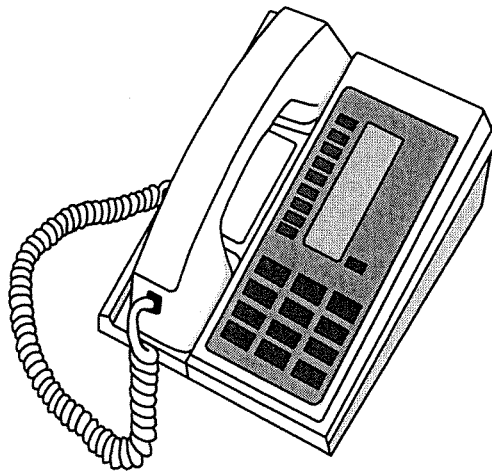


YEAR ENDING 2003

ANNUAL REPORT  
OF  
**Central Montana  
Communications**

TELEPHONE UTILITY



RECEIVED BY  
PUBLIC SERVICE  
COMMISSION  
201 MAY - 3 AM 10:58

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

**General Information**

RECEIVED BY

Year: 2003

1. Legal Name of Respondent: Central Montana Communications, Incorporated

2. Name Under Which Respondent Does Business: Central Montana Communications, Incorporated

3. Date of Incorporation: 7/1/1993

4. Address to send Correspondence Concerning Report:  
PO Box 751  
Havre, MT 59501

5. Person Responsible for This Report: Mark Majeres

5a. Telephone Number: (406) 394-2000

**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:  
  
Triangle Telephone Cooperative Association, Inc., PO Box 1220, Havre, MT 59501-1220

1b. Means by which control was held: Stock Ownership

1c. Percent Ownership: 100%

<b>Board of Directors</b>		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Verlin Reichelt, Big Sandy, MT 59520	2748
2	Richard Stuker, Chinook, MT 59523	3270
3	Tom Bangs, Inverness, MT 59530	2544
4	Richard Pokorny, Big Sandy, MT 59520	3183
5	Paul VanCleve, Big Timber, MT 59011	2524
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18	<b>Chairman of the Board:</b>	
19	Richard Stuker	
20		

**Officers**

Year: 2003

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		Richard Stuker, Chinook, MT 59523
2	Vice President		Verlin Reichelt, Big Sandy, MT 59520
3	Secretary/Treasurer		Tom Bangs, Inverness, MT 59530
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**Total Company Balance Sheet**

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	3,218,492	6,116,826
3	1180	Telecommunications Accounts Receivable - Net	839,069	838,599
4	1190	Other Accounts Receivable - Net	1,014,232	1,124,986
5	1200	Notes Receivable - Net		1,500,000
6	1210	Interest and Dividends Receivable	32,169	15,110
7	1220	Materials and Supplies		
8	* 1280	Prepayments	33,499	45,740
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	33,499	45,740
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	5,137,461	9,641,261
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies	13,835	12,548
18	1402	Investments in Nonaffiliated Companies	8,597,587	4,084,617
19	1406	Nonregulated Investments	56,105	60,476
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		<b>Total Noncurrent Assets</b>	8,667,527	4,157,641
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	44,630,848	43,230,056
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	3,852,386	668,897
31	2004	Plant Under Construction - Long Term	358,197	177,675
32	2005	Telecommunications Plant Adjustment	2,656,541	2,656,541
33	2006	Nonoperating Plant		
34	2007	Goodwill	10,288,260	10,288,260
35	3100	Accumulated Depreciation	(23,103,189)	(21,326,246)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(8,321,620)	(7,447,948)
39		<b>Net Property, Plant, &amp; Equipment</b>	30,361,423	28,247,235
40		<b>TOTAL ASSETS</b>	44,166,411	42,046,137

^ Subaccount of account marked with a \*.

**Total Company Balance Sheet**

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	1,133,639	427,438
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	333,282	330,942
45	4040	Customer Deposits	52,941	56,789
46	4050	Current Maturities - Long Term Debt	1,697,000	1,619,000
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued	1,752,821	1,292,306
49	4080	Other Taxes - Accrued	312,791	343,957
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	296,186	331,561
53	4130	Other Current Liabilities		
54		<b>Total Current Liabilities</b>	5,578,660	4,401,993
55		<b>LONG-TERM DEBT:</b>		
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		
62	4270	Other Long-Term Debt	22,851,822	23,481,253
63		<b>Total Long-Term Debt</b>	22,851,822	23,481,253
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
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		
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>		
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	6,390,000	6,390,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	9,345,929	7,772,891
79		<b>Total Stockholders' Equity</b>	15,735,929	14,162,891
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	44,166,411	42,046,137

## Total Company Income Statement

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	3,033,923	2,909,881
3	5080	Network Access Revenues	8,007,909	7,792,279
4	* 5100	Long Distance Message Revenue		11
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		11
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	251,533	227,204
10	^ 5230	Directory Revenue	46,475	44,842
11	^ 5240	Rent Revenue	42,763	41,049
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	4,391	4,222
14	^ 5270	Carrier Billing and Collection Revenue	157,904	137,091
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	36,883	28,125
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	11,256,482	10,901,250
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense	343,719	306,482
21	6210	Central Office Switching Expense	296,718	240,062
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	149,675	124,176
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	428,926	475,408
26	^ 6431	Aerial Wire Expense	102,016	142,585
27	^ 6441	Conduit Systems Expense	326,910	332,823
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	484,652	479,405
30	6540	Access Expense	547,213	497,697
31	6560	Depreciation and Amortization Expense	2,437,386	2,389,318
32	6610	Marketing	27,077	24,630
33	6620	Services	1,039,798	1,032,014
34	6710	Executive and Planning	94,329	98,208
35	6720	General and Administrative	568,030	550,454
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	6,417,523	6,217,854
38	7100	Other Operating Income and Expense	(37)	(122)
39	7200	Operating Taxes	1,733,130	1,602,087
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	3,105,792	3,081,187
41	7300	Nonoperating Income and Expense	(623,586)	(614,828)
42	7400	Nonoperating Taxes	(197,860)	(187,477)
43	7500	Interest and Related Items	1,166,792	1,342,479
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(59,763)	(44,492)
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	1,573,037	1,355,849

^ Subaccount of the account marked with a \*.

## Montana Total State Income Statement

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues		
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		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
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		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	3,033,923	2,909,881
3	5080	Network Access Revenues	2,050,378	2,135,265
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	237,039	206,825
10	^ 5230	Directory Revenue	46,475	44,842
11	^ 5240	Rent Revenue	42,763	41,049
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	4,391	4,222
14	^ 5270	Carrier Billing and Collection Revenue	143,410	116,712
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	36,883	28,125
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	5,284,457	5,223,846
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense	161,362	146,865
21	6210	Central Office Switching Expense	139,297	115,037
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	70,266	59,505
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	201,363	227,815
26	^ 6431	Aerial Wire Expense	47,892	68,327
27	^ 6441	Conduit Systems Expense	153,471	159,488
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	227,524	229,729
30	6540	Access Expense	256,894	238,495
31	6560	Depreciation and Amortization Expense	1,144,253	1,144,954
32	6610	Marketing	12,712	11,803
33	6620	Services	488,143	494,538
34	6710	Executive and Planning	44,284	47,061
35	6720	General and Administrative	266,667	263,776
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	3,012,765	2,979,578
38	7100	Other Operating Income and Expense	(17)	(58)
39	7200	Operating Taxes	813,634	767,715
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	1,458,041	1,476,495

^ Subaccount of the account marked with a \*.



## Montana Intrastate Regulated Income Statement

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	3,033,923	2,909,881
3	5080	Network Access Revenues	1,602,181	1,686,328
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		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	4,636,104	4,596,209
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense	141,564	129,220
21	6210	Central Office Switching Expense	122,207	101,215
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	61,645	52,355
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	176,657	200,442
26	^ 6431	Aerial Wire Expense	42,016	60,117
27	^ 6441	Conduit Systems Expense	134,641	140,325
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	199,609	202,128
30	6540	Access Expense	225,376	209,840
31	6560	Depreciation and Amortization Expense	1,003,864	1,007,389
32	6610	Marketing	11,152	10,385
33	6620	Services	428,252	435,120
34	6710	Executive and Planning	38,850	41,407
35	6720	General and Administrative	233,949	232,083
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	2,643,125	2,621,584
38	7100	Other Operating Income and Expense	(15)	(51)
39	7200	Operating Taxes	713,808	675,475
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	1,279,156	1,299,099

^ Subaccount of the account marked with a \*.

**Average Rate Base - Total State**

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	44630848	43230056
2	3100	Accumulated Depreciation	23103189	21326246
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	21527659	21903810

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	44630848	43230056
2	3100	Accumulated Depreciation	23103189	21326246
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	21527659	21903810

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	44630848	43230056
2	3100	Accumulated Depreciation	23103189	21326246
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	21527659	21903810

## Statement of Cash Flows

Year: 2003

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		1573037
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	3311058	
6	Provision for Accounts Receivable Losses	-2402	
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	95628	
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net	704694	
13	Change in Other Assets & Deferred Credits - Net	12241	
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)	393974	
16	Total Adjustments		
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		4515193
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	-5425247	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	1500000	
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)	-4509886	
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>		-8435133
26	<b>Cash Flows from Financing Activities:</b>		
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	1076522	
31	Repayment of Long-Term Debt	-1373863	
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)	-254090	
37	<b>Net Cash Provided by Financing Activities</b>		-551431
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		-2898334
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		6116826
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		3218492

Company Name: Central Montana Communications, Inc.

SCHEDULE 9A

**Statement of Cash Flows**

Year: 2003

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Line 15.	Other Operating Activities	
	Accrued Income Tax	460515
	Other Taxes Accrued	-31166
	Other Accrued Liabilities	-35375
		<u>393974</u>
Line 24.	Other Investing Activities	
	Fergus Electric Cooperative Capital Credits	-353
	Farmers Union Capital Credits	-121
	National Information Solutions Cooperative	-15010
	Triangle Telephone Cooperative Capital Credits	-1287
	Rural Telephone Finance Cooperative Capital Credits	20125
	Bonds	-4517611
	Nonregulated Investment in Other Terminal Equipment	4371
		<u>-4509886</u>
Line 36.	Other Financing Activities	
	REA Notes	<u>-254090</u>

Receivables and Investments-Affiliated & Nonaffiliated Companies Year: 2003

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	NRUCFC	3000000									
2	Subscriber Receivables		846081	7012	13658					13835	1530689
3	Reg and NonReg Sales				41384						2430
4	AT&T				539942						43292
5	NECA				6230						493
6	NCRPC				261098						19
7	MILEC				103181						7019664
8	Other Inter-Exc Carriers				13722						1000
9	Triangle Comm System				35353						
10	USAC E-Rate				-336						
11	Returned Checks										
12	Invest In Triangle Tele										
13	RTFC										
14	Electric Cooperatives										
15	NCDC										
16	Farmers Union - GF										
17	Farmers Union - Moore										
18	Bonds										
19	NECA										
20	Triangle Telephone Coop										
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	<b>Totals</b>	3000000	846081	7012	1014232					13835	8597587

Net Plant in Service - Detail

Year: 2003

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2003 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	3101122	243958	31951		3313129	1196973	2116156
2	^ 2111	Land	56992				56992		56992
3	^ 2112	Motor Vehicles	1045683	132757	31951		1146489	439731	706758
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	288743				288743	71859	216884
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	77610				77610	21582	56028
8	^ 2121	Buildings	1632094	111201			1743295	663801	1079494
9	^ 2122	Furniture							
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching	3648920	358931	109240	-4905	3893706	1626075	2267631
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems							
17	^ 2232	Circuit Equipment	7579212	1314557	690400	4905	8208274	4695028	3513246
18	* 2310	Information Orig & Term Equip	24856				24856		
19	^ 2311	Station Apparatus	288773	10494	1890		297377	227678	69699
20	^ 2321	Customer Premises Wiring	28481638	342044	35687		28787995	29165726	-377731
21	^ 2341	Large Private Branch Exchanges	1441703	132656	15210		1559149	752296	806853
22	^ 2351	Public Telephone Term. Equip.	696262				696262	260960	435302
23	^ 2362	Other Terminal Equipment	26343673	209388	20477		26532584	14229967	12302617
24	^ 2411	Poles							
25	* 2420	Cable and Wire Facilities							
26	^ 2421	Aerial Cable							
27	^ 2422	Underground Cable							
28	^ 2423	Buried Cable							
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	^ 2431	Aerial Wire	102208		24		102184	102184	
33	^ 2441	Conduit Systems	3327				3327	1693	1634
34		<b>Totals</b>	43230056	2269984	869192		44630848	23117710	21513138

^ Subaccount of the account marked with a \*.

Analysis of Plant Held for Future Use

Year: 2003

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	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	<b>Totals (Sum L.1 to L.29)</b>						

Average Cost of Long Term Debt

Year: 2003

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	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	<b>Total</b>											



Year: 2003

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	<b>Totals (Sum L.1 to L.29)</b>											

Analysis of Common Stock

Year: 2003

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) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	Not Applicable						
2								
3								
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: 2003**

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	<b>Totals (Sum L.1 to L.29)</b>						

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	*	Network Support Expense	31998	19436	16776	135350	-203560	
2	^	Motor Vehicle Expense	27929	17140	16776	129522	-191367	
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	4069	2296		5828	-12193	
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	54601	33093	170988	76669	8368	343719
8	^	Land and Building Expense	48328	30165	129180	62018	8368	278059
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense			41808	4972		46780
11	^	General Purpose Computers Expense	6273	2928		9679		18880
12	*	Central Office Switching Expense	94476	50548		123198	28496	296718
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	94476	50548		123198	28496	296718
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	67124	35858		27149	19544	149675
18	^	Radio Systems Expense				6721		6721
19	^	Circuit Equipment Expense	67124	35858		20428	19544	142954
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	192207	101059	12254	61129	62277	428926
26	^	Poles Expense	403	384	12057	3932	97	16873
27	^	Aerial Cable Expense	51083	28240		6323	16370	102016
28	^	Underground Cable Expense	443	256		407	137	1243
29	^	Buried Cable Expense	140278	72179	197	50467	45673	308794
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>	440,406	239,994	200,018	423,495	(84,875)	1219038

^ 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						
36	6441	Other Property Expenses		157176	15924	126196	-88469	484652
37	*	Network Operations Expense	273825			61893		61893
38	^	Power Expense				38275	25765	269911
39	^	Network Administration Expense	125335	69196	11340			
40	^	Testing Expense	11833	6757		5183	4757	28530
41	^	Plant Operations Expense	99065	59134	4584	12704	-118991	56496
42	^	Engineering Expense	37592	22089		8141		67822
43	^	Access Expense				547213		547213
44	6561	Depreciation - Telecomm. Plant in Service				2437386		2437386
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	*	Marketing	4546	3053		19477		27076
50	^	Product Management						
51	^	Sales	440	294		17890		18624
52	^	Product Advertising	4106	2759		1587		8452
53	^	Call Completion Services	7425	5245		7177		19847
54	6621	Number Services	3356	2403		126141		131900
55	6622	Customer Services	194606	118456		558022	16968	888052
56	6711	Executive	45820	27480		20624		93924
57	6712	Planning	243	162				405
58	6721	Accounting and Finance	99725	56978	11304	86000		254007
59	6722	External Relations	7155	4671		46165		57991
60	6723	Human Relations	4979	3109		4153		12241
61	6724	Information Management	8292	4345		14476		27113
62	6725	Legal				4474		4474
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	40655	31647	2307	137595		212204
66	6790	Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>	1,131,033	654,719	229,553	4,558,594	(156,376)	6417523

^ 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)
1	*	Network Support Expense	31998	19436	16776	135350	-203560	
2	^	Motor Vehicle Expense	27929	17140	16776	129522	-191367	
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	4069	2296		5828	-12193	
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	54601	33093	170988	76669	8368	343719
8	^	Land and Building Expense	48328	30165	129180	62018	8368	278059
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense			41808	4972		46780
11	^	General Purpose Computers Expense	6273	2928		9679		18880
12	*	Central Office Switching Expense	94476	50548		123198	28496	296718
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense	94476	50548		123198	28496	296718
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	67124	35858		27149	19544	149675
18	^	Radio Systems Expense				6721		6721
19	^	Circuit Equipment Expense	67124	35858		20428	19544	142954
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	192207	101059	12254	61129	62277	428926
26	^	Poles Expense	403	384	12057	3932	97	16873
27	^	Aerial Cable Expense	51083	28240		6323	16370	102016
28	^	Underground Cable Expense	443	256		407	137	1243
29	^	Buried Cable Expense	140278	72179	197	50467	45673	308794
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>	440,406	239,994	200,018	423,495	(84,875)	1219038

^ 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	^ 6441	Conduit Systems Expense		157176	15924	126196		484652
36	6510	Other Property Expenses				61893	-88469	61893
37	* 6530	Network Operations Expense	273825			38275	25765	269911
38	^ 6531	Power Expense		69196	11340	5183	4757	28530
39	^ 6532	Network Administration Expense	125335			12704		56496
40	^ 6533	Testing Expense	11833	6757	4584	8141		67822
41	^ 6534	Plant Operations Expense	99065	59134		547213		547213
42	^ 6535	Engineering Expense	37592	22089		2437386		2437386
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other	4546	3053		19477		27076
49	* 6610	Marketing						
50	^ 6611	Product Management	440	294		17890		18624
51	^ 6612	Sales	4106	2759		1587		8452
52	^ 6613	Product Advertising	7425	5245		7177		19847
53	6621	Call Completion Services						
54	6622	Number Services	3356	2403		126141		131900
55	6623	Customer Services	194606	118456		558022	16968	888052
56	6711	Executive	45820	27480		20624		93924
57	6712	Planning	243	162				405
58	6721	Accounting and Finance	99725	56978	11304	86000		254007
59	6722	External Relations	7155	4671		46165		57991
60	6723	Human Relations	4979	3109		4153		12241
61	6724	Information Management	8292	4345		14476		27113
62	6725	Legal				4474		4474
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	40655	31647	2307	137595		212204
66	6790	Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>	1,131,033	654,719	229,553	4,558,594	(156,376)	6417523

^ 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	Not Applicable					
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		<b>Subtotals</b>						

^ 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		<b>Totals</b>						

^ Subaccount of the account marked with a \*.

**Pension Costs**

Year: 2003

1	Plan Name	NTCA Savings Plan		
2	Defined Benefit Plan? <input type="checkbox"/> Yes _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: <u>\$169,922</u>	Is the Plan Over Funded? _____		
5				
	<b>Item</b>	<b>Current Year</b>	<b>Last Year</b>	<b>% Change</b>
6	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Montana Intrastate Costs:</b>			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan			
48	Not Covered by the Plan			
49	Active			
50	Retired			
51	Deferred Vested Terminated			

**Pension Costs**

Year: 2003

1	Plan Name NTCA Savings Plan			
2	Defined Benefit Plan? _____	Defined Contribution Plan? <u>Yes</u>		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: <u>\$32,236</u>	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Montana Intrastate Costs:</b>			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan			
48	Not Covered by the Plan			
49	Active			
50	Retired			
51	Deferred Vested Terminated			

**Other Post Employment Benefits (OPEBS)**

	Item	Current Year	Last Year	% Change
1	<b>Regulatory Treatment:</b>			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates	Not Applicable		#VALUE!
6	<b>Weighted-average Assumptions as of Year End</b>			
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13				
14				
15	<b>Describe any Changes to the Benefit Plan:</b>			
16				
17	<b>TOTAL COMPANY</b>			
18	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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**

Year: 2003

	Item	Current Year	Last Year	% Change
1	<b>Number of Company Employees:</b>			
2	Covered by the Plan			
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Cccosts</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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	<b>Montana Intrastate Costs:</b>			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>			
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: 2003

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Douglas Olmstead	Construction Services	233463	233463	233463
2	GVNW, Inc.	Cost Consulting	51221	51221	51221
3	Heberly & Associates	Engineering Services	551962	551962	551962
4	Hill County Electric Cooperative	Office & Equipment Rental	2924912	2924912	2924912
5	National Information Systems Coop.	Data Processing Services	394893	394893	394893
6	North Winds Publishing	Directory Services	96580	96580	96580
7	Triangle Communication System	Internet & Long Distance Services	588826	588826	588826
8	Triangle Telephone Cooperative	Office, Equip. & Switching Rental	2771832	2771832	2771832
9					
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48					
49	<b>Total</b>				

## Subscriber Line Usage Data

Year: 2003

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	26597120	55.32%	28363839	55.17%
3	Interstate, IntraLATA	1929	0.00%	1958	0.00%
4	<b>Total Interstate Usage</b>	26599049	55.32%	28365797	55.18%
5	Intrastate, InterLATA	7607303	15.82%	8581214	16.69%
6	Intrastate, IntraLATA	13874348	28.86%	14461918	28.13%
7	<b>Total Intrastate Usage</b>	21481651	44.68%	23043132	44.82%
8	<b>Total Toll Usage</b>	48080700	100.00%	51408929	100.00%
9	Centrex				
10	Local				
11	<b>Total Minutes</b>	48080700	100.00%	51408929	100.00%

Year: 2003

**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	353-Harlem	Host	712		30	135			372	3			100.0%	1087
2	374-Moore	Remote	239		22	2			49				100.0%	288
3	383-Dodson	Remote	91		4	7			12				100.0%	103
4	423-Hobson	Remote	327		16	4			63				100.0%	390
5	473-Judith Gap	Remote	125		9	4			20				100.0%	145
6	547-White Sulphur Spr	Host	711		42	13			253	3			100.0%	967
7	566-Stanford	Remote	348		13	5			112	1			100.0%	461
8	567-Denton	Remote	244		13	1			69				100.0%	313
9	572-Martinsdale	Remote	144		4				23				100.0%	167
10	622-Fort Benton	Host	789		75	17			350	4			100.0%	1143
11	632-Harlowton	Remote	696		41	20			277	3			100.0%	976
12	654-Malta	Host	1158		69	53			516	2			100.0%	1676
13	737-Geraldine	Remote	249		21	5			44				100.0%	293
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32														
33	<b>Total</b>		5833		359	266			2160	16				8009

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



**Central Office and Switch Information**

Year: 2003

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	353-Harlem	Host	Digital	Northern Telco	DMS-10	7,500	1995
2	374-Moore	Remote	Digital	Northern Telco	RSLE	1,024	1995
3	383-Dodson	Remote	Digital	Northern Telco	RSLM	192	1994
4	423-Hobson	Remote	Digital	Northern Telco	RSLE	1,024	1995
5	473-Judith Gap	Remote	Digital	Northern Telco	RSLM	192	1995
6	547-White Sulphur Spr	Host	Digital	Northern Telco	DMS-10	7,500	1996
7	566-Stanford	Remote	Digital	Northern Telco	RSLE	1,024	1995
8	567-Denton	Remote	Digital	Northern Telco	RSLE	1,024	1995
9	572-Martinsdale	Remote	Digital	Northern Telco	RSLM	192	1996
10	622-Fort Benton	Host	Digital	Northern Telco	DMS-10	7,500	1995
11	632-Harlowton	Remote	Digital	Northern Telco	RSC	1,600	1999
12	654-Malta	Host	Digital	Northern Telco	DMS-10	7,500	1994
13	737-Geraldine	Remote	Digital	Northern Telco	RSLE	1,024	1995
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NOTE: Additional blank schedules are being provided for your convenience.

**Construction Budget - Montana**

Year: 2004

Line No.	Description (a)	2004 (b)
1	<b>Central Office Assets:</b>	
2		
3		
4		
5		
6		
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24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	2664000
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	2664000
30	<b>Other Projects over \$500,000:</b>	
31	Hobson Cable Upgrade	1775500
32	Moore Cable Upgrade	1935400
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	3710900
42	Miscellaneous projects not over \$500,000	2004475
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	8379375

**Montana Employee Counts**

Year: 2003

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Employees are provided through a Joint Use Agreement with Hill County		
2	Electric Cooperative, Inc. Areas where joint use employees are used follow:		
3			
4	Staff	21	24
5	Outside Plant	14	15
6			
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43	<b>Totals (Sum of Lines 1 through 42)</b>	35	39

**Compensation of Top 10 Montana Based Employees**

Year: 2003

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	Central Montana Communications, Inc. has no employees. Employee services are provided through service agreements with Hill County Electric, Inc.						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	<b>Totals (Sum L.1 to L.10)</b>						

**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	Not Applicable						
2							
3							
4							
5							
6	<b>Totals (Sum L.1 to L.5)</b>						

## Montana Composite Statistics

Year: 2003

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	44631
3	2003 - 2004	Construction Work in Progress	4211
4	2005	Plant Acquisition Adjustments	12944
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-31425
9	4360.2	Contributions in Aid of Construction	
10		<b>NET BOOK COSTS</b>	30361
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	11256
13	6560	Depreciation & Amortization Expenses	2437
14		Federal & State Income Taxes	1091
15		Other Taxes	642
16		Other Operating Expenses	3784
17		TOTAL Operating Expenses	7954
18		Net Operating Income	3302
19		Other Income	173
20		Other Deductions	1902
21		<b>NET INCOME</b>	1573
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	5833
24		Business Access Lines	1926
25		PBX Access Lines	250
26		Other Access Lines	
27		<b>Total Number of Access Lines</b>	8009
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	333
30		Toll Calls (Intra- or Interstate)	199
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	532
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	33
34		Gross Plant Investment per Access Line	7715

**Depreciation - Montana Intrastate Regulated**

Year: 2003

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	9.7%	108,308
2	2114	Special Purpose Vehicles	7.0%	20,208
3	2115	Garage Work Equipment	8.4%	
4	2116	Other work Equipment	2.8%	2,186
5	2121	Buildings	3.8%	62,544
6	2122	Furniture	5.5%	
7	2123.1	Office Support Equipment	13.4%	
8	2123.2	Company Communications Equipment	5.3%	
9	2124	General Purpose Computers	6.5%	
10	2211	Analog Electronic Switching Equipment	9.3%	62,698
11	2212	Digital Electronic Switching Equipment	7.0%	210,847
12	2215	Step By Step Switching Equipment	9.5%	
13	2215	Crossbar Switching Equipment	11.6%	
14	2220	Operator System	12.5%	
15	2231	Radio Systems	7.5%	
16	2232	Circuit DDS	10.7%	798,375
17	2232	Circuit Digital	9.6%	
18	2232	Circuit Analog	10.7%	
19	2351	Public Telephone Terminating Equipment	3.0%	
20	2362	Other Terminal Equipment	16.0%	
21	2411	Poles	4.7%	13,576
22	2421	Aerial Cable Metallic	5.4%	74,719
23	2421	Aerial Cable Nonmetallic	4.2%	3,408
24	2422	Underground Cable Metallic	4.4%	336
25	2422	Underground Cable Nonmetallic	4.8%	33,048
26	2423	Buried Cable Metallic	3.9%	797,910
27	2423	Buried Cable Nonmetallic	4.2%	248,098
28	2424	Submarine Cable Metallic	2.3%	
29	2424	Submarine Cable Nonmetallic	3.3%	
30	2426	Intrabuilding Network Cable Metallic	5.5%	
31	2426	Intrabuilding Network Cable Nonmetallic	11.3%	
32	2431	Aerial Wire	13.4%	
33	2441	Conduit Systems	2.1%	72
34				
35		<b>COMPOSITE TOTAL</b>	7.5%	
36	Have these rates been approved by the Commission? _____ YES _____ NO X			
37				
38	If yes: _____ Docket Number _____ Order Number			
39				
40				

**Montana Regulatory Capital Structure & Costs**

Year: 2003

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

**Network Access - Charges and Revenues**

Year: 2003

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		8007909
2			
3	Montana - Intrastate		2050378
4			
5	Montana - Intrastate Regulated		1602181
6			
7			
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12			
13			



**Affiliate Transactions - Products & Services Provided to Utility** Year: 2003

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	Triangle Telephone Cooperative, Inc.	Office Rent	Floor Space	92,712		
2	Triangle Telephone Cooperative, Inc.	Equipment Rent	Average hourly operating exp.	9,045		
3	Triangle Telephone Cooperative, Inc.	Retirement Plan Reimbursements	Labor hours charged	254,229		
4	Triangle Telephone Cooperative, Inc.	Expense Reimbursements	Actual amounts charged	1,219,471		
5	Triangle Communication System, Inc.	Long Distance Service	Actual amounts billed	710,698		
6	Triangle Telephone Cooperative, Inc.	Construction Material	Actual Cost	64,031		
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30	<b>TOTAL</b>			\$2,350,186		

**Affiliate Transactions - Products & Services Provided by Utility** Year: 2003

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	Triangle Telephone Cooperative, Inc.	Equipment Rent	Average hourly operating exp.	8,356		
2	Triangle Communication System, Inc.	Billing and Collection	Actual Cost	122,982		
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30	<b>TOTAL</b>			\$131,338		

## Montana Intrastate Regulated Earned Rate of Return

Year: 2003

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	44,630,848	43,230,056	3.24%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(23,117,710)	(21,334,952)	-8.36%
5	<b>Plant in Service</b>	21,513,138	21,895,104	-1.74%
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies			
9	1280 Prepayments			
10	Other Additions			
11	<b>TOTAL Additions</b>			
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes			
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>			
20	<b>TOTAL Rate Base</b>	21,513,138	21,895,104	-1.74%
21				
22	<b>Net Earnings</b>			
23				
24	<b>Rate of Return on Average Rate Base</b>	7.248%	6.202%	16.87%
25				
26	<b>Rate of Return on Average Equity</b>	10.522%	10.054%	4.65%
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	<b>Adjusted Rate of Return on Average Rate Base</b>	7.248%	6.202%	16.87%
44				
45	<b>Adjusted Rate of Return on Average Equity</b>	10.522%	10.054%	4.65%

**Other Taxes Paid**

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	10432	11128
3	Montana Consumer Counsel Tax	3778	4403
4	911 Emergency Telephone Fee		
5	Montana Telecommunications Access Service (TDD)		
6	Montana Corporate License Tax	117116	156854
7	Personal Property Tax		
8	Real Property Tax	688442	626138
9			
10			
11			
12	<b>Total</b>	819768	798523

Company Name: Central Montana Communications, Inc.

**Universal Service Funds Received**

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	1987718	1818653
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	1987718	1818653