

Qwest Communications
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Helena, MT 59624
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Delivered to:
LeRoy Beeley
1-8-04

Qwest

Rick Hays
President - Montana
State Office

April 30, 2002/3

SUBJECT: IN THE MATTER OF THE 2002 ANNUAL REPORT OF QWEST CORPORATION

Steve Vick
Montana Public Service Commission
P. O. Box 202601
Helena, MT 59620-2601

Dear Steve:

Please find attached Qwest Corporation's Preliminary and Partial Annual Report. The following schedules are included with this submission:

RECEIVED BY
2001 JAN -8 AM 11:10
PUBLIC SERVICE
COMMISSION

Schedule Number	Description
1	General Information
2	Officers
12	Plant Held for Future Use
14	Cost of Preferred Stock
16	Capital Stock and Reacquired Debt
22	Subscriber Line Usage Data
23	Central Office and Access Line Statistics
24	Central Office and Switch Information
25	Construction Budget
26	Montana Employee Counts
27	Compensation of Top 10 Montana Based Employees
29	Montana Composite Statistics (Partial)
31	Montana Regulatory Capital Structure and Costs (Partial)
36	Other Taxes Paid
37	Universal Service Funds Received

Per Commission Order No. 6270a, Schedule 27 and portions of Schedule 23 are being filed as proprietary under separate cover.

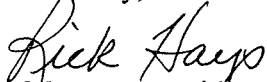
Because Qwest, as has previously been publicly disclosed, is undergoing an internal review of its accounting practices and internal control processes, it will be restating financial statements. The company will have the restated financial statements as

soon as ongoing audit work undertaken by company auditors KPMG, is completed. At this time Qwest is unable to provide the financial schedules in this Annual Report because of issues associated with the restatement of Qwest's financial reports. As soon after that as possible, Qwest will submit the complete annual report.

Questions about the information contained in the Annual Report should be directed to Gary Duncan at 441-7288.

Thank you for your consideration of this matter.

Sincerely,


Montana President

Enclosures

Copy to: Montana Consumer Counsel

General Information

Year: 2002

1. Legal Name of Respondent:
Qwest Corporation

2. Name Under Which Respondent Does Business:
Qwest Corporation

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

4. Address to send Correspondence Concerning Report:
441 North Park Avenue, Room 101 - P. O. Box 1716
Helena, Montana 59624

5. Person Responsible for This Report:
Gary Duncan

5a. Telephone Number:
(406)441-7288

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of the year, provide the following:

1a. Name and address of the controlling organization or person:
Qwest Communications International, Inc.
1801 California Street
Denver, Colorado 80202

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

1c. Percent Ownership:
100%

Board of Directors

Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Richard C. Notebaert Denver, Colorado	None
2	Oren G. Shaffer Denver, Colorado	None
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13	Chairman of the Board: Richard C. Notebaert	
14		
15		

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, Chief Executive Officer & President		Richard C. Notebaert, Denver, CO
2	Vice Chairman & Chief Financial Officer		Oren G. Shaffer, Denver, CO
3	Executive Vice President	Consumer Markets	Annette Jacobs, Denver, CO
4	Senior Vice President	Network Operations	Carol Kline, Littleton, CO
5	Senior Vice President	Finance	Charles Josenhans, Denver, CO
6	Vice President-Finance & Assistant Treasurer		James E. Shields, Denver, CO
7	Vice President & Assistant Controller		Gerald A. Lopez, Denver, CO
8	Senior Associate General Counsel, Vice President and Secretary		Yash A. Rana, Denver, CO
9	Vice President & Assistant Treasurer		Kevin Welch, Denver, CO

Analysis of Plant Held for Future Use

(Thousands of Dollars)		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	<i>Qwest Corporation - Montana had no Plant Held for Future Use in 2002.</i>							
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30	Totals (Sum L. 1 to L. 29)		0	0	0	0	0	

Cost of Preferred Stock

(Thousands of Dollars)										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	QWEST CORPORATION											
2	HAS NO PREFERRED STOCK											
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29												
30	Totals (Sum L.1 to L.29)					0	0			0	0	0

Capital Stock and Funded Debt Reacquired or Retired During the Year
(Thousands of Dollars)

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	<u>FUNDED DEBT</u>						
2	40 YR 4.50% Due 06-01-02 (Central)	6/1/02		50,000			Retirement
3	40 YR 4.375% Due 09-01-02 (Western)	9/1/02		50,000			Retirement
4	7 YR 6.375% Due 10-15-02 (USWC)	10/15/02		250,000			Retirement
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24							
25	Totals (Sum L.1 to L.24)		0	350,000	0	0	0

Subscriber Line Usage Data

(Thousands of Minutes)

Year: 2002

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	1,777,823	15.82%	1,777,823	15.82%
3	Interstate, IntraLATA	376	0.00%	376	0.00%
4	Total Interstate Usage	1,778,199	15.83%	1,778,199	15.83%
5	Intrastate, InterLATA	514,430	4.58%	514,430	4.58%
6	Intrastate, IntraLATA	140,527	1.25%	140,527	1.25%
7	Total Intrastate Usage	654,957	5.83%	654,957	5.83%
8	Total Toll Usage	2,433,155	21.66%	2,433,155	21.66%
9	Centrex *				
10	Local	8,802,764	78.34%	8,802,764	78.34%
11	Total Minutes	11,235,919	100.00%	11,235,919	100.00%

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* Centrex minutes are no longer identified separately. They are now included in Local.

Pursuant to CC Docket 80-286 and in compliance with FCC decision 01-162, Qwest Corporation froze the data in this table at the 2000 annual levels.

Central Office and Access Line Statistics

Year: 2002

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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	AMSTERDAM	ELECTRIC											100.0%	874
2	ANACONDA	ELECTRIC											100.0%	4,593
3	BELGRADE	ELECTRIC											100.0%	7,419
4	BILLINGS MAIN	ELECTRIC											100.0%	48,771
5	BILLINGS WEST	ELECTRIC											100.0%	22,429
6	BOULDER	ELECTRIC											100.0%	1,000
7	BOZEMAN	ELECTRIC											100.0%	34,522
8	BRIDGER	ELECTRIC											100.0%	681
9	BUTTE	ELECTRIC											100.0%	14,351
10	BUTTE SOUTH	ELECTRIC											100.0%	7,575
11	CANYON FERRY	ELECTRIC											100.0%	865
12	CASCADE	ELECTRIC											100.0%	978
13	CLANCY	ELECTRIC											100.0%	1,167
14	CLYDE PARK	ELECTRIC											100.0%	578
15	COLSTRIP	ELECTRIC											100.0%	1,434
16	COLUMBUS	ELECTRIC											100.0%	2,058
17	CONRAD	ELECTRIC											100.0%	1,332
18	COOKE CITY	ELECTRIC											100.0%	281
19	CORVALLIS	ELECTRIC											100.0%	3,356
20	CUT BANK	ELECTRIC											100.0%	2,505
21	DARBY	ELECTRIC											100.0%	1,949
22	DEER LODGE	ELECTRIC											100.0%	2,553
23	DILLON	ELECTRIC											100.0%	4,466
24	DUTTON	ELECTRIC											100.0%	286
25	EAST GLACIER PARK	ELECTRIC											100.0%	416
26	EAST HELENA	ELECTRIC											100.0%	4,140
27	FAIRVIEW	ELECTRIC											100.0%	240
28	FORSYTH	ELECTRIC											100.0%	1,570
29	FRENCHTOWN	ELECTRIC											100.0%	2,115
30	FROMBERG	ELECTRIC											100.0%	399
31	Subtotal Page 1													174,903

WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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)	Year: 2002
1	GALLATIN GATEWAY	ELECTRIC													1,192
2	GARDNER	ELECTRIC													1,120
3	GLENDAVE	ELECTRIC													1,716
4	GREAT FALLS	ELECTRIC													41,936
5	HAMILTON	ELECTRIC													7,879
6	HARDIN	ELECTRIC													2,427
7	HAVRE	ELECTRIC													7,419
8	HELENA MAIN	ELECTRIC													29,119
9	HELENA NORTH	ELECTRIC													3,268
10	JOLIET	ELECTRIC													1,105
11	LAUREL	ELECTRIC													4,816
12	LEWISTOWN	ELECTRIC													5,905
13	LIVINGSTON	ELECTRIC													7,384
14	LOLO	ELECTRIC													4,271
15	MANHATTAN	ELECTRIC													1,255
16	MILES CITY	ELECTRIC													5,644
17	MILLTOWN	ELECTRIC													1,375
18	MISSOULA MAIN	ELECTRIC													45,429
19	MISSOULA SOUTH	ELECTRIC													5,781
20	OPPORTUNITY	ELECTRIC													457
21	PARK CITY	ELECTRIC													805
22	POWELL	ELECTRIC													2
23	PRAY	ELECTRIC													938
24	RED LODGE	ELECTRIC													3,185
25	ROBERTS	ELECTRIC													383
26	SHELBY	ELECTRIC													2,078
27	SHEPHERD	ELECTRIC													1,635
28	SIDNEY	ELECTRIC													1,453
29	ST MARY	ELECTRIC													332
30	STEVENSVILLE	ELECTRIC													4,925
31	Subtotal Page 2														195,234

WIRE CENTER DETAIL IS PROVIDED UNDER SEPARATE COVER AS PROPRIETARY

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Resident 1-Party (c)	Resident 2-Party (d)	Resident >2-Party (e)	Lifeline Customers (f)	Resident 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)	Year: 2002	
														Total Access Lines (n)	
1	TERRY	ELECTRIC												75	
2	THREE FORKS	ELECTRIC												1,757	
3	TOWNSEND	ELECTRIC												2,037	
4	ULM	ELECTRIC												396	
5	VAUGHN	ELECTRIC												1,135	
6	VICTOR	ELECTRIC												1,703	
7	WARM SPRINGS	ELECTRIC												274	
8	WEST GLACIER	ELECTRIC												570	
9	WEST YELLOWSTONE	ELECTRIC												2,057	
10	WHITEHALL	ELECTRIC												1,870	
11	WIBAUX	ELECTRIC												215	
12	WILLSALL	ELECTRIC												516	
13	WOLF CREEK	ELECTRIC												544	
14															
15															
16															
17															
18															
19															
20	Subtotal Page 3														13,149
21															
22	MONTANA		238,652	5	0	8,238	7,154	9,310	59,579	1,228	2,451	56,669		383,286	

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	Amsterdam	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	Data under investigation. To be provided with full annual report filing.	1993
2	Anaconda	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992
3	Belgrade	Stand Alone	Digital	LUCENT	5ESS		2001
4	Billings Main	Stand Alone	Digital	LUCENT	5ESS		1994
5	Billings Main	Host	Digital	ERSN	AXE		1991
6	Billings Main	STP	Digital	ERSN	AXE/STP		1992
7	Billings Main	Packet (Unreg)	Packet	NTI	DPN100		1993
8	Billings West	Lines/Host	Digital	LUCENT	5ESS		1985
9	Boulder	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992
10	Bozeman	Stand Alone	Digital	LUCENT	5ESS		1984
11	Bozeman	STP	Digital	ERSN	AXE/STP		1992
12	Bridger	Remote/Billings Host	Digital	ERSN	AXE/RSS		1993
13	Butte Main	Stand Alone	Digital	LUCENT	5ESS		1990
14	Butte South	Remote/Butte Host	Digital	LUCENT	5ESS/ORM		1995
15	Canyon Ferry	Remote/Helena Host	Digital	ERSN	AXE/RSS		1993
16	Cascade	Remote/Great Falls	Digital	LUCENT	5ESS/RSM		1994
17	Clancy	Remote/Helena Host	Digital	ERSN	AXE/RSS		1993
18	Clyde Park	Remote/Livingston	Digital	ERSN	AXE/RSS		1992
19	Colstrip	Remote/Billings Host	Digital	LUCENT	5ESS/RSM		1997
20	Columbus	Remote/Billings Host	Digital	ERSN	AXE/RSS		1992
21	Conrad	Remote/Great Falls	Digital	LUCENT	5ESS/RSM		1994
22	Cooke City	Remote/Livingston	Digital	ERSN	AXE/RSS		1992
23	Corvallis	Remote/Hamilton	Digital	ERSN	AXE/RSS		1991
24	Cut Bank	Remote/Shelby	Digital	ERSN	AXE/RSS		1994
25	Darby	Remote/Hamilton	Digital	ERSN	AXE/RSS		1991
26	Deer Lodge	Remote/Helena Host	Digital	ERSN	AXE/RSS		1990
27	Dillon	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992
28	Dutton	Remote/Great Falls	Digital	LUCENT	5ESS/RSM		1994
29	East Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS		1993
30	East Helena	Remote/Helena Host	Digital	LUCENT	5ESS/RSM		1988
31	Fairview	Remote/Glendive	Digital	ERSN	AXE/RSS		1993
32	Forsyth	Remote/Miles City	Digital	ERSN	AXE/RSS		1992
33	Frenchtown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM		1990
34	Fromberg	Remote/Billings Host	Digital	ERSN	AXE/RSS		1993
35	Gallatin Gateway	Remote/Bozeman	Digital	LUCENT	5ESS/RSM		1993
36	Gardiner	Remote/Livingston	Digital	ERSN	AXE/RSS		1991
37	Glendive	Stand Alone	Digital	ERSN	AXE		1992
38	Great Falls	Lines/Host	Digital	LUCENT	5ESS		1987
39	Great Falls	Packet (Unreg)	Packet	NTI	DPN100		1993
40	Hamilton	Stand Alone	Digital	ERSN	AXE		1991
41	Hardin	Remote/Billings Host	Digital	ERSN	AXE/RSS		1992
42	Havre	Stand Alone	Digital	ERSN	AXE		1991
43	Helena Main	Lines/Host	Digital	LUCENT	5ESS		1988
44	Helena Main	Host	Digital	ERSN	AXE		1990
45	Helena Main	STP	Digital	ERSN	AXE/STP		1992
46	Helena North	Remote/Helena Host	Digital	LUCENT	5ESS/RSM		1988

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)
47	Joliet	Remote/Billings Host	Digital	ERSN	AXE/RSS	Data under investi- gation.	1993
48	Laurel	Remote/Billings Host	Digital	ERSN	AXE/RSS		1992
49	Lewistown	Stand Alone	Digital	ERSN	AXE	To be provided with full annual report filing.	1993
50	Livingston	Stand Alone	Digital	ERSN	AXE		1992
51	Lolo	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM	To be provided with full annual report filing.	1993
52	Manhattan	Remote/Bozeman	Digital	LUCENT	5ESS/RSM		1993
53	Miles City	Stand Alone	Digital	ERSN	AXE	To be provided with full annual report filing.	1992
54	Milltown	Remote/Missoula Host	Digital	LUCENT	5ESS/RSM		1993
55	Missoula Main	Lines/Host	Digital	LUCENT	5ESS	To be provided with full annual report filing.	1986
56	Missoula Main	STP	Digital	ERSN	AXE/STP		1992
57	Missoula South	Remote/Missoula Host	Digital	LUCENT	5ESS/ORM	To be provided with full annual report filing.	1993
58	Opportunity	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992
59	Park City	Remote/Billings Host	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1992
60	Pray	Remote/Livingston	Digital	ERSN	AXE/RSS		1990
61	Red Lodge	Remote/Billings Host	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1992
62	Roberts	Remote/Billings Host	Digital	ERSN	AXE/RSS		1993
63	Saint Mary	Remote/Shelby	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1993
64	Shelby	Stand Alone	Digital	ERSN	AXE		1993
65	Shepherd	Remote/Billings West	Digital	LUCENT	5ESS/RSM	To be provided with full annual report filing.	1985
66	Sidney	Remote/Glendive	Digital	ERSN	AXE/RSS		1993
67	Stevensville	Remote/Hamilton	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1991
68	Terry	Remote/Miles City	Digital	ERSN	AXE/RSS		1994
69	Three Forks	Remote/Bozeman	Digital	LUCENT	5ESS/RSM	To be provided with full annual report filing.	1993
70	Townsend	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992
71	Ulm	Remote/Great Falls	Digital	LUCENT	5ESS/RSM	To be provided with full annual report filing.	1993
72	Vaughn	Remote/Great Falls	Digital	LUCENT	5ESS/RSM		1993
73	Victor	Remote/Hamilton	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1991
74	Warm Springs	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992
75	West Glacier	Remote/Shelby	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1993
76	W. Yellowstone	Remote/Livingston	Digital	ERSN	AXE/RSS		1991
77	Whitehall	Remote/Helena Host	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1992
78	Wibaux	Remote/Glendive	Digital	ERSN	AXE/RSS		1994
79	Wilsall	Remote/Livingston	Digital	ERSN	AXE/RSS	To be provided with full annual report filing.	1992
80	Wolf Creek	Remote/Helena Host	Digital	ERSN	AXE/RSS		1992

Construction Budget-Montana

(Thousands of Dollars)

Year: 2002

Line No.	Description (a)	Year 2003 (b)
1	Central Office Assets:	
2	Switching	
3	2003 MT - Capitalization of Plug-In Equipment	585
4	Great Falls R2 - Engine	736
5	2003 MT Right-To-Use Software State Estimate	1,357
6	Livingston AXE Replacement w Remotes	1,886
7	Total Switching	4,564
8		
9		
10		
11	Circuit Equipment	
12	2003 - OC48 Cisco - Billings to Bozeman	563
13	2003 - OC48 DWDM-Cisco @ Bozeman	987
14	2003 MT - Capitalization of Plug-In Equipment	1,113
15	Total Circuit Equipment	2,663
16		
17		
18		
19		
20		
21		
22		
23		
24	Total Switching and Central Office Projects over \$500,000	7,227
25	Miscellaneous Central Office Projects not over \$500,000	3,020
26	Total Central Office Budget (L.24+L.25)	10,247
27	Other Projects over \$500,000:	
28		
29	Outside Plant	
30	2003 Capitalization of Plug-In Equipment	1,617
31		
32		
33		
34		
35		
36		
37		
38	Total Other Projects over \$500,000	1,617
39	Miscellaneous Projects not over \$500,000	16,860
40	Total Construction Budget (L.26+L.38+L.39)*	28,724

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*The Construction Budget Plant Additions include amounts specifically identified to Montana plus a portion of approximately \$900 Million of capital expenditures that Qwest Corporation projects for 2003 but has not specifically identified to a particular state.

Montana Employee Counts

Year: 2002

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	BGS-CCS/Centers for Customer Service		1
2	BGS-CPE Operations	6	5
3	Consumer Marketing Operations	2	10
4	Consumer Mountain Customer Care	12	
5	Communications-Merger Related	1	1
6	Executive		
7	Finance	3	3
8	Fleet Services	6	6
9	GB Alternative Chnl & Gov Mk	3	3
10	Network Complex Services	34	
11	Network Operations		
12	Network Services ID, MT, IA, ND	220	237
13	Network Services AZ, CO, NM, WY, UT	6	
14	Local Network	35	36
15	Public Policy	1	1
16	Real Estate	9	8
17	Real Estate Asset Management	2	1
18	Risk Management		
19	Small Business Service Delivery	117	115
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39	Note: At the end of the year, there were 44 construction technicians included		
40	in the Network totals. There is not a job category for splicer.		
41	Totals (Sum L.1 to L.40)	457	427

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	THIS INFORMATION IS PROPRIETARY						
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9							
10							
11	Totals (Sum L.1 to L.10)	0	0	0	0	0	N/A

Montana Composite Statistics

Year: 2002

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	
3	2003-2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100-3400	Depreciation & Amortization Reserves	
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000-5300	Operating Revenues	
13	6560	Depreciation & Amortization Expenses	
14		Federal & State Income Taxes	
15		Other Taxes	
16		Other Operating Expenses	
17		TOTAL Operating Expenses	
18		Net Operating Income	
19		Other Income	
20		Other Deductions	
21		NET INCOME	
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	254,049
24		Business Access Lines	109,563
25		PBX Access Lines	15,995
26		Other Access Lines (Public)	3,679
27		Total Number of Access Lines	383,286
28		Average Number of Calls Per Access Line	
29		Local Calls	2,165
30		Toll Calls (Intra- or Interstate)	447
31		Total Number of Calls Per Access Line (L.29 + L.30)	2,613
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	16.11
34		Gross Plant Investment per Access Line	

Montana Regulatory Capital Structure & Costs

Year: 2002

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	<u>Commission Accepted - Most Recent</u>			
1	Docket Number <u>88.12.55</u>			
2	Order Number <u>5398a</u>			
3				
4	Common Equity	50.00%	12.00%	6.00%
5	Preferred Stock	0.00%	0.00%	0.00%
6	Long Term Debt	50.00%	8.88%	4.44%
7	Other	0.00%	0.00%	0.00%
8	Total	100.00%		10.44%
9				
10	<u>Actual at Year End</u>			
11				
12	Common Equity (Note 1)			0.00%
13	Preferred Stock			0.00%
14	Long Term Debt			0.00%
15	Other			0.00%
16	Total	0.00%		0.00%

Note 1: The authorized level is 12.00%, per revised 1993 Annual Report.

Other Taxes Paid

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax **	0	0
2	Montana Public Service Commission Tax	490,619	377,738
3	Montana Consumer Counsel Tax	140,194	137,300
4	911 Emergency Telephone Fee	2,086,309	1,978,512
5	Montana Telecommunications Access Service (TDD)	416,722	395,614
6	Montana Corporate License Tax	1,807,443	3,215,189
7	Personal Property Tax	11,502,816	11,823,059
8	Real Property Tax	614,450	629,483
9	Montana Excise Tax **	6,177,198	6,001,001
10			
11			
12	Total	23,235,751	24,557,896

** Effective 1/1/00 the telephone license was replaced by excise tax on telephone service.

Universal Service Funds Received

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	0	0
14	Funds received from Federal Sources	4,083,838	9,871,503
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	4,083,838	9,871,503