Expected return on plan assets	(3,380)	(3,350)	8.49%
34	Amortization of prior service cost	-	-	
35	Recognized net actuarial loss (Gain)	(8,923)	(9,711)	-2.89%
36	Net periodic benefit cost	(9,280)	(10,625)	8.06%
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA	42,821	40,486	-5.45%
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL	42,821	40,486	-5.45%
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	11	9	-18.18%
52	Not Covered by the Plan			
53	Active	11	9	-18.18%
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2002

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	3,802	3,802	3,802
2	Flathead Electric Coop.	Cable & Wire Facilities	31,245	31,245	31,245
3	Orius Telecommunication Service	Plant Specific	15,402	15,402	15,402
4	Clean Marlene Carpet & Janitor	Cleaning Service	5,718	5,718	5,718
5	USDA Forest Service		6,797	6,797	6,797
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48					
49	Total		62,963	62,963	62,963

Subscriber Line Usage Data

Year: 2002

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	30,239,766	67.35%	32,653,783	69.02%
3	Interstate, IntraLATA	1,473,511	3.28%	1,210,427	2.56%
4	Total Interstate Usage	31,713,277	70.62%	33,864,210	71.57%
5	Intrastate, InterLATA	9,720,583	21.65%	11,031,901	23.32%
6	Intrastate, IntraLATA	3,467,976	7.72%	2,413,520	5.10%
7	Total Intrastate Usage	13,188,559	29.38%	13,445,421	28.43%
8	Total Toll Usage	44,901,836	100.00%	47,309,631	100.00%
9	Centrex				
10	Local	Not Available		Not Available	
11	Total Minutes	44,901,836	100.00%	47,309,631	100.00%

Year: 2002

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	4168	0	0	234	0	1204	212	8	32	325	99.9%	5949
2	Troy, MT	DMS-10	1606	0	0	87	0	262	11	5	11	113	99.9%	2008
3	Eureka, MT	DMS-10	234	0	0	30	0	108	6	4	6	55	99.9%	413
4														0
5														0
6														0
7														0
8														0
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29														0
30														0
31														0
32														0
33	Total		6008	0	0	371	0	1574	229	17	49	493		8370

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

Central Office and Switch Information

Year: 2002

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.

Construction Budget - Montana

Year 2002

Line No.	Description (a)	2002 (b)
1	Central Office Assets:	
2		
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27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	50,000
29	Total Central Office Budget (Total of Line 27 & Line 28)	50,000
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	1,190,540
43	Total Construction Budget (Total of Lines 29, 41 & 42)	1,240,540

Montana Employee Counts

Year: 2002

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Exempt	1	1
2	Non-Exempt	9	8
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43	Totals (Sum of Lines 1 through 42)	10	9

Proprietary Information

Compensation of Top 10 Montana Based Employees

Year: 2002

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							
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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: 2002

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	16,306
3	2003 - 2004	Construction Work in Progress	316
4	2005	Plant Acquisition Adjustments	14,620
5	2002	Plant Held for Future Use	-
6	1220	Materials & Supplies	10
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	12,821
9	4360.2	Contributions in Aid of Construction	-
10		NET BOOK COSTS	44,072
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	4,688
13	6560	Depreciation & Amortization Expenses	1,306
14		Federal & State Income Taxes	1,065
15		Other Taxes	
16		Other Operating Expenses	1,782
17		TOTAL Operating Expenses	4,153
18		Net Operating Income	535
19		Other Income	-
20		Other Deductions	-
21		NET INCOME	535
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	6,008
24		Business Access Lines	2,311
25		PBX Access Lines	51
26		Other Access Lines	
27		Total Number of Access Lines	8,370
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	13
34		Gross Plant Investment per Access Line	3

Depreciation - Montana Intrastate Regulated

Year 2002

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	12,366
2	2114	Special Purpose Vehicles	7.7%	2,741
3	2115	Garage Work Equipment		
4	2116	Other Work Equipment	5.6%	8,575
5	2121	Buildings	2.9%	84,658
6	2122	Furniture	3.9%	352
7	2123	Office Support Equipment	8.3%	1,183
8	2124	General Purpose Computers	13.4%	4,630
9	2211	Analog Electronic Switching Equipment		
10	2212	Digital Electronic Switching Equipment	6.5%	109,491
11	2215	Step By Step Switching Equipment		
12	2215	Crossbar Switching Equipment		
13	2220	Operator System		
14	2231	Radio Systems	6.9%	52,158
15	2232	Circuit DDS		
16	2232	Circuit Digital	8.0%	173,108
17	2232	Circuit Analog	8.0%	
18	2351	Public Telephone Terminating Equipment		
19	2362	Other Terminal Equipment	7.2%	9,044
20	2411	Poles	6.3%	30,822
21	2421	Aerial Cable Metallic	6.9%	149,590
22	2421	Aerial Cable Nonmetallic		
23	2422	Underground Cable Metallic	4.7%	9,179
24	2422	Underground Cable Nonmetallic		
25	2423	Buried Cable Metallic	4.8%	610,926
26	2423	Buried Cable Nonmetallic		
27	2424	Submarine Cable Metallic		
28	2424	Submarine Cable Nonmetallic		
29	2426	Intrabuilding Network Cable Metallic		
30	2426	Intrabuilding Network Cable Nonmetallic		
31	2431	Aerial Wire	20.9%	2,653
32	2441	Conduit Systems	2.2%	8,747
33				
34		COMPOSITE TOTAL	5.4%	
35				
36	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
37				
38	If yes: <input type="text"/> 93.7.30 <input type="text"/> Docket Number <input type="text"/> Order Number			
39				

Montana Regulatory Capital Structure & Costs

Year: 2002

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	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%		8.95%
Actual at Year End				
12	Common Equity	47.08%	16.77%	7.90%
13	Preferred Stock	7.95%	5.24%	0.42%
14	Long Term Debt	44.97%	7.93%	3.57%
15	Other			
16	Total	100.00%		11.88%

Network Access - Charges and Revenues

Year: 2002

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3,236,483
2			
3	Montana - Intrastate		831,768
4			
5	Montana - Intrastate Regulated		831,768
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Affiliate Transactions - Products & Services Provided to Utility

Year: 2002

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	132,254		132,254
2	Telecom Sector Central Services	Financial, Regulatory, G/L, A/P, PY, IT, Legal, Engineering, Customer Service	Fully Distributed Cost per FCC Part 64.901	984,126		984,126
3	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	521,971		521,971
4	Telecom Sector Central Services (Exit Costs)	Citizens/Frontier Merger Costs	Fully Distributed Cost per FCC Part 64.901	31,630		31,630
5	Telecom Sector Central Services (Transition)	Citizens/Frontier Merger Costs	Fully Distributed Cost per FCC Part 64.901	1,017		1,017
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30	TOTAL			\$1,670,998		\$1,670,998

Affiliate Transactions - Products & Services Provided by Utility

Year: 2002

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)
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30	TOTAL					

Montana Intrastate Regulated Earned Rate of Return

Year: 2002

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	16,057,686	15,865,367	1.21%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(7,916,211)	(7,509,827)	-5.41%
5	Plant in Service	8,141,475	8,355,540	-2.56%
6				
7	Additions			
8	1220 Materials & Supplies	18,745	18,075	3.71%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	18,745	18,075	3.71%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,719,889	1,840,420	-6.55%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,719,889	1,840,420	-6.55%
20	TOTAL Rate Base	6,440,331	6,533,195	-1.42%
21				
22	Net Earnings	739,863	(232,587)	418.10%
23				
24	Rate of Return on Average Rate Base	11.488%	-3.56%	422.69%
25				
26	Rate of Return on Average Equity	15.94%	-1.60%	1096.34%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,269,725)	(1,541,233)	
31	Plant Adjustment (TPA).			
32				
33				
34	Comp. Tax Rate @ 39.39% w/interest expense adjustment	175,972	227,302	-22.58%
35				
36				
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42				
43	Adjusted Rate of Return on Average Rate Base	11.878%	5.93%	100.31%
44				
45	Adjusted Rate of Return on Average Equity	16.77%	5.07%	230.79%

9			
10			
11			
12	Total	523,045	506,081

Company Name: Citizens Telecommunications Company of Montana

SCHEDULE 37

Universal Service Funds Received

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1,740,018	1,657,568
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18			
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20			
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23			
24	Total	1,740,018	1,657,568

