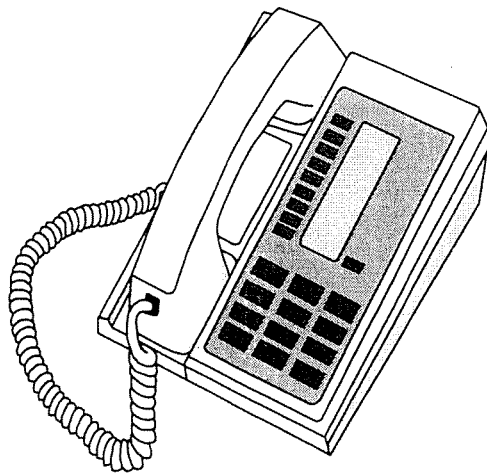


YEAR 2002

ANNUAL REPORT
OF
Project Telephone Company

TELEPHONE UTILITY



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

RECEIVED BY
2002 APR -4 AM 10:26
PUBLIC SERVICE
COMMISSION

General Information

Year: 2002

1.	Legal Name of Respondent:	PROJECT TELEPHONE COMPANY
2.	Name Under Which Respondent Does Business:	PROJECT TELEPHONE COMPANY
3.	Date of Incorporation:	1978
4.	Address to send Correspondence Concerning Report:	Project Telephone Company PO Box 600 Scobey, MT 59263
5.	Person Responsible for This Report:	Kathy Greenwood
5a.	Telephone Number:	406-783-5659
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:	Nemont Telephone Cooperative, Inc. PO Box 600 Scobey, MT 59263
	1b. Means by which control was held:	Stock
	1c. Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Kenneth Lauridsen Brockton, MT	550
2	Orvis Nelson Homestead, MT	500
3	Roy Neufeld Larslan, MT	550
4	Gregory Miller Reserve, MT	500
5	Larry Mahler Scobey, MT	50
6	Ben Boreson Opheim, MT	550
7	Gary Klind Hinsdale, MT	500
8	Duane Broadbent Ballantine, MT	2900
9	Vernon Whiteman Lodge Grass, MT	5450
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18	Chairman of the Board: Roy Neufeld	
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	PRESIDENT		Roy Neufeld -- Larshan, MT
2	VICE PRESIDENT		Greg Miller -- Reserve, MT
3	SECRETARY/TREASURER		Larry Mahler -- Scobey, MT
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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	3,100,761	3,647,388
3	1180	Telecommunications Accounts Receivable - Net	553,641	453,364
4	1190	Other Accounts Receivable - Net	1,265,471	784,567
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	3,609	7,909
7	1220	Materials and Supplies	884,251	921,875
8	* 1280	Prepayments	13,323	17,782
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	13,323	17,782
14	1350	Other Current Assets		
15		Total Current Assets	5,821,056	5,832,885
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	17,869,806	16,478,324
18	1402	Investments in Nonaffiliated Companies	834,247	844,088
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	18,704,053	17,322,412
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	25,625,617	24,716,195
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	369,973	630,724
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	4,395,210	4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(12,016,017)	(11,617,077)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(2,636,500)	(2,365,930)
39		Net Property, Plant, & Equipment	15,738,283	15,759,122
40		TOTAL ASSETS	40,263,392	38,914,419

^ 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	1,622,466	742,859
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	268,611	178,410
45	4040	Customer Deposits	68,932	66,766
46	4050	Current Maturities - Long Term Debt	57,735	65,311
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	102,601	82,118
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities	187,302	194,920
54		Total Current Liabilities	2,307,647	1,330,384
55		LONG-TERM DEBT:		
56	4210	Funded Debt	5,755,188	6,031,019
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt	6,737,076	7,495,961
63		Total Long-Term Debt	12,492,264	13,526,980
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	56,994	89,958
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,092,399	1,746,348
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	2,149,393	1,836,306
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	23,306,138	22,212,799
79		Total Stockholders' Equity	23,314,088	22,220,749
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	40,263,392	38,914,419

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	1,832,589	1,435,989
3	5080	Network Access Revenues	5,385,585	5,548,358
4	* 5100	Long Distance Message Revenue	3,530	503
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	3,530	503
9	* 5200	Miscellaneous Revenue	143,715	207,758
10	^ 5230	Directory Revenue	16,274	19,723
11	^ 5240	Rent Revenue	4,270	2,460
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,607	14,601
14	^ 5270	Carrier Billing and Collection Revenue	117,564	170,974
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	139,145	10,950
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,226,274	7,181,658
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	24,024	26,335
20	6120	General Support Expense	428,706	411,234
21	6210	Central Office Switching Expense	277,376	234,455
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	440,396	300,251
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,417,443	771,407
26	^ 6431	Aerial Wire Expense	1,417,443	771,407
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	311,590	249,030
30	6540	Access Expense	25,172	17,659
31	6560	Depreciation and Amortization Expense	1,571,657	1,481,319
32	6610	Marketing	24,152	38,336
33	6620	Services	657,827	601,334
34	6710	Executive and Planning	139,267	143,360
35	6720	General and Administrative	751,421	750,851
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,069,031	5,025,571
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	634,839	585,707
40		Net Operating Income (L.17-L.37+L.38-L.39)	522,404	1,570,380
41	7300	Nonoperating Income and Expense	1,507,683	1,443,527
42	7400	Nonoperating Taxes		106,291
43	7500	Interest and Related Items	776,453	841,869
44	7600	Extraordinary Items	160,295	102,792
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		(1,280)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	1,093,339	1,964,235

^ 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	1,783,970	1,389,565
3	5080	Network Access Revenues	5,326,555	5,478,960
4	* 5100	Long Distance Message Revenue	3,530	503
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	3,530	503
9	* 5200	Miscellaneous Revenue	140,215	204,180
10	^ 5230	Directory Revenue	15,951	19,414
11	^ 5240	Rent Revenue	4,270	2,460
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,607	14,573
14	^ 5270	Carrier Billing and Collection Revenue	114,387	167,733
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	139,145	10,950
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,115,125	7,062,258
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	24,024	26,335
20	6120	General Support Expense	425,167	407,914
21	6210	Central Office Switching Expense	272,698	231,332
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	435,909	298,076
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,394,968	749,566
26	^ 6431	Aerial Wire Expense	1,394,968	749,566
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	300,403	240,785
30	6540	Access Expense	24,166	16,994
31	6560	Depreciation and Amortization Expense	1,524,040	1,435,365
32	6610	Marketing	23,187	36,892
33	6620	Services	640,814	586,278
34	6710	Executive and Planning	133,704	137,961
35	6720	General and Administrative	721,401	722,574
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,920,481	4,890,072
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	630,803	577,936
40		Net Operating Income (L.17-L.37+L.38-L.39)	563,841	1,594,250

^ 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	1,783,970	1,389,565
3	5080	Network Access Revenues	5,326,555	5,478,960
4	* 5100	Long Distance Message Revenue	3,530	503
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	3,530	503
9	* 5200	Miscellaneous Revenue	140,215	204,180
10	^ 5230	Directory Revenue	15,951	19,414
11	^ 5240	Rent Revenue	4,270	2,460
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,607	14,573
14	^ 5270	Carrier Billing and Collection Revenue	114,387	167,733
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	139,145	10,950
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,115,125	7,062,258
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	24,024	26,335
20	6120	General Support Expense	425,167	407,914
21	6210	Central Office Switching Expense	272,698	231,332
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	435,909	298,076
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,394,968	749,566
26	^ 6431	Aerial Wire Expense	1,394,968	749,566
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	300,403	240,785
30	6540	Access Expense	24,166	16,994
31	6560	Depreciation and Amortization Expense	1,524,040	1,435,365
32	6610	Marketing	23,187	36,892
33	6620	Services	640,814	586,278
34	6710	Executive and Planning	133,704	137,961
35	6720	General and Administrative	721,401	722,574
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,920,481	4,890,072
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	630,803	577,936
40		Net Operating Income (L.17-L.37+L.38-L.39)	563,841	1,594,250

^ 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	1,783,970	1,389,565
3	5080	Network Access Revenues	5,326,555	5,478,960
4	* 5100	Long Distance Message Revenue	3,530	503
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	3,530	503
9	* 5200	Miscellaneous Revenue	140,215	204,180
10	^ 5230	Directory Revenue	15,951	19,414
11	^ 5240	Rent Revenue	4,270	2,460
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,607	14,573
14	^ 5270	Carrier Billing and Collection Revenue	114,387	167,733
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	139,145	10,950
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,115,125	7,062,258
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	24,024	26,335
20	6120	General Support Expense	425,167	407,914
21	6210	Central Office Switching Expense	272,698	231,332
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	435,909	298,076
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,394,968	749,566
26	^ 6431	Aerial Wire Expense	1,394,968	749,566
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	300,403	240,785
30	6540	Access Expense	24,166	16,994
31	6560	Depreciation and Amortization Expense	1,524,040	1,435,365
32	6610	Marketing	23,187	36,892
33	6620	Services	640,814	586,278
34	6710	Executive and Planning	133,704	137,961
35	6720	General and Administrative	721,401	722,574
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,920,481	4,890,072
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	630,803	577,936
40		Net Operating Income (L.17-L.37+L.38-L.39)	563,841	1,594,250

^ 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	24429608	23614180
2	3100	Accumulated Depreciation	14184852	13550346
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	848925	887157
6	4340	Noncurrent Deferred Operating Income Taxes		
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)	11093681	10950991

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	24429608	23614180
2	3100	Accumulated Depreciation	14184852	13550346
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	848925	887157
6	4340	Noncurrent Deferred Operating Income Taxes		
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)	11093681	10950991

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	24429608	23614180
2	3100	Accumulated Depreciation	14184852	13550346
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	848925	887157
6	4340	Noncurrent Deferred Operating Income Taxes		
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)	11093681	10950991

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		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./ (Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		1093339
40	Cash & Cash Equivalents at Beginning of Period		22212799
41	Cash & Cash Equivalents at End of Period		23306138

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	Nemont Communication				13274					17689806	
2	Valley Telecom				4541						
3	Nemont Telephone				4840						
4	Sagebrush Cellular				2192						
5	NRUCFC	1926976							3609		
6	AT&T				32615						
7	QWEST				9265						
8	NCRPC				3066						
9	NECA				537042						
10	Misc. L.D. Carriers				99802						
11	RTFC										254723
12	RUS Stock										284292
13	Capital Credits										249688
14	Misc. Memberships										1073
15	NCRPC Stock										10000
16	Raymond James Security										34470
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals	1926976			706637				3609	17689806	834246

Year: 2002

Net Plant in Service - Detail

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	2880265	170688	81681		2969272	1340015	1629257
2	^ 2111	Land	87882			7000	94882		94882
3	^ 2112	Motor Vehicles	654598	98950	81681		671867	320474	351393
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	2054				2054	219	1835
6	^ 2115	Garage Work Equipment	2113				2113	803	1310
7	^ 2116	Other Work Equipment	488167	8689			496856	332012	164844
8	^ 2121	Buildings	1547145	62449		-7000	1602594	647223	955371
9	^ 2122	Furniture	6116				6116	4967	1149
10	^ 2123	Office Equipment	92190	600			92790	34317	58473
11	^ 2124	General Purpose Computers							
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching	4461015	483543	154216		4806550	3066717	1739833
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems							
17	2232	Circuit Equipment	4391848	532527	842161	-16756	4065458	1305995	2759463
18	* 2310	Information Orig & Term Equip	12487				12487	12487	
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment	12487				12487	12487	
24	2411	Poles	117481		361		117120	76895	40225
25	* 2420	Cable and Wire Facilities	12583919	837230	101269	548	13320428	6152902	7167526
26	^ 2421	Aerial Cable	163703	941			164644	102517	62127
27	^ 2422	Underground Cable	43310	4577			47887	18422	29465
28	^ 2423	Buried Cable	12336703	831712	101269	548	13067694	5999160	7068534
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	40203				40203	32803	7400
32	2431	Aerial Wire	3748				3748	3748	
33	2441	Conduit Systems	265432	65816	694		330554	57258	273296
34		Totals	24716195	2089804	1180382		25625617	12016017	13609600

^ 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	TELEPHONE PLANT RUS											
2	NOTE NO 2016	1957	Feb-92	50000	50000	50000						
3	2020	1958	Mar-93	175000	175000	175000						
4	2030	1958	Jul-93	55000	55000	55000						
5	2040	1959	Nov-94	25660	25660	25660						
6	2041	1959	Nov-94	12849	12849	12849						
7	2042	1959	Nov-94	10491	10491	10491						
8	12050	1974	Nov-09	1085000	1085000	1085000		400543		21101		
9	12060	1976	Jul-11	320000	320000	320000		105661		2217		
10	12062	1976	Jul-11	85000	85000	85000		47220		968		
11	12071	1978	Nov-13	571000	571000	571000		314633		16215		
12	12080	1983	Oct-18	2170000	2170000	2170000		1433324		73258		
13	12090	1983	Oct-18	3019000	3019000	3019000		2056339		105092		
14	12091	1983	Oct-18	1376000	1376000	1376000		978996		50027		
15	12092	1983	Oct-18	511000	511000	511000		426580		21610		
16												
17												
18												
19	INTEREST ON PREPAYMENTS											
20	PREPAYMENTS-DR.											
21												
22	TELEPHONE PLANT RUS 1984			3255000	3202500	3202500		2304548		154845		
23												
24	TELEPHONE PLANT RTFC 1994			8886287	8886287	8441973		4485028		326783		
25												
26												
27												
28												
29												
30	Total			21607287	21554787	21110473	97.70	12544764		771723		6.15%

Cost of Preferred Stock

Year: 2002

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	NONE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											

Company Name: Project Telephone Company

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:								
2									
3	N/A								
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	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)						

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)
1	* 6110	Network Support Expense	8709	5069	3202	120726	-113682	24024
2	^ 6112	Motor Vehicle Expense	7779	4501		97601	-106839	3042
3	^ 6113	Aircraft Expense						
4	^ 6114	Special Purpose Vehicles Expense				407	-407	
5	^ 6115	Garage Work Equipment Expense						
6	^ 6116	Other Work Equipment Expense	930	568	3202	22718	-6436	20982
7	* 6120	General Support Expense	46139	35254	248196	99116		428705
8	^ 6121	Land and Building Expense	33011	25805	225036	58910		342762
9	^ 6122	Furniture and Artworks Expense				10973		10973
10	^ 6123	Office Equipment Expense				19851		19851
11	^ 6124	General Purpose Computers Expense	13128	9449	23160	9382		55119
12	* 6210	Central Office Switching Expense	125520	82410		69446		277376
13	^ 6211	Analog Electronic Expense						
14	^ 6212	Digital Electronic Expense	125520					
15	^ 6215	Electro-Mechanical Expense						
16	6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense	71964	49012	149745	169675		440396
18	^ 6231	Radio Systems Expense	10376	6230	900	51470		68976
19	^ 6232	Circuit Equipment Expense	61588	42782	148845	118205		371420
20	* 6310	Information Origination/Termination Expense						
21	^ 6311	Station Apparatus Expense						
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense						
25	* 6410	Cable and Wire Facilities Expense	392114	271219	589812	164298		1417443
26	^ 6411	Poles Expense				35		14256
27	^ 6421	Aerial Cable Expense	15190	10501	14221	8141		33832
28	^ 6422	Underground Cable Expense						
29	^ 6423	Buried Cable Expense						
30	^ 6424	Submarine Cable Expense	376924	260718	575591	155898		1369131
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals	644,446	442,964	990,955	623,037	(113,682)	2587720

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2002

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense				224		224
36	6510	Other Property Expenses	8848	6759		3393	-18931	69
37	6530	Network Operations Expense	131827	89194		145648	-55148	311521
38	6531	Power Expense				51627		51627
39	6532	Network Administration Expense				559		559
40	6533	Testing Expense	14416	8877		1307		24600
41	6534	Plant Operations Expense	91856	64715		23592	-39624	140539
42	6535	Engineering Expense	25555	15602		68563	-15524	94196
43	6540	Access Expense				25172		25172
44	6561	Depreciation - Telecomm. Plant in Service				1301086		1301086
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	6610	Marketing	7507	5102		270571		270571
50	6611	Product Management				11543		24152
51	6612	Sales				3494		3494
52	6613	Product Advertising	7507	5102		8049		20658
53	6621	Call Completion Services				1835		1835
54	6622	Number Services	780	813		11189		12782
55	6623	Customer Services	159808	125858		357544		643210
56	6711	Executive	37070	58570		43627		139267
57	6712	Planning						
58	6721	Accounting and Finance	79869	54577		82176		216622
59	6722	External Relations	44798	27806		110942		183546
60	6723	Human Relations	7858	5723		25303		38884
61	6724	Information Management						
62	6725	Legal				29002		29002
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	54213	39017		190137		283367
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,177,024	856,383	990,955	3,232,429	(187,761)	6069030

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	8709	5069	3202	120726	-113682	24024
2	^	Motor Vehicle Expense	7779	4501		97601	-106839	3042
3	^	Aircraft Expense				407	-407	
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense	930	568	3202	22718	-6436	20982
7	*	General Support Expense	46139	35254	248196	95578		425167
8	^	Land and Building Expense	33011	25805	225036	58805		342657
9	^	Furniture and Artworks Expense				10535		10535
10	^	Office Equipment Expense				19058		19058
11	^	General Purpose Computers Expense	13128	9449	23160	7180		52917
12	*	Central Office Switching Expense	122826	80810		69062		272698
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	69416	47431	149745	169317		435909
18	^	Radio Systems Expense	10376	6230	900	51470		68976
19	^	Circuit Equipment Expense	59040	41201	148845	117847		366933
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	379654	263295	589812	162207		1394968
26	^	Poles Expense			14221	35		14256
27	^	Aerial Cable Expense	15190	10501		8141		33832
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	364464	252794	575591	153807		1346656
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	626,744	431,859	990,955	616,666	(113,682)	2552542

^ 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				224		224
36	6510	Other Property Expenses	8848	6759		3393	-18931	69
37	*	Network Operations Expense	131827	89194		134461	-55148	300334
38	^	Power Expense				49817		49817
39	^	Network Administration Expense				559		559
40	^	Testing Expense	14416	8877		1307		24600
41	^	Plant Operations Expense	91856	64715		17978	-39624	134925
42	^	Engineering Expense	25555	15602		64800	-15524	90433
43		Access Expense				24166		24166
44		Depreciation - Telecomm. Plant in Service				1253469		1253469
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other				270571		270571
49	*	Marketing	7507	5102		10578		23187
50	^	Product Management						
51	^	Sales				3354		3354
52	^	Product Advertising	7507	5102		7224		19833
53		Call Completion Services				1762		1762
54		Number Services	780	813		10678		12271
55		Customer Services	159808	125858		341115		626781
56		Executive	37070	58570		38063		133703
57		Planning						
58		Accounting and Finance	79869	54577		73522		207968
59		External Relations	44798	27806		103608		176212
60		Human Relations	7858	5723		23750		37331
61		Information Management						
62		Legal				27844		27844
63		Procurement						
64		Research and Development						
65		Other General and Administrative	54213	39017		178817		272047
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,159,322	845,278	990,955	3,112,687	(187,761)	5920481

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2002

1	Plan Name	NTCA Savings Plan		
2	Defined Benefit Plan?	_____		
3	Actuarial Cost Method?	_12% of W-2 Wages_____		
4	Annual Contribution by Employer:	___121,254___		
5		Is the Plan Over Funded? ___NO___		
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	N/A		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	608670	416831	-31.52%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	121254	108475	-10.54%
21	Plan participants' contributions	102978	83364	-19.05%
22	Benefits paid			
23	Fair value of plan assets at end of year	832902	608670	-26.92%
24	Funded Status			
25	Unrecognized net actuarial loss	832902	608670	-26.92%
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	832902	608670	-26.92%
28				
29	Weighted-average Assumptions as of Year End	N/A		
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:	N/A		
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	20	19	-5.00%
48	Not Covered by the Plan	2	2	
49	Active	20	19	-5.00%
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	N/A		
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation	N/A		
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets	N/A		
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status	N/A		
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs	N/A		
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
47 Accumulated Post Retirement Benefit Obligation	N/A		
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	N/A	N/A	
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Cccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
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	NISC	DATA SERVICES	243894	243894	243894
2	MTS (MT INDP TELE SERVICES)	LEGAL SERVICES	55000	55000	55000
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					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		298894	298894	298894

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	12536074	63.19%	12871715	58.45%
3	Interstate, IntraLATA	89563	0.45%	86861	0.39%
4	Total Interstate Usage	12625637	63.64%	12958576	58.84%
5	Intrastate, InterLATA	1846765	9.31%	1873901	8.51%
6	Intrastate, IntraLATA	5366458	27.05%	7190562	32.65%
7	Total Intrastate Usage	7213223	36.36%	9064463	41.16%
8	Total Toll Usage	19838860	100.00%	22023039	100.00%
9	Centrex				
10	Local				
11	Total Minutes	19838860	100.00%	22023039	100.00%

Central Office and Access Line Statistics

Year: 2002

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	ABSAROEKE	UD/DIG	1349			6		320				16		1685
2	BELFRY	UD/DIG	207			5		30				3		240
3	CLARK	RSU	223			1		36				1		260
4	CROW AGENCY	UD/DIG	538			271		408				7		953
5	FORT SMITH	RSU	234			31		87				2		323
6	HUNTLEY	RSU	508			6		87				2		597
7	LODGE GRASS	RSU	518			204		74				2		594
8	POMEYS PILLAR	RSU	100					16				1		117
9	SOUTH WYOLA	RSU	1					1						2
10	WORDEN	UD/DIG	874			16		144				14		1032
11	WYOLA	RSU	107			38		15				1		123
33	Total		4659			578		1218				49		5926

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

Central Office and Switch Information

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	ABSAROKEE	HOST	DIGITAL	NTI	DMS10-SS	1,305	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	393	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	324	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	926	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	358	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	584	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	650	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,513	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	151	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	339	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	154	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	253	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	163	1996
14							
15							
16							
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48							

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

Construction Budget - Montana

Year: 2003

Line No.	Description (a)	2003 (b)
1	Central Office Assets:	
2		
3	MISC AFC ADDITIONS	161556
4	MISC C.O.E.	78265
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	239821
29	Total Central Office Budget (Total of Line 27 & Line 28)	239821
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	
43	Total Construction Budget (Total of Lines 29, 41 & 42)	239821

Montana Employee Counts

Year: 2002

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Central Office Technician	3	3
2	Combinationman	6	6
3	Construction	3	4
4	Engineer	1	1
5	Customer Service Rep	1	1
6	Right of Way Clerk	1	1
7	Plant Supervisor	1	1
8	District Supervisor	1	1
9	Custodial Maint.	2	2
10			
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14			
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41			
42			
43	Totals (Sum of Lines 1 through 42)	19	20

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	Project Telephone has no employees of management status or highly paid supervisor status. Employee services are provided through service agreements with Nemont Telephone Cooperative.						
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	N/A						
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	24429608
3	2003 - 2004	Construction Work in Progress	369973
4	2005	Plant Acquisition Adjustments	4377116
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	848925
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-14184852
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	15840770
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	7115125
13	6560	Depreciation & Amortization Expenses	1524040
14		Federal & State Income Taxes	320550
15		Other Taxes	310253
16		Other Operating Expenses	4396441
17		TOTAL Operating Expenses	6551284
18		Net Operating Income	563841
19		Other Income	1287156
20		Other Deductions	745433
21		NET INCOME	1105564
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	4659
24		Business Access Lines	1218
25		PBX Access Lines	
26		Other Access Lines	49
27		Total Number of Access Lines	5926
28		Average Number of Calls Per Access Line	
29		Local Calls	1271
30		Toll Calls (Intra- or Interstate)	1567
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	2838
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	43
34		Gross Plant Investment per Access Line	4924

Depreciation - Montana Intrastate Regulated

Year: 2002

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	75,790
2	2114	Special Purpose Vehicles	8.0%	164
3	2115	Garage Work Equipment	8.0%	169
4	2116	Other work Equipment	8.0%	36,150
5	2121	Buildings	3.1%	47,686
6	2122	Furniture	7.5%	459
7	2123.1	Office Support Equipment	7.5%	609
8	2123.2	Company Communications Equipment	7.5%	6,313
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	368,829
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	27,773
16	2232	Circuit DDS	6.5%	253,696
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	9.2%	8,560
22	2421	Aerial Cable Metallic	9.2%	12,953
23	2421	Aerial Cable Nonmetallic	9.2%	526
24	2422	Underground Cable Metallic	9.2%	2,841
25	2422	Underground Cable Nonmetallic	9.2%	1,179
26	2423	Buried Cable Metallic	3.3%	355,143
27	2423	Buried Cable Nonmetallic	4.0%	42,501
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	1,327
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	10,801
34				
35		COMPOSITE TOTAL		1,253,469
36	Have these rates been approved by the Commission? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
37				
38	If yes: _____ Docket Number _____ Order Number			
39				
40				

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			
2	Order Number			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
10	Actual at Year End			
11				
12	Common Equity	65.10%	4.690%	3.053%
13	Preferred Stock			
14	Long Term Debt	34.90%	53.600%	18.706%
15	Other			
16	Total	100.00%		21.760%

Network Access - Charges and Revenues

Year: 2002

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3009500
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		3009500
6			
7			
8			
9			
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12			
13			

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						
2	NEMONT COMMUNICATIONS	COMPUTER LEASE	LEASE AGREEMENTJ	23,160	0.3%	
3						
4	NEMONT TELEPHONE	MANAGEMENT AGREEMENT	LEASE AGREEMENTJ	957,222	11.6%	
5						
6	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENTJ	219,036	2.8%	
7						
8						
9						
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29						
30	TOTAL			\$1,199,418		

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)
1	NEMONT COMMUNICATIONS	WAGES & LABOR	COST	82,825	1.1%	
2						
3						
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29						
30	TOTAL			\$82,825		

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	29,176,696	28,622,020	1.94%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(14,184,852)	(13,550,346)	-4.68%
5	Plant in Service	14,991,844	15,071,674	-0.53%
6				
7	Additions			
8	1220 Materials & Supplies	848,925	887,157	-4.31%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	848,925	887,157	-4.31%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits	56,994	89,958	-36.64%
16	4340 Noncurrent Deferred Operating Income Taxes	1,738,885	1,746,348	-0.43%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,795,879	1,836,306	-2.20%
20	TOTAL Rate Base	14,044,890	14,122,525	-0.55%
21				
22	Net Earnings	1,105,564	1,964,235	-43.72%
23				
24	Rate of Return on Average Rate Base	7.870%	14.010%	-43.83%
25				
26	Rate of Return on Average Equity	4.740%	8.840%	-46.38%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	7772	7088
3	Montana Consumer Counsel Tax	2325	2576
4	911 Emergency Telephone Fee	32929	32551
5	Montana Telecommunications Access Service (TDD)	6601	6483
6	Montana Corporate License Tax	10	10
7	Personal Property Tax		
8	Real Property Tax	159632	300589
9			
10			
11			
12	Total	209269	349297

Company Name: Project Telephone Company

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	1184631	1023161
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1184631	1023161

Nemont Telephone Cooperative, Inc.

Valley Telecommunications, Inc.

Project Telephone Company

Nemont Communications, Inc.

Sagebrush Cellular, Inc.