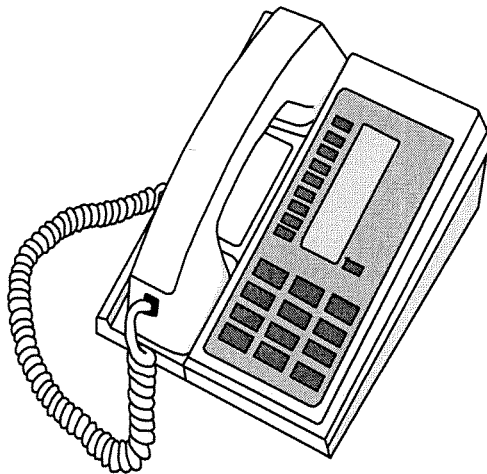


YEAR ENDING 2003

ANNUAL REPORT
OF
CenturyTel of Montana

TELEPHONE UTILITY



RECEIVED BY
2004 MAY -3 AM 9:00
PUBLIC SERVICE
COMMISSION

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

General Information

Year: 2003

1.	Legal Name of Respondent:	CenturyTel of Montana, Inc.
2.	Name Under Which Respondent Does Business:	CenturyTel of Montana, Inc.
3.	Date of Incorporation:	October 23, 1946
4.	Address to send Correspondence Concerning Report:	P. O. Box 4065, Monroe, Louisiana 71211
5.	Person Responsible for This Report:	Ted M. Hankins, Director of Government Relations
5a.	Telephone Number:	(318) 388-9416
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: PacifiCorp Holdings, Inc. owned 100% of the voting securities of Pacific Telecom, Inc. until December 1, 1997 when these securities were sold to CenturyTel, Inc., P. O. Box 4065, Monroe, La. 71211.	
1b.	Means by which control was held: Ownership of voting securities	
1c.	Percent Ownership:	99%

Board of Directors				
Line No.	Name of Director and Address (City, State)			Fees Paid During Year
	(a)			(b)
1	Glen F. Post, III	Chairman and CEO	P.O. Box 4065 Monroe, La. 71211	None
2	Harvey P. Perry	Executive V.P.	P.O. Box 4065 Monroe, La. 71211	None
3	R. Stewart Ewing, Jr.	Executive V.P./CFO	P.O. Box 4065 Monroe, La. 71211	None
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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	Chairman & C. E. O.	Company Wide	Glen F. Post, III
2	President & C. O. O.	"	Karen Puckett
3	Executive Vice President	"	Harvey P. Perry
4	Executive V. P. & C. F. O.	"	R. Stewart Ewing, Jr.
5	Senior Vice President	"	David D. Cole
6	Senior Vice President	"	Michael A. Maslowski
7	Vice President & Controller	"	Neil A. Sweasy
8	V P, Treasurer, & Asst. Sec.	"	G. Clay Bailey
9	Vice President, Asst. General	"	
10	Counsel & Asst. Secretary	"	Stacey w. Goff
11	Vice President	"	R. Wayne Davis
12	Vice President	"	Ivan Hughes
13	Vice President	"	Jeff Glover
14	Secretary	"	Kay C. Buchart
15	Region Vice President	Mid-West Region	Duane Ring
16	General Manager	CenturyTel of Montana, Inc.	Jeremy Ferkin
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All officers are based in Monroe, La., except Duane Ring who is based in LaCrosse, Wisconsin and Jeremy Ferkin who is based in Kalispell, Montana.

Total Company Balance Sheet

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	20,602,375	19,690,044
3	1180	Telecommunications Accounts Receivable - Net	3,939,987	3,831,921
4	1190	Other Accounts Receivable - Net	669,306	490,129
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	16,299	29,699
8	* 1280	Prepayments	19,047	11,604
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	19,047	11,604
14	1350	Other Current Assets		
15		Total Current Assets	25,247,014	24,053,397
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	424,536	472,380
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	306	13,111
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	424,842	485,491
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	139,123,103	141,994,752
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	363,787	583,871
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	2,582	2,582
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(83,674,971)	(83,220,741)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	55,814,501	59,360,464
40		TOTAL ASSETS	81,486,357	83,899,352

^ 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		CURRENT LIABILITIES:		
42	4010	Accounts Payable	941,957	6,978,763
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	663,637	684,446
45	4040	Customer Deposits	2,117	2,736
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	2,489,702	2,301,321
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	560,912	529,756
53	4130	Other Current Liabilities		
54		Total Current Liabilities	4,658,325	10,497,022
55		LONG-TERM DEBT:		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt		
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	7,846,952	8,067,046
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	2,296,022	1,677,149
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	10,142,974	9,744,195
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	6,680,000	6,680,000
75	4520	Additional Paid-In Capital	141,016	141,016
76	4530	Treasury Stock	(130,500)	(130,500)
77	4540	Other Capital		
78	4550	Retained Earnings	59,994,542	56,967,619
79		Total Stockholders' Equity	66,685,058	63,658,135
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	81,486,357	83,899,352

Total Company Income Statement

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	20,602,611	20,340,541
3	5080	Network Access Revenues (1)	23,969,689	16,233,497
4	* 5100	Long Distance Message Revenue	708,447	309,251
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	927,769	268,707
7	^ 5160	Other Long Distance Revenue	(219,322)	40,544
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue (2)	3,962,938	3,802,681
10	^ 5230	Directory Revenue	3,150,181	3,001,155
11	^ 5240	Rent Revenue	81,409	54,400
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	72,791	84,115
14	^ 5270	Carrier Billing and Collection Revenue	658,557	663,011
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	660,062	(463,350)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	48,583,623	41,149,320
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	64,325	78,230
20	6120	General Support Expense	1,057,600	1,164,914
21	6210	Central Office Switching Expense	1,052,489	916,542
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	612,579	477,484
24	6310	Information Origination/Termination Expense	776	
25	* 6410	Cable and Wire Facilities Expense	3,996,767	3,678,884
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	12,934	31,081
29	6530	Network Operations Expense	1,591,358	1,492,813
30	6540	Access Expense	683,723	329,107
31	6560	Depreciation and Amortization Expense	9,774,608	9,600,971
32	6610	Marketing	1,100,222	1,063,302
33	6620	Services	3,994,122	3,273,277
34	6710	Executive and Planning	454,766	414,292
35	6720	General and Administrative	3,780,479	2,808,325
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	28,176,748	25,329,222
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	9,271,129	7,749,764
40		Net Operating Income (L.17-L.37+L.38-L.39)	11,135,746	8,070,334
41	7300	Nonoperating Income and Expense	313,007	241,939
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	(23)	(119,526)
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	882,693	521,324
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	12,331,423	8,714,071

^ Subaccount of the account marked with a *.

(1) Includes Interstate Prior Period Adjustments of \$7,690,852 in 2003 and \$854,662 in 2002.

Includes Intrastate Prior Period Adjustments of \$(30,196) in 2003 and \$55,926 in 2002.

(2) Includes Miscellaneous Prior Period Adjustments of \$19,659 in 2003 and \$19,070 in 2002.

Montana Total State Income Statement

Year: 2003

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

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2003

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	20,602,611	20,340,541
3	5080	Network Access Revenues	4,825,168	4,785,059
4	* 5100	Long Distance Message Revenue	708,447	309,251
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	927,769	268,707
7	^ 5160	Other Long Distance Revenue	(219,322)	40,544
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	3,592,865	3,403,163
10	^ 5230	Directory Revenue	3,150,181	3,001,155
11	^ 5240	Rent Revenue	81,409	54,400
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	72,791	84,115
14	^ 5270	Carrier Billing and Collection Revenue	288,484	263,493
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	660,062	(463,350)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	29,069,029	29,301,364
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	45,815	55,747
20	6120	General Support Expense	753,277	830,130
21	6210	Central Office Switching Expense	714,750	622,421
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	416,531	324,256
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	2,957,788	2,722,539
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	9,212	22,149
29	6530	Network Operations Expense	1,133,446	1,063,793
30	6540	Access Expense	79,881	46,494
31	6560	Depreciation and Amortization Expense	7,072,489	6,808,804
32	6610	Marketing	838,919	810,767
33	6620	Services	3,450,887	2,866,373
34	6710	Executive and Planning	349,421	318,844
35	6720	General and Administrative	2,674,571	2,081,095
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	20,496,987	18,573,412
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	6,555,964	5,479,129
40		Net Operating Income (L.17-L.37+L.38-L.39)	2,016,078	5,248,823

^ 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		REVENUES:		
2	5000	Basic Local Service Revenues	19,458,083	19,725,556
3	5080	Network Access Revenues	3,809,622	3,978,049
4	* 5100	Long Distance Message Revenue	708,447	309,251
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	927,769	
7	^ 5160	Other Long Distance Revenue	(219,322)	309,251
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	144,682	170,338
10	^ 5230	Directory Revenue	91,550	105,318
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	53,132	65,020
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	406,822	(108,367)
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	23,714,012	24,291,561
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	44,136	53,703
20	6120	General Support Expense	725,655	799,692
21	6210	Central Office Switching Expense	688,673	599,720
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	401,335	312,431
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	2,848,908	2,622,312
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	8,875	21,337
29	6530	Network Operations Expense	1,091,884	1,024,788
30	6540	Access Expense	79,881	46,494
31	6560	Depreciation and Amortization Expense	6,821,521	6,575,876
32	6610	Marketing	809,197	782,044
33	6620	Services	3,175,190	2,636,394
34	6710	Executive and Planning	337,395	308,346
35	6720	General and Administrative	2,517,534	1,955,470
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	19,550,184	17,738,607
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	6,293,265	5,244,183
40		Net Operating Income (L.17-L.37+L.38-L.39)	(2,129,437)	1,308,771

^ 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	140,558,928	137,951,410
2	3100	Accumulated Depreciation	(83,449,391)	(79,064,814)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	22,999	36,573
6	4340	Noncurrent Deferred Operating Income Taxes	(8,182,878)	(8,002,111)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	746,972	645,932
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	49,696,630	51,566,990

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	100,113,237	98,305,554
2	3100	Accumulated Depreciation	(59,333,880)	(56,309,321)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	17,020	27,065
6	4340	Noncurrent Deferred Operating Income Taxes	(5,828,271)	(5,702,381)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	551,692	483,477
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	35,519,798	36,804,394

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	96,400,801	94,751,678
2	3100	Accumulated Depreciation	(57,168,413)	(54,365,291)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	16,534	25,898
6	4340	Noncurrent Deferred Operating Income Taxes	(5,607,095)	(5,503,804)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	523,096	458,742
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	34,164,923	35,367,223

Notes to Schedule 8

(A) Revenues and expenses were allocated using FCC Part 36 separation rules. Allocation factors are based on prior years traffic measurements (i.e. allocations for 2003 are based on the 2002 traffic measurement) which are the most current factors available.

(B) Authorized by Montana Public Commission, Docket 6522, Order Number 4409.

Note: Rate Base Components are calculated using an average of beginning and end of year balances.

Statement of Cash Flows

Year: 2003

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		12,331,423
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	9,774,608	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	(190,678)	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	(287,243)	
11	Change in Materials, Supplies & Inventories - Net	13,400	
12	Change in Operating Payables & Accrued Liabilities - Net	(6,036,806)	
13	Change in Other Assets & Deferred Credits - Net	(7,443)	
14	Change in Other Liabilities & Deferred Credits - Net	198,109	
15	Other (explained on back of this page)	589,457	
16	Total Adjustments		4,053,404
17	Net Cash Provided by/(Used in) Operating Activities		16,384,827
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(6,228,645)	
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)	60,649	
25	Net Cash Provided by/(Used in) Investing Activities		(6,167,996)
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)	(9,304,500)	
37	Net Cash Provided by Financing Activities		(9,304,500)
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		912,331
40	Cash & Cash Equivalents at Beginning of Period		19,690,044
41	Cash & Cash Equivalents at End of Period		20,602,375

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	AT&T				281,960						
2	MCI				11,893						
3											
4											
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26											
27											
28											
29	Aggregate of all balances		4,269,886	(329,899)	375,453						
30	Totals		4,269,886	(329,899)	669,306						

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 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	8,078,973	194,525	75,838	(40,896)	8,156,764	5,183,932	2,972,832
2	^ 2111	Land	493,098				493,098		493,098
3	^ 2112	Motor Vehicles	1,579,364	81,277	67,456	(18,256)	1,574,929	965,651	609,278
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles							
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	784,619	5,998			790,617	753,880	36,737
8	^ 2121	Buildings	3,420,423	55,022	8,382		3,467,063	2,001,033	1,466,030
9	^ 2122	Furniture	216,569				216,569	171,216	45,353
10	^ 2123	Office Equipment	284,939				284,939	737,096	(452,157)
11	^ 2124	General Purpose Computers	1,299,961	52,228		(22,640)	1,329,549	555,056	774,493
12	2211	Analog Electronic Switching							
13	2212	Digital Electronic Switching							
14	2215	Electro-Mechanical Switching							
15	2220	Operator Systems							
16	2231	Radio Systems	191,982						
17	2232	Circuit Equipment	32,681,274	2,125,249	6,355,543	(53,257)	28,397,723	18,055,345	10,342,378
18	* 2310	Information Orig. & Term Equip							
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							
24	2411	Poles	1,403,044	24,411	14,807		1,412,648	1,571,397	(158,749)
25	* 2420	Cable and Wire Facilities	69,451,242	3,607,786	135,208	64,099	72,987,919	34,761,086	38,226,833
26	^ 2421	Aerial Cable	10,426,947	123,004	60,377	47,347	10,536,921	10,057,956	478,965
27	^ 2422	Underground Cable	1,475,686	22,563		(34,954)	1,463,295	615,879	847,416
28	^ 2423	Buried Cable	57,509,576	3,462,219	74,831	51,706	60,948,670	24,045,322	36,903,348
29	^ 2424	Submarine Cable	5,831				5,831	2,885	2,946
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	33,202				33,202	39,044	(5,842)
32	2431	Aerial Wire	451,211			(46,755)	404,456	527,804	(123,348)
33	2441	Conduit Systems	1,171,359			(17,276)	1,154,083	416,673	737,410
34		Totals	141,989,270	6,349,591	9,127,155	(94,085)	139,117,621	83,669,489	55,448,132
	2682	Leasehold Improvements	5,482				5,482		
		Totals with Leasehold Improve	141,994,752	6,349,591	9,127,155	(94,085)	139,123,103	83,674,971	55,448,132

^ 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	N/A						
2							
3							
4							
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26							
27							
28							
29							
30	Totals						

(Sum L.1 to L.29)

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	N/A											
2												
3												
4												
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26												
27												
28												
29												
30	Total											

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	Preferred stock 5% cumulative	12/50	Private	None	\$100	(A)	(A)	(A)	(A)	50,000	1,125	0
2	authorized and outstanding, 500											
3	shares of \$100 par value											
4	(includes 275 held in treasury)											
5												
6	Serial preferred, 10% cumulative	12/71	Private	None	100	(A)	(A)	(A)	(A)	180,000	6,000	0
7	authorized 100,000 shares of											
8	\$100 par value; 1,800 shares issued											
9	(includes 1,200 shares held in treasury)											
10												
11												
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29												
30	Totals (Sum L.1 to L.29)									230,000	7,125	

(A) No preferred stock transactions took place during 2003.

Year: 2003

Analysis of Common Stock

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	96,000		128.45		(A)	(A)		(A)
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January		671.15						
10	February		669.42						
11	March		671.58	22.87					
12	April		668.90						
13	May		668.59						
14	June		672.08	20.33					
15	July		670.79						
16	August		669.54						
17	September		670.75	21.87					
18	October		670.71						
19	November		669.97						
20	December		615.01	63.38					
21									
22									
23									

(A) Not Applicable, common stock not publicly traded.

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	N/A						
2							
3							
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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	*	Network Support Expense	17,417	7,047	73	39,788		64,325
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense	17,417	7,047	73	39,788		64,325
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	181,648	75,635	161,719	638,598		1,057,600
8	^	Land and Building Expense			77,031	273,148		350,179
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense	181,648	75,635	84,688	365,450		707,421
12	*	Central Office Switching Expense	480,652	193,557	5,290	372,990		1,052,489
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	480,652	193,557	5,290	351,820		1,031,319
15	^	Electro-Mechanical Expense				21,170		21,170
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	246,059	96,708	43	269,769		612,579
18	^	Radio Systems Expense	250	114		51		415
19	^	Circuit Equipment Expense	245,809	96,594	43	269,718		612,164
20	*	Information Origination/Termination Expense	498	214		64		776
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense	498	214		64		776
25	*	Cable and Wire Facilities Expense	1,845,092	728,813	249,278	1,173,584		3,996,767
26	^	Poles Expense	831	372	216,575	(2,672)		215,106
27	^	Aerial Cable Expense	340,565	134,065	63	170,863		645,556
28	^	Underground Cable Expense						
29	^	Buried Cable Expense	1,503,696	594,376	32,640	1,005,393		3,136,105
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	2,771,366	1,101,974	416,403	2,494,793		6,784,536

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2003

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					
36		6510	Other Property Expenses	12,194		3,770		12,934
37	*	6530	Network Operations Expense	809,112	5,205	455		1,591,358
38	^	6531	Power Expense		322,185			218,728
39	^	6532	Network Administration Expense	23,472	8,996	140		47,546
40	^	6533	Testing Expense	96,076	42,410	191		165,815
41	^	6534	Plant Operations Expense	558,885	213,630	20		815,076
42	^	6535	Engineering Expense	130,679	57,149	104		344,193
43		6540	Access Expense					683,723
44		6561	Depreciation - Telecomm. Plant in Service					9,774,608
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	544,169	207,563	1,346		1,100,222
50	^	6611	Product Management	79,728	29,481	79		167,055
51	^	6612	Sales	464,441	178,082	1,267		762,288
52	^	6613	Product Advertising					170,879
53		6621	Call Completion Services					19,428
54		6622	Number Services					181,727
55		6623	Customer Services	1,622,999	744,826	12,757		3,792,967
56		6711	Executive	183,717	101,787	107		454,766
57		6712	Planning					
58		6721	Accounting and Finance	245,807	113,991	454		720,823
59		6722	External Relations	82,984	32,489	63		200,574
60		6723	Human Relations	140,632	65,199	34		299,493
61		6724	Information Management	288,182	114,062	845		1,267,548
62		6725	Legal	66,775	33,574	24		193,593
63		6726	Procurement	12,214	5,722	20		23,400
64		6727	Research and Development					
65		6728	Other General and Administrative	23,617	32,153	181,687		1,075,048
66		6790	Provision for Uncollectible Notes Receivable					
67			Totals	6,803,768	2,880,730	617,965	17,874,285	28,176,748

^ 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		Subtotals						

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense	NOT APPLICABLE					
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2003

1	Plan Name			
2	Defined Benefit Plan? <input checked="" type="checkbox"/> _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: _____	Is the Plan Over Funded? _____		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	See Note (A) Below		
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			
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	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
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:			
43	Pension Costs	612,208	(617,988)	-200.94%
44	Pension Costs Capitalized	(18,366)	(18,292)	0.40%
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	124	139	12.10%
48	Not Covered by the Plan	8		-100.00%
49	Active	132	139	5.30%
50	Retired	75	75	
51	Deferred Vested Terminated			

(A) This information is not available on an individual basis. Information regarding the pension plan is summarized in the attached copy of Footnote 10 of CenturyTel, Inc's 2002 Proxy Statement.

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

(10) Postretirement Benefits

The Company sponsors health care plans (which use a December 31 measurement date) that provide postretirement benefits to all qualified retired employees.

On December 8, 2003, President Bush signed into law a bill that expands Medicare, primarily adding a prescription drug benefit for Medicare-eligible retirees starting in 2006. The Company anticipates that the benefits it pays after 2006 will be lower as a result of the new Medicare provisions; however, the Company's retiree medical obligations and reported costs do not reflect the impact of this legislation. Deferring recognition of the new medicare provisions' impact is permitted by Financial Accounting Standards Board Staff Position 106-1 due to unresolved questions about some of the new Medicare provisions and a lack of authoritative accounting guidance about certain matters.

In 2003, the Company announced changes, effective January 1, 2004, that would decrease its subsidization of benefits provided under its postretirement benefit plan.

The following is a reconciliation of the beginning and ending balances for the benefit obligation and the plan assets.

December 31,	2003	2002	2001
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 253,762	215,872	165,266
Service cost	6,176	6,669	6,373
Interest cost	18,216	15,962	14,512
Participant contributions	1,199	617	548
Acquisitions	-	56,539	-
Plan amendments	(34,597)	-	-
Actuarial (gain) loss	79,163	(29,534)	40,005
Benefits paid	(12,498)	(12,363)	(10,832)
Benefit obligation at end of year	\$ 311,421	253,762	215,872
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 28,697	36,555	39,873
Return on assets	4,479	(2,896)	(1,379)
Employer contributions	8,000	6,784	8,345
Participant contributions	1,199	617	548
Benefits paid	(12,498)	(12,363)	(10,832)
Fair value of plan assets at end of year	\$ 29,877	28,697	36,555

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

Net periodic postretirement benefit cost for 2003, 2002 and 2001 included the following components:

Year ended December 31.	2003	2002	2001
	(Dollars in thousands)		
Service cost	\$ 6,176	6,669	6,373
Interest cost	18,216	15,962	14,512
Expected return on plan assets	(2,870)	(3,656)	(3,987)
Amortization of unrecognized actuarial loss	2,234	1,470	1,337
Amortization of unrecognized prior service cost	(2,447)	(129)	(129)
<u>Net periodic postretirement benefit cost</u>	<u>\$ 21,309</u>	<u>20,316</u>	<u>18,106</u>

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2003, 2002 and 2001.

December 31.	2003	2002	2001
	(Dollars in thousands)		
Benefit obligation	\$ (311,421)	(253,762)	(215,872)
Fair value of plan assets	29,877	28,697	36,555
Unamortized prior service cost	(33,068)	(918)	(1,046)
Unrecognized net actuarial loss	89,893	14,573	33,925
<u>Accrued benefit cost</u>	<u>\$ (224,719)</u>	<u>(211,410)</u>	<u>(146,438)</u>

Assumptions used in accounting for postretirement benefits as of December 31, 2003 and 2002 were:

Determination of benefit obligation	2003	2002
Discount rate	6.0%	6.75
Healthcare trend rates (Medical/Prescription Drug)		
Following year	11.0%/16.0%	4.9/5.7
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%/5.0%	4.5/4.5
Year that the rate reaches the ultimate trend rate	2010/2015	2015/2015
 Determination of benefit cost		
Discount rate	6.75%	7.00
Expected return on plan assets	8.25%	10.0

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset studies and periodic portfolio reviews.

The Company's postretirement benefit plan weighted-average asset allocations at December 31, 2003 and 2002 by asset category are as follows:

	2003	2002
Equity securities	80.5%	56.2
Debt securities	16.4	36.6
Other	3.1	7.2
Total	100.0%	100.0

In determining the expected return on plan assets, historical markets are studied and long-term relationships between equities and fixed income are preserved consistent with the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are also reviewed to check for reasonableness.

Assumed health care cost trends have a significant effect on the amounts reported for postretirement benefit plans. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thousands)	
Effect on total of service and interest cost components	\$ 1,588	(1,514)
Effect on postretirement benefit obligation	\$ 20,377	(19,126)

The Company expects to contribute approximately \$13 million to its postretirement benefit plan in 2004.

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		See Note (A) Below	
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	VEBA - Tax Advantaged			
14	401 (h) - Tax Advantaged			
				OTHER TRUSTS - Not Tax Advantaged
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
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			
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			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
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	612,208	617,988	0.94%
47	Accumulated Post Retirement Benefit Obligation			
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			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 9 of the CenturyTel, Inc. 2002 Proxy Statement

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	124	139	12.10%
3	Not Covered by the Plan	8		-100.00%
4	Active	132	139	5.30%
5	Retired	75	75	
6	Spouses/Dependants covered by the Plan	14	12	-14.29%
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 Ccosts			
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			

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

(11) Retirement And Savings Plans

CenturyTel and certain subsidiaries sponsor defined benefit pension plans for substantially all employees. CenturyTel also sponsors an Outside Directors' Retirement Plan and a Supplemental Executive Retirement Plan to provide directors and officers, respectively, with supplemental retirement, death and disability benefits. The Company uses a December 31 measurement date for its plans.

The following is a reconciliation of the beginning and ending balances for the aggregate benefit obligation and the plan assets for the Company's retirement and savings plans.

December 31.	2003	2002	2001
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 346,256	271,490	249,835
Service cost	12,840	10,353	7,760
Interest cost	23,617	20,053	17,829
Plan amendments	-	-	1,205
Acquisitions	-	51,428	-
Settlements	(9,962)	-	-
Actuarial (gain) loss	46,221	9,231	9,065
Benefits paid	(28,139)	(16,299)	(14,204)
Benefit obligation at end of year	\$ 390,833	346,256	271,490
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 266,420	270,902	315,727
Return on plan assets	52,783	(42,998)	(31,998)
Employer contributions	50,437	3,387	1,377
Acquisitions	6,807	51,428	-
Benefits paid	(28,139)	(16,299)	(14,204)
Fair value of plan assets at end of year	\$ 348,308	266,420	270,902

At December 31, 2003, the Company's underfunded pension plans (meaning those with benefit obligations in excess of plan assets) had aggregate benefit obligations of \$138.4 million and aggregate plan assets of \$84.4 million. As of December 31, 2002, all of the pension plans had benefit obligations in excess of plan assets.

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

Net periodic pension expense (benefit) for 2003, 2002 and 2001 included the following components:

<u>Year ended December 31,</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(Dollars in thousands)		
Service cost	\$ 12,840	10,353	7,760
Interest cost	23,617	20,053	17,829
Expected return on plan assets	(22,065)	(28,575)	(30,803)
Settlements	2,233	-	-
Recognized net (gains) losses	7,214	1,248	(2,399)
Net amortization and deferral	397	395	301
<u>Net periodic pension expense (benefit)</u>	<u>\$ 24,236</u>	<u>3,474</u>	<u>(7,312)</u>

The following table sets forth the combined plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 2003, 2002 and 2001.

<u>December 31,</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(Dollars in thousands)		
Benefit obligation	\$ (390,833)	(346,256)	(271,490)
Fair value of plan assets	348,308	266,420	270,902
Unrecognized transition asset	(900)	(1,152)	(1,404)
Unamortized prior service cost	3,721	4,370	5,017
<u>Unrecognized net actuarial (gain) loss</u>	<u>98,759</u>	<u>102,664</u>	<u>23,121</u>
<u>Prepaid pension cost</u>	<u>\$ 59,055</u>	<u>26,046</u>	<u>26,146</u>

The Company's accumulated benefit obligation as of December 31, 2003 and 2002 was \$329.0 million and \$284.8 million, respectively.

Amounts recognized on the balance sheet consist of:

<u>December 31,</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(Dollars in thousands)		
Prepaid pension cost	\$ 59,055	26,046	26,146
Additional minimum pension liability (reflected in Deferred Credits and Other Liabilities)	-	(56,388)	-
Intangible asset (reflected in Other Assets)	-	1,212	-
Accumulated Other Comprehensive Loss	-	55,176	-
	<u>\$ 59,055</u>	<u>26,046</u>	<u>26,146</u>

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

Assumptions used in accounting for the pension plans as of December 2003 and 2002 were:

	2003	2002
Determination of benefit obligation		
Discount rate	6.0%	6.75
Weighted average rate of compensation increase	4.0%	4.50
Determination of benefit cost		
Discount rate	6.75%	7.0
Weighted average rate of compensation increase	4.50%	4.50
Expected long-term rate of return on assets	8.25%	10.0

The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset studies and periodic portfolio reviews.

The Company's pension plans weighted-average asset allocations at December 31, 2003 and 2002 by asset category are as follows:

	2003	2002
Equity securities	54.0%	66.5
Debt securities	11.0	5.7
Cash and cash equivalents	32.3	24.4
Other	2.7	3.4
Total	100.0%	100.0

In determining the expected return on plan assets, historical markets are studied and long-term relationships between equities and fixed income are preserved consistent with the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are also reviewed to check for reasonableness.

The amount of the 2004 contribution will be determined based on a number of factors, including the results of the 2004 actuarial valuation report. At this time, the amount of the 2004 contribution is not known.

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2003

CenturyTel sponsors an Employee Stock Ownership Plan ("ESOP") which covers most employees with one year of service with the Company and is funded by Company contributions determined annually by the Board of Directors. The Company's expense related to the ESOP during 2003, 2002 and 2001 was \$8.9 million, \$9.3 million, and \$7.5 million, respectively. At December 31, 2003, the ESOP owned an aggregate of 7.2 million shares of CenturyTel common stock.

CenturyTel and certain subsidiaries also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plans") which are available to substantially all employees of the Company. The Company's matching contributions to the 401(k) Plans were \$8.2 million in 2003, \$6.7 million in 2002 and \$6.6 million in 2001.

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	Flathead Janitorial	Janitorial services	80,509	80,509	57,343
2	Johnson Controls	Maintenance	78,926	78,926	56,215
3	Automotive Rentals	Vehicle maintenance	157,597	157,597	118,274
4	Mid-State Consultants	Engineering Services	158,205	158,205	112,682
5	3D Communications	Contract labor	95,188	95,188	64,643
6	Montana Telecom Assoc.	Membership fees	34,585	34,585	25,956
7	The Berry Company	Advertising	39,735	39,735	30,298
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48					
49	Total		644,745	644,745	465,410

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	256,810,967	80.85%	256,531,620	80.37%
3	Interstate, IntraLATA	1,414	0.00%	552	0.00%
4	Total Interstate Usage	256,812,381	80.85%	256,532,172	80.37%
5	Intrastate, InterLATA	25,650,762	8.08%	31,790,647	9.96%
6	Intrastate, IntraLATA	35,168,840	11.07%	30,876,980	9.67%
7	Total Intrastate Usage	60,819,602	19.15%	62,667,627	19.63%
8	Total Toll Usage	317,631,983	100.00%	319,199,799	100.00%
9	Centrex				
10	Local				
11	Total Minutes	317,631,983	100.00%	319,199,799	100.00%

Central Office and Access Line Statistics

Year: 2003

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	Bigfork	Digital	3,617	0	614	Lifeline	1	592	10		5	445	100.0%	4,669
2	Columbia Falls	Digital	4,282	3	528	Customers	1	665	11		13	997	100.0%	5,971
3	Elmo	Digital	832	0	18	Pulled		53	4		1	10	100.0%	900
4	Finley Point	Digital	573	0	48	By Total		29	0		1	0	100.0%	603
5	Hungry Horse	Digital	1,001	0	116	Not by		136	2		7	67	100.0%	1,213
6	Kalispell	Digital	18,945	68	3,075	Exchange	3	4,610	61		58	8,172	100.0%	31,914
7	Lakeside	Digital	1,292	0	218		2	152	2		4	228	100.0%	1,678
8	Marion	Digital	352	0	37			35	2		0	8	100.0%	397
9	McGregor Lake	Digital	122	0	8			17	0		0	13	100.0%	152
10	Olney	Digital	133	0	11			27	0		0	15	100.0%	175
11	Polson	Digital	4,049	5	449			855	7		10	1,099	100.0%	6,025
12	Somers	Digital	848	0	141		1	86	2		1	48	100.0%	985
13	Swan Lake	Digital	222	0	12			16	0		1	0	100.0%	239
14	Whitefish	Digital	6,447	10	1,181			1,256	26		18	1,857	100.0%	9,614
15	Yellow Bay	Digital	334	0	41			13	0		1	21	100.0%	369
33	Total		43,049	71	6,497	1,093	8	8,542	127		120	12,980		64,904

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	Bigfork	Remote	Digital	Nortel	Dual-RSC	9,315	1985
2	Columbia Falls	Remote	Digital	Nortel	Dual-RSC	10,213	1988
3	Elmo	Remote	Digital	Nortel	RLCM	1,856	1990
4	Finley Point	Remote	Digital	Nortel	RLCM	1,216	1990
5	Hungry Horse	Remote	Digital	Nortel	RSC	2,560	1989
6	Kalispell	Host	Digital	Nortel	DMS100	49,603	1984
7	Lakeside	Remote	Digital	Nortel	RSC	3,391	1990
8	Marion(MT)	Remote	Digital	Alcatel	LS2000 RDT	600	1999
9	McGregor Lake	Remote	Digital	Nortel	RLCM	640	1995
10	Olney	Remote	Digital	Alcatel	LS2000	700	1999
11	Polson	Remote	Digital	Nortel	Dual RSCS	9,627	1985
12	Somers	Remote	Digital	Nortel	RSC	2,132	1995
13	Swan Lake	Remote	Digital	Alcatel	Litespan	700	1999
14	Whitefish	Remote	Digital	Nortel	Dual RSCS	17,461	1994
15	Yellow Bay	Remote	Digital	Nortel	RLCM	640	1989
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2002

Line No.	Description (a)	2004 (b)
1	Central Office Assets:	
2		
3		
4		
5		
6		
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9		
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12		
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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	
29	Total Central Office Budget (Total of Line 27 & Line 28)	2,766,001
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)	4,145,823
		6,911,824

Montana Employee Counts

Year: 2003

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Vice President and Managers	4	4
2	Supervisors & Superintendants	8	7
3	Comm Technicians	12	12
4	Plant Technicians	20	19
5	Cable Technicians	5	5
6	Engineers/Drafting	11	12
7	Facility & Test Board Technicians	4	8
8	Special Apparatus Technicians	10	10
9	Line Assigners	4	
10	Commercial & General	42	37
11	Secretaries	5	6
12	Supply Technicians	2	
13	Pay Station Collectors	1	
14	Communication Consultants	1	1
15	LAN Administrator	1	1
16	Plant Support Technicians	9	10
17			
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42			
43	Totals (Sum of Lines 1 through 42)	139	132

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	In order to protect the privacy interests of the company's employees, this schedule has historically been submitted as confidential and subject to protective order. The company is submitting the information on Schedule 27 under separate cover subject to the protective order currently in place.						
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						
	Note: CenturyTel of Montana, Inc. does not submit SEC information. See Schedule 27, Compensation of Top 10 Montana Based Employees.						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2003

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	110,113
3	2003 - 2004	Construction Work in Progress	339
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	17
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(59,334)
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	51,135
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	29,069
13	6560	Depreciation & Amortization Expenses	7,072
14		Federal & State Income Taxes	5,252
15		Other Taxes	1,304
16		Other Operating Expenses	13,425
17		TOTAL Operating Expenses	27,053
18		Net Operating Income	2,016
19		Other Income	
20		Other Deductions	
21		NET INCOME	2,016
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	43,049
24		Business Access Lines	8,542
25		PBX Access Lines	3,723
26		Other Access Lines	9,590
27		Total Number of Access Lines	64,904
28		Average Number of Calls Per Access Line	
29		Local Calls	N/A
30		Toll Calls (Intra- or Interstate)	317,631,983
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	N/A
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	N/A
34		Gross Plant Investment per Access Line	1.702

Depreciation - Montana Intrastate Regulated

Year: 2003

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	16.20%	247,116
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment		
5	2121	Buildings	9.38%	3,940
6	2122	Furniture	3.04%	104,680
7	2123.1	Office Support Equipment	8.19%	17,737
8	2123.2	Company Communications Equipment	13.06%	16,554
9	2124	General Purpose Computers	17.26%	225,945
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.39%	2,619,960
12	2215	Step By Step Switching Equipment	9.39%	
13	2215	Crossbar Switching Equipment	9.39%	16,309
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		6,640
17	2232	Circuit Digital		
18	2232	Circuit Analog		2,820,513
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic		9.32%
23	2421	Aerial Cable Nonmetallic	9.32%	107,011
24	2422	Underground Cable Metallic	3.41%	44,506
25	2422	Underground Cable Nonmetallic	3.41%	5,794
26	2423	Buried Cable Metallic	4.43%	2,359,982
27	2423	Buried Cable Nonmetallic	4.43%	243,395
28	2424	Submarine Cable Metallic	3.30%	192
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	9.09%	37,010
33	2441	Conduit Systems	2.37%	27,521
34				
35		COMPOSITE TOTAL		9,774,606
36				
37	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
38				
39	If yes: 83.9.88 _____ Docket Number _5052_ Order Number			
40				

Montana Regulatory Capital Structure & Costs

Year: 2003

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>92.7.32</u>			
2	Order Number <u>5638C</u>			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
10				
11				
12	Common Equity 66,324,558	99.65%	13.700%	13.65%
13	Preferred Stock 230,000	0.35%	8.913%	0.03%
14	Long Term Debt			
15	Other			
16	Total 66,554,558	100.00%		13.68%

Network Access - Charges and Revenues

Year: 2003

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	N/A	23,969,689
2			
3	Montana - Intrastate		4,825,168
4			
5	Montana - Intrastate Regulated		3,809,622
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	CenturyTel, Inc.	Management, Accounting, Operating and Miscellaneous Services		298,724		298,724
2						
3						
4	CenturyTel Service Group, Inc.	"		5,619,210		5,619,210
5	CenturyTel of Northwest, Inc.	"		63,931		63,931
6	CenturyTel of Washington, Inc.	"		38,778		38,778
7	CenturyTel of Ohio, Inc.	"		27,834		27,834
8	CenturyTel of Eagle, Inc.	"		17,190		17,190
9	CenturyTel Holdings MO, Inc.	"		16,657		16,657
10	Various other Telcos with transactions of less than 7K.	"		4,625		4,625
11						
12	CenturyTel Business Commun. Marketing Group, LLC	Printing & Marketing Services		25,130		25,130
13						
14	CenturyTel Supply, Inc.	Warehouse		241,456		241,456
15						
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27						
28						
29						
30	TOTAL			\$6,353,535		\$6,353,535

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	CenturyTel Internet Service, Inc.	Management, Accounting,		296,120	N/A	296,120
2	CenturyTel of Idaho, Inc.	Operating and Misc Services		440,580		440,580
3	CenturyTel of Colorado, Inc.	"		63,887		63,887
4	CenturyTel of the Swest, Inc.(NM)	"		43,160		43,160
5	CenturyTel of Swest, Inc.(AZ)	"		11,461		11,461
6	CenturyTel of Gem State(NV)	"		40,615		40,615
7	CenturyTel of Gem State(ID)	"		193,348		193,348
8	CenturyTel of Eagle, Inc.	"		512,944		512,944
9	CenturyTel of Wyoming, Inc.	"		347,664		347,664
10	CenturyTel Long Distance, LLC	"		321,953		321,953
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29						
30	TOTAL			\$2,271,732		\$2,271,732

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	96,400,801	94,751,678	1.74%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(57,168,413)	(54,365,291)	-5.16%
5	Plant in Service	39,232,388	40,386,387	-2.86%
6				
7	Additions			
8	1220 Materials & Supplies	16,534	25,898	-36.16%
9	1280 Prepayments			
10	Other Additions	523,096	458,742	14.03%
11	TOTAL Additions	539,630	484,640	11.35%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	(5,607,095)	(5,503,804)	-1.88%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	(5,607,095)	(5,503,804)	-1.88%
20	TOTAL Rate Base	34,164,923	35,367,223	-3.40%
21				
22	Net Earnings	(2,129,437)	1,308,771	-262.71%
23				
24	Rate of Return on Average Rate Base	-6.233%	3.701%	-268.43%
25				
26	Rate of Return on Average Equity	13.700%	13.700%	
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: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	1,274,393	1,148,897
2	Montana Public Service Commission Tax	40,719	44,659
3	Montana Consumer Counsel Tax	14,983	20,915
4	911 Emergency Telephone Fee	401,780	413,118
5	Montana Telecommunications Access Service (TDD)	69,893	76,419
6	Montana Corporate License Tax	2,000,000	375,000
7	Real Property Tax	1,823,045	1,798,800
8			
9			
10			
11			
12	Total	5,624,813	3,877,808

Company Name: CenturyTel of Montana, Inc.

Universal Service Funds Received

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	N/A	N/A
14	Funds received from Federal Sources	826,859	1,294,964
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	826,859	1,294,964