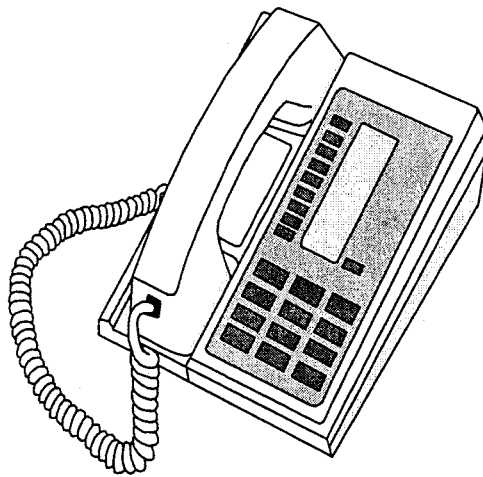


YEAR ENDING 2003

ANNUAL REPORT  
OF  
**Citizens Communications**

TELEPHONE UTILITY



RECEIVED BY  
JUL 24 4 09 24  
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:	Citizens Telecommunications Company of Montana
2.	Name Under Which Respondent Does Business:	Frontier Communications of Montana
3.	Date of Incorporation:	July 7, 1993
4.	Address to send Correspondence Concerning Report:	4 Triad Center, Suite 200 Salt Lake City, UT 84180
5.	Person Responsible for This Report:	Lance Tade
5a.	Telephone Number:	(801) 924-6357
<b>Control Over Respondent</b>		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
1a.	Name and address of the controlling organization or person:	Citizens Utilities Company P.O. Box 3801 / 3 High Ridge Park Stamford, CT 06905
1b.	Means by which control was held:	Common Stock
1c.	Percent Ownership:	100%

<b>Board of Directors</b>		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	John H. Casey, III Stamford, Connecticut	None
2	Scott N. Schneider Stamford, Connecticut	None
3	Leonard Tow Stamford, Connecticut	None
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	<b>Chairman of the Board:</b> Leonard Tow	
19		
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	Chairman		Scott N. Schneider *
2	President & Chief Operating Officer		John H. Casey, III *
4	Vice President and Treasurer		Donald B. Armour *
5	Vice President and Chief Financial Officer		Jerry Elliott*
6	Vice President, Engineering		David P. Frezza**
7	Vice President, Tax		Edward O. Kipperman*
8	Vice President and Chief Accounting Officer		Robert J. Larson*
9	Vice President, Administration		Randall Lis**
10	Vice President		Michael A. Zarrella*
11	General Counsel and Secretary		L. Russell Mitten*
12	Assistant Secretary		Virginia L. Coogle*
13	Assistant Secretary		Gregg C. Sayre**

\* Stamford, Connecticut

\*\*Rochester, New York

## 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	(2,463)	69,403
3	1180	Telecommunications Accounts Receivable - Net	387,842	435,202
4	1190	Other Accounts Receivable - Net	430,751	748,489
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	6,219	12,879
8	* 1280	Prepayments		627
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		627
13	^ 1330	Other Prepayments		
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	822,349	1,266,600
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	11,206	20,010
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		(0)
25	1500	Other Jurisdictional Assets - Net		
26		<b>Total Noncurrent Assets</b>	11,206	20,010
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	25,711,253	25,137,523
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	781,701	486,478
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	14,619,967	14,619,967
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(13,879,728)	(12,547,303)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating & RWIP	1,063	
38	3400	Accumulated Amortization	(7,066,675)	(6,634,788)
39		<b>Net Property, Plant, &amp; Equipment</b>	20,167,581	21,061,878
40		<b>TOTAL ASSETS</b>	21,001,136	22,348,487

^ 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	169,798	138,543
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	111,631	108,404
45	4040	Customer Deposits	17,285	18,329
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		342,019
49	4080	Other Taxes - Accrued	152,682	172,447
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	59,046	48,995
53	4130	Other Current Liabilities	5,661	1,489
54		<b>Total Current Liabilities</b>	516,104	830,226
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	12,023,668	14,868,950
62	4270	Other Long-Term Debt		
63		<b>Total Long-Term Debt</b>	12,023,668	14,868,950
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	4,689,076	4,560,597
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	72,712	42,214
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>	4,761,788	4,602,811
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	1,000	1,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	3,698,576	2,045,501
79		<b>Total Stockholders' Equity</b>	3,699,576	2,046,501
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	21,001,136	22,348,487

## 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	2,101,000	2,162,320
3	5080	Network Access Revenues	5,088,128	4,894,052
4	* 5100	Long Distance Message Revenue	16,125	18,371
5	^ 5110	Unidirectional Long Distance Revenue	14,975	17,755
6	^ 5120	Long Distance Private Network Revenue	1	(3)
7	^ 5160	Other Long Distance Revenue	1,150	619
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	150,780	139,938
10	^ 5230	Directory Revenue	24,484	23,307
11	^ 5240	Rent Revenue	6,882	7,726
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	25,528	29,847
14	^ 5270	Carrier Billing and Collection Revenue	93,885	79,058
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	31,488	43,348
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>7,324,545</b>	<b>7,171,332</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	174	17,770
20	6120	General Support Expense	367,322	657,157
21	6210	Central Office Switching Expense	78,851	77,664
22	6220	Operator Systems Expense	309	
23	6230	Central Office Transmission Expense	110,877	114,223
24	6310	Information Origination/Termination Expense	18,625	21,163
25	* 6410	Cable and Wire Facilities Expense	301,671	298,960
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		28
28	6510	Other Property, Plant & Equipment Expense	38	543
29	6530	Network Operations Expense	430,672	358,388
30	6540	Access Expense	88,394	50,400
31	6560	Depreciation and Amortization Expense	2,018,721	2,007,728
32	6610	Marketing	110,633	180,754
33	6620	Services	399,022	328,167
34	6710	Executive and Planning	49,568	148,212
35	6720	General and Administrative	389,202	444,179
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>4,364,080</b>	<b>4,705,307</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,431,326	1,348,913
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>1,529,139</b>	<b>1,117,112</b>
41	7300	Nonoperating Income and Expense	(21,767)	10,864
42	7400	Nonoperating Taxes		1,038
43	7500	Interest and Related Items	6,733	
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(108,903)	(163,554)
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>1,653,076</b>	<b>1,290,491</b>

^ 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	Same as Schedule 4	
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		<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	2,101,000	2,162,320
3	5080	Network Access Revenues	2,253,534	2,489,336
4	* 5100	Long Distance Message Revenue	16,125	6,786
5	^ 5110	Unidirectional Long Distance Revenue	14,975	6,166
6	^ 5120	Long Distance Private Network Revenue	1	1
7	^ 5160	Other Long Distance Revenue	1,150	619
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	95,786	72,527
10	^ 5230	Directory Revenue	24,484	23,307
11	^ 5240	Rent Revenue	6,882	7,726
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	25,528	29,847
14	^ 5270	Carrier Billing and Collection Revenue	38,891	11,647
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	31,488	43,348
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>4,434,957</b>	<b>4,687,621</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	113	11,526
20	6120	General Support Expense	238,208	426,267
21	6210	Central Office Switching Expense	51,135	38,524
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	12,078	15,872
25	* 6410	Cable and Wire Facilities Expense	195,633	221,488
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		21
28	6510	Other Property, Plant & Equipment Expense	23	352
29	6530	Network Operations Expense	251,771	232,470
30	6540	Access Expense	51,675	8,824
31	6560	Depreciation and Amortization Expense	1,307,122	1,305,951
32	6610	Marketing	65,462	180,754
33	6620	Services	294,798	235,020
34	6710	Executive and Planning	33,240	102,910
35	6720	General and Administrative	260,999	308,414
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>2,762,256</b>	<b>3,088,373</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	926,211	1,064,654
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>746,490</b>	<b>534,590</b>

^ 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	2,101,000	2,162,320
3	5080	Network Access Revenues	2,253,534	2,489,336
4	* 5100	Long Distance Message Revenue	16,125	6,786
5	^ 5110	Unidirectional Long Distance Revenue	14,975	6,166
6	^ 5120	Long Distance Private Network Revenue	1	1
7	^ 5160	Other Long Distance Revenue	1,150	619
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	95,786	72,527
10	^ 5230	Directory Revenue	24,484	23,307
11	^ 5240	Rent Revenue	6,882	7,726
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	25,528	29,847
14	^ 5270	Carrier Billing and Collection Revenue	38,891	11,647
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	31,488	43,348
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>4,434,957</b>	<b>4,687,617</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	99	9,820
20	6120	General Support Expense	258,837	382,958
21	6210	Central Office Switching Expense	51,135	38,466
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense	1,625	2,855
25	* 6410	Cable and Wire Facilities Expense	195,633	221,488
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		21
28	6510	Other Property, Plant & Equipment Expense	21	332
29	6530	Network Operations Expense	243,060	215,081
30	6540	Access Expense	51,675	8,824
31	6560	Depreciation and Amortization Expense	1,277,711	1,288,974
32	6610	Marketing	37,215	110,025
33	6620	Services	259,953	187,288
34	6710	Executive and Planning	30,551	92,383
35	6720	General and Administrative	239,415	275,846
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>2,646,929</b>	<b>2,834,339</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	938,807	1,113,415
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>849,221</b>	<b>739,863</b>

^ 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	25,424,388	24,765,698
2	3100	Accumulated Depreciation	13,213,516	11,905,110
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	9,549	13,597
6	4340	Noncurrent Deferred Operating Income Taxes	4,624,837	4,582,295
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>	<b>7,595,585</b>	<b>8,291,890</b>

**Average Rate Base - Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	16,452,122	16,064,344
2	3100	Accumulated Depreciation	8,753,954	7,957,459
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	7,075	10,074
6	4340	Noncurrent Deferred Operating Income Taxes	1,934,107	1,753,497
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>	<b>5,771,136</b>	<b>6,363,462</b>

**Average Rate Base - Regulated Intrastate**

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	16,172,436	15,820,166
2	3100	Accumulated Depreciation	8,656,785	7,511,045
3	2002	Property Held for Future Telecommunications Use	-	-
4	3200	Accumulated Depreciation - 2002	-	-
5	1220	Materials and Supplies	6,952	19,791
6	4340	Noncurrent Deferred Operating Income Taxes	1,639,155	1,728,072
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>	<b>5,883,447</b>	<b>6,600,840</b>

## 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		1,653,075
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	1,763,250	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	128,479	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	365,098	
11	Change in Materials, Supplies & Inventories - Net	6,660	
12	Change in Operating Payables & Accrued Liabilities - Net	(314,122)	
13	Change in Other Assets & Deferred Credits - Net	627	
14	Change in Other Liabilities & Deferred Credits - Net	30,498	
15	Other (explained on back of this page)		
16	Total Adjustments		1,980,489
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		3,633,564
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)	(868,952)	
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates	8,804	
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>		(860,148)
26	<b>Cash Flows from Financing Activities:</b>		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates	(2,845,282)	
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	<b>Net Cash Provided by Financing Activities</b>		(2,845,282)
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		(71,866)
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		69,403
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		(2,462)

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	Various		393,258	(5,416)	490,893	(60,143)					
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26											
27											
28											
29											
30	<b>Totals</b>	-	393,258	(5,416)	490,893	(60,143)	-	-	-	-	-

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	2,423,241	5,152	73,149		2,355,244	1,065,860	1,289,384
2	^ 2111	Land	76,722				76,722		76,722
3	^ 2112	Motor Vehicles	280,628				280,628	116,567	164,061
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	53,233				53,233	59,722	(6,489)
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	192,162	5,152	52,258		145,056	54,644	90,412
8	^ 2121	Buildings	1,680,603				1,680,603	802,629	877,974
9	^ 2122	Furniture	7,980		3,772		4,208	(3,480)	7,688
10	^ 2123	Office Equipment	26,840		12,920		13,920	13,907	13
11	^ 2124	General Purpose Computers	105,073		4,199		100,874	21,871	79,003
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems	3,856,835		2,445		3,854,390	1,372,656	2,481,734
16	^ 2231	Radio Systems						(280,508)	280,508
17	^ 2232	Circuit Equipment	1,257,755	197,205			1,454,960	1,387,565	67,395
18	* 2310	Information Orig & Term Equip	3,617,103	107,679	6,993		3,717,789	2,443,271	1,274,518
19	^ 2311	Station Apparatus	151,882				151,882	169,024	(17,142)
20	^ 2321	Customer Premises Wiring	(0)				(0)		(0)
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment	151,882				151,882	169,024	(17,142)
24	^ 2411	Poles	524,039	6,167	1,571		528,635	424,824	103,811
25	* 2420	Cable and Wire Facilities	13,086,381	368,196	62		13,454,515	7,150,707	6,303,808
26	^ 2421	Aerial Cable	2,543,341	27,455			2,570,796	2,144,167	426,629
27	^ 2422	Underground Cable	156,069				156,069	72,727	83,342
28	^ 2423	Buried Cable		340,741	62		10,727,650	4,933,813	5,793,837
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable							
32	^ 2431	Aerial Wire	45,109				45,109	90,411	(45,303)
33	^ 2441	Conduit Systems	148,728				148,728	55,917	92,811
34	^ 2682	Buildings Leasehold Improvements	26,449		26,449				
35		<b>Totals</b>	25,137,522	684,399	110,669		25,711,253	13,879,728	11,831,525

^ Subaccount of the account marked with a \*

Year: 2003

Analysis of Plant Held for Future Use

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

Year: 2003

Average Cost of Long Term Debt

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	None											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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16												
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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												
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19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)											



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:	100**							
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									

\*\*Citizens Communications Company owns 100 shares, 100% of the outstanding common stock of CTC MT.

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							
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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.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	* 6110	Network Support Expense	180	11		-17		174
2	^ 6112	Motor Vehicle Expense	180	11		-17		174
3	^ 6113	Aircraft Expense						
4	^ 6114	Special Purpose Vehicles Expense						
5	^ 6115	Garage Work Equipment Expense						
6	^ 6116	Other Work Equipment Expense						
7	* 6120	General Support Expense	38,897	12,637	41,266	274,521		367,322
8	^ 6121	Land and Building Expense	7,720	2,308	26,979	99,483		136,489
9	^ 6122	Furniture and Artworks Expense				77		77
10	^ 6123	Office Equipment Expense			13,923	6,521		20,444
11	^ 6124	General Purpose Computers Expense	31,177	10,329	364	168,441		210,311
12	* 6210	Central Office Switching Expense	41,748	13,117		23,986		78,851
13	^ 6211	Analog Electronic Expense						
14	^ 6212	Digital Electronic Expense	41,748	13,117		23,986		78,851
15	^ 6215	Electro-Mechanical Expense						
16	^ 6220	Operator Systems Expense				309		309
17	* 6230	Central Office Transmission Expense	67,511	19,954		23,412		110,877
18	^ 6231	Radio Systems Expense	6,323	1,920		8,684		16,928
19	^ 6232	Circuit Equipment Expense	61,188	18,034		14,728		93,950
20	* 6310	Information Origination/Termination Expense	12,511	3,798		2,316		18,625
21	^ 6311	Station Apparatus Expense	1,911	570		383		2,864
22	^ 6341	Large Private Branch Exchange Expense						
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362	Other Terminal Equipment Expense	10,600	3,228		1,933		15,761
25	* 6410	Cable and Wire Facilities Expense	115,021	34,511	53,424	98,714		301,671
26	^ 6411	Poles Expense			53,424			53,424
27	^ 6421	Aerial Cable Expense	36,855	11,204		29,292		77,351
28	^ 6422	Underground Cable Expense						
29	^ 6423	Buried Cable Expense						
30	^ 6424	Submarine Cable Expense	78,166	23,307		69,422		170,896
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		<b>Subtotals</b>	275,869	84,028	94,690	423,242		877,828

^ 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	19	19		1		38
36		Other Property Expenses				140,643		430,672
37	*	Network Operations Expense	222,218	67,811		37,420		37,420
38	^	Power Expense				68,907		202,428
39	^	Network Administration Expense	99,233	34,288		13,608		20,402
40	^	Testing Expense	4,983	1,811		9,901		117,222
41	^	Plant Operations Expense	85,892	21,428		10,807		53,201
42	^	Engineering Expense	32,110	10,283		88,394		88,394
43		Access Expense				1,561,397		1,561,397
44		Depreciation - Telecomm. Plant in Service				25,437		25,437
45		Depreciation-Prop. for Future Telecom. Use				431,887		431,887
46		Amortization Expense - Tangible				52,030		110,633
47		Amortization Expense - Intangible				3,485		13,723
48		Amortization - Other				11,374		59,468
49	*	Marketing	46,143	12,460		37,171		37,442
50	^	Product Management	7,828	2,410		3,073		3,073
51	^	Sales	38,044	10,050		17,863		20,595
52	^	Product Advertising	271			61,523		375,354
53		Call Completion Services				8,892		48,395
54		Number Services	2,065	666		1,173		1,173
55		Customer Services	240,135	73,696		10,320		73,345
56		Executive	16,531	22,972		9,000		38,403
57		Planning				2,333		22,473
58		Accounting and Finance	50,214	12,811		7,538		52,588
59		External Relations	22,320	7,083		27,620		34,491
60		Human Relations	16,202	3,938		(986)		5,002
61		Information Management	32,172	12,879		160,301		162,901
62		Legal	5,665	1,206				
63		Procurement	4,883	1,105				
64		Research and Development						
65		Other General and Administrative	1,985	614				
66		Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>	<b>936,420</b>	<b>301,289</b>	<b>94,690</b>	<b>3,031,681</b>	<b>-</b>	<b>4,364,080</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)
1	*	Network Support Expense	Same as Schedule 17					
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*

Year: 2003

Total State Expense Matrix

Line No.	Acct. No.	Description	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						
37	* 6530	Network Operations Expense						
38	^ 6531	Power Expense						
39	^ 6532	Network Administration Expense						
40	^ 6533	Testing Expense						
41	^ 6534	Plant Operations Expense						
42	^ 6535	Engineering Expense						
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						
49	* 6610	Marketing						
50	^ 6611	Product Management						
51	^ 6612	Sales						
52	^ 6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>						

^ Subaccount of the account marked with a \*

**Pension Costs**

2003

1	Plan Name	Citizens Pension Plan			
2	Defined Benefit Plan?	YES		Defined Contribution Plan?	NO
3	Actuarial Cost Method?	PROJECTED UNIT CREDIT		IRS Code:	
4	Annual Contribution by Employer:	-0-		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	780,237,000	759,927,000		
8	Service cost	6,479,000	12,159,000		
9	Interest Cost	49,103,000	53,320,000		
10	Plant Closings/Reduction in Force	(1,198,000)	(5,609,000)		
11	Amendments	(22,164,000)			
12	Actuarial Loss	43,146,000	28,948,000		
13	Acquisition/Divestitures/ <i>Settlements</i>	(22,475,000)	(6,239,000)		
14	Benefits paid	(71,445,000)	(62,269,000)		
15	Benefit obligation at end of year	761,683,000	780,237,000		
16	<b>Change in Plan Assets</b>				
17	Fair value of plan assets at beginning of year	692,361,000	798,293,000		
18	Actual return on plan assets	121,821,000	(60,026,000)		
19	Acquisition				
20	Employer contribution		16,363,000		
21	<i>Settlement due to Transfer of Plan</i>	(23,115,000)			
22	Benefits paid	(71,445,000)	(62,269,000)		
23	Fair value of plan assets at end of year	719,622,000	692,361,000		
24	<b>Funded Status</b>	(42,061,000)	(87,876,000)	52.14%	
25	Unrecognized net actuarial loss	171,071,000	235,107,000	-27.24%	
26	Unrecognized prior service cost	(2,232,000)	(1,433,000)	-55.76%	
27	Prepaid (accrued) benefit cost	126,778,000	145,798,000	1192.33%	
28					
29	<b>Weighted-average Assumptions as of Year End</b>				
30	Discount rate	6.25%	6.75%	-7.41%	
31	Expected return on plan assets	8.25%	8.25%		
32	Rate of compensation increase	4.00%	4.00%		
33	<b>Components of Net Periodic Benefit Costs</b>				
34	Service cost	6,479,000	12,159,000	-46.71%	
35	Interest cost	49,103,000	53,320,000	-7.91%	
36	Expected return on plan assets	(53,999,000)	(63,258,000)	14.64%	
37	Amortization of prior service cost	(172,000)	(106,000)	-62.26%	
38	<b><i>Curtailment/Settlement Charge</i></b>	6,585,000			
39	Recognized net actuarial loss	11,026,000	2,137,000	415.96%	
40	Net periodic benefit cost	19,022,000	4,252,000	347.37%	
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	9	11	-18.18%	
48	Not Covered by the Plan				
49	Active	9	11	-18.18%	
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			
6	<b>Weighted-average Assumptions as of Year End</b>			
7	Discount rate	6.25%	6.75%	-0.50%
8	Expected return on plan assets	8.25%	8.25%	
9	Medical Cost Inflation Rate	7-11%	8-12%	
10	Actuarial Cost Method			
11	Rate of compensation increase	N/A	N/A	
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13	VEBA - Tax Advantaged			
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	210,683,000	190,342,000	-12.42%
20	Service cost	1,387,000	1,350,000	-16.52%
21	Interest Cost	13,606,000	13,753,000	14.92%
22	Plan participants' contributions	3,723,000	3,771,000	11.29%
23	Amendments/Curtailments/Plant closings/Reduction in Force	-	(1,950,000)	100.00%
24	Actuarial Loss	16,835,000	21,406,000	-201.66%
25	Acquisition/Divestitures	-	(4,348,000)	100.00%
26	Benefits paid	(22,897,000)	(13,641,000)	10.64%
27	Benefit obligation at end of year	223,337,000	210,683,000	30.01%
28	<b>Change in Plan Assets</b>			
29	Fair value of plan assets at beginning of year	27,050,000	29,090,000	9.35%
30	Actual return on plan assets	1,624,000	(1,711,000)	-8.92%
31	Acquisition/ <i>Divestitures</i>	(1,576,000)	-	100.00%
32	Employer contribution	19,568,000	9,541,000	
33	Plan participants' contributions	-	-	
34	Benefits paid	(19,173,000)	(9,870,000)	100.00%
35	Fair value of plan assets at end of year	27,493,000	27,050,000	24.21%
36	<b>Funded Status</b>	(195,844,000)	(183,633,000)	34.75%
37	Unrecognized net actuarial loss (Gain)	49,982,000	35,048,000	-67.69%
38	Unrecognized prior service cost/Transititon Obligation	224,000	250,000	-21.73%
39	Prepaid (accrued) benefit cost	(145,638,000)	(148,335,000)	-3.36%
40	<b>Components of Net Periodic Benefit Costs</b>			
41	Service cost	1,387,000	1,350,000	-16.52%
42	Interest cost	13,606,000	13,753,000	14.92%
43	Expected return on plan assets	(2,133,000)	(2,438,000)	9.33%
44	Amortization of prior service cost	26,000	26,000	-14.82%
45	Recognized net actuarial loss	3,985,000	2,383,000	-7.21%
46	Net periodic benefit cost	16,871,000	15,074,000	16.14%
47	<b>Accumulated Post Retirement Benefit Obligation</b>			
48	Amount Funded through VEBA	27,493,000	27,050,000	24.20%
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL	27,493,000	27,050,000	24.20%
52	Amount that was tax deductible - VEBA	1,265,282	988,233	
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL	1,265,282	988,233	



## Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	<b>Number of Company Employees:</b>			
2	Covered by the Plan	5,081	5,337	-7.53%
3	Not Covered by the Plan			
4	Active	2,438	2,863	-12.97%
5	Retired	2,643	2,474	6.21%
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	35,343	26,023	-7.07%
10	Service cost	307	768	-39.26%
11	Interest Cost	491	2,255	-64.30%
12	Plan participants' contributions	5	2,524	-100.00%
13	Amendments/Plant Closings/Reduction in Force	-	(2,297)	
14	Actuarial (Gain) Loss	(26,817)	11,594	224.01%
15	Acquisition	-	-	
16	Benefits paid	(17)	(5,524)	100.00%
17	Benefit obligation at end of year	9,312	35,343	-56.80%
18	<b>Change in Plan Assets</b>			
19	Fair value of plan assets at beginning of year	42,821	40,486	8.48%
20	Actual return on plan assets	1,920	2,335	-59.05%
21	Acquisition	-	-	
22	Employer contribution	-	-	
23	Plan participants' contributions	-	-	
24	Benefits paid	-	-	
25	Fair value of plan assets at end of year	44,741	42,821	3.20%
26	<b>Funded Status</b>	35,429	7,478	50.37%
27	Unrecognized net actuarial loss/(Gain)	(92,367)	(76,466)	-2.52%
28	Unrecognized prior service cost	-	-	
29	Prepaid (accrued) benefit cost	(56,938)	(68,988)	-13.44%
30	<b>Components of Net Periodic Benefit Ccosts</b>			
31	Service cost	307	768	-39.20%
32	Interest cost	491	2,255	-64.30%
33	Expected return on plan assets	(3,533)	(3,380)	8.49%
34	Amortization of prior service cost	-	-	
35	Recognized net actuarial loss (Gain)	(12,671)	(8,923)	-2.89%
36	Net periodic benefit cost	(15,406)	(9,280)	8.06%
37	<b>Accumulated Post Retirement Benefit Obligation</b>			
38	Amount Funded through VEBA	44,741	42,821	-4.29%
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL	44,741	42,821	-4.29%
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	9	11	22.22%
52	Not Covered by the Plan			
53	Active	9	11	22.22%
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	ORIOUS TELECOMMUNICATION SERVICE	Plant Specific	377,279	377,279	377,279
2	ORIOUS TELECOMMUNICATION	Plant Specific	78,551	78,551	78,551
3	FLATHEAD ELECTRIC COOP INC	Cable & Wire Facilities	31,245	31,245	31,245
4	3D COMMUNICATIONS INC	Plant Specific	23,161	23,161	23,161
5	CLEAN MARLENE CARPET & JANITOR	Cleaning Service	20,966	20,966	20,966
6	WESTERN WIRELESS CORP	Reciprocal Compensation	14,912	14,912	14,912
7	USDA FOREST SERVICE	Permits	11,365	11,365	11,365
8	CC & E ENGINEERS	Engineering Services	3,500	3,500	3,500
9	CITY OF TROY	Permits	1,848	1,848	1,848
10	KOOTENAI DISPOSAL LLC	Garbage Collection	1,709	1,709	1,709
11	3M	Test Equipment	1,513	1,513	1,513
12	LINCOLN ELECTRIC	Electric Service	1,365	1,365	1,365
13	ST JOHNS HOSPITAL FOUNDATION	Donation	1,000	1,000	1,000
14					
15					
16					
17					
18					
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47					
48					
49	<b>Total</b>		568,414	568,414	568,414

**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	33,374,932	64.91%	30,239,766	67.35%
3	Interstate, IntraLATA	1,757,516	3.42%	1,473,511	3.28%
4	<b>Total Interstate Usage</b>	35,132,448	68.32%	31,713,277	70.62%
5	Intrastate, InterLATA	9,969,817	19.39%	9,720,583	21.65%
6	Intrastate, IntraLATA	6,316,087	12.28%	3,467,976	7.72%
7	<b>Total Intrastate Usage</b>	16,285,904	31.68%	13,188,559	29.38%
8	<b>Total Toll Usage</b>	51,418,352	100.00%	44,901,836	100.00%
9	Centrex				
10	Local	Not Available		Not Available	
11	<b>Total Minutes</b>	51,418,352	100.00%	44,901,836	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	Libby, MT	DMS-10	4048	0	0	281	0	1176	186	7	34	442	99.9%	5893
2	Troy, MT	DMS-10	1654	0	0	102	0	265	11	5	12	120	99.9%	2067
3	Eureka, MT	DMS-10	170	0	0	23	0	89	6	4	7	49	99.9%	325
4														0
5														0
6														0
7														0
8														0
9														0
10														0
11														0
12														0
13														0
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29														0
30														0
31														0
32														0
33	<b>Total</b>		5872	0	0	406	0	1530	203	16	53	611		8285

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	Libby, Mt	Host HSO Stand Alone	DMS 10	NORTEL	502.1	6,400	1996
2	Troy, Mt	Remote SSO	DMS 10	NORTEL	412.2	2,560	1992
3	Eureka, Mt	Remote RSC	RSC-S	NORTEL	502.1	1,920	1996
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48							

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		
7		
8		
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25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	342,257
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	<b>342,257</b>
30	<b>Other Projects over \$500,000:</b>	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	637,743
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	<b>980,000</b>

Montana Employee Counts

Year: 2003

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Exempt	1	1
2	Non-Exempt	8	8
3			
4			
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42			
43	Totals (Sum of Lines 1 through 42)	9	9

**Proprietary Information**

**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							
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	See Proxy Statement						
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	16,350
3	2003 - 2004	Construction Work in Progress	505
4	2005	Plant Acquisition Adjustments	9,297
5	2002	Plant Held for Future Use	-
6	1220	Materials & Supplies	5
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	4,522
9	4360.2	Contributions in Aid of Construction	-
10		<b>NET BOOK COSTS</b>	<b>30,678</b>
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	4,435
13	6560	Depreciation & Amortization Expenses	1,307
14		Federal & State Income Taxes	926
15		Other Taxes	
16		Other Operating Expenses	1,455
17		TOTAL Operating Expenses	3,688
18		Net Operating Income	746
19		Other Income	-
20		Other Deductions	-
21		<b>NET INCOME</b>	<b>746</b>
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	5,872
24		Business Access Lines	1,696
25		PBX Access Lines	37
26		Other Access Lines	680
27		<b>Total Number of Access Lines</b>	<b>8,285</b>
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	N/A
30		Toll Calls (Intra- or Interstate)	N/A
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	<b>-</b>
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	13
34		Gross Plant Investment per Access Line	1,973

**Depreciation - Montana Intrastate Regulated**

Year 2002

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	7.7%	14,156
2	2114	Special Purpose Vehicles	7.7%	2,685
3	2115	Garage Work Equipment		
4	2116	Other Work Equipment	4.7%	5,141
5	2121	Buildings	2.9%	31,871
6	2122	Furniture	2.7%	107
7	2123	Office Support Equipment	4.9%	659
8	2124	General Purpose Computers	13.1%	8,856
9	2211	Analog Electronic Switching Equipment		
10	2212	Digital Electronic Switching Equipment	6.5%	163,502
11	2215	Step By Step Switching Equipment		
12	2215	Crossbar Switching Equipment		
13	2220	Operator System		
14	2231	Radio Systems	6.4%	57,228
15	2232	Circuit DDS		
16	2232	Circuit Digital	6.7%	160,422
17	2232	Circuit Analog	6.7%	
18	2351	Public Telephone Terminating Equipment		
19	2362	Other Terminal Equipment	7.2%	7,164
20	2411	Poles	6.3%	21,601
21	2421	Aerial Cable Metallic	6.9%	115,432
22	2421	Aerial Cable Nonmetallic		
23	2422	Underground Cable Metallic	4.7%	5,305
24	2422	Underground Cable Nonmetallic		
25	2423	Buried Cable Metallic	4.8%	334,225
26	2423	Buried Cable Nonmetallic		
27	2424	Submarine Cable Metallic		
28	2424	Submarine Cable Nonmetallic		
29	2426	Intrabuilding Network Cable Metallic		
30	2426	Intrabuilding Network Cable Nonmetallic		
31	2431	Aerial Wire	20.9%	6,177
32	2441	Conduit Systems	2.2%	2,144
33				
34		<b>COMPOSITE TOTAL</b>	5.6%	
35	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
36				
37				
38	If yes: <u>93.7.30</u> Docket Number <u>                    </u> Order Number			
39				

**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 <u>93.3.12</u>			
2	Order Number <u>5632d</u>			
3				
4	Common Equity	56.21%	9.83%	5.52%
5	Preferred Stock	0.51%	8.28%	0.04%
6	Long Term Debt	43.28%	12.67%	3.39%
7	Other			
8	<b>Total</b>	100.00%		8.95%
9				
<b>Actual at Year End</b>				
10				
11				
12	Common Equity	67.00%	17.21%	11.53%
13	Preferred Stock			
14	Long Term Debt	33.00%	7.93%	2.62%
15	Other			
16	<b>Total</b>	100.00%		14.15%

**Network Access - Charges and Revenues**

Year: 2003

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		5,088,128
2			
3	Montana - Intrastate		2,253,534
4			
5	Montana - Intrastate Regulated		2,253,534
6			
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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	Citizens Communication Company (Parent)	Executive Mgmt, Legal, Accounting, Share Holder Relations, HR	Fully Distributed Cost per FCC Part 64.901	81,874		81,874
2						
3						
4						
5	Telecom Sector Central Services	Financial, Regulatory, G/L, A/P, PY, IT, Legal, Engineering, Customer Service	Fully Distributed Cost per FCC Part 64.901	785,094		785,094
6						
7						
8						
9	Telecom Regional Services	Local Management	Fully Distributed Cost per FCC Part 64.901	407,747		407,747
10						
11						
12	Telecom Sector Central Services (Conversion)	Billing System Conversion	Fully Distributed Cost per FCC Part 64.901	2,211		2,211
13						
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29						
30	<b>TOTAL</b>			\$1,276,926		\$1,276,926

**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)
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29						
30	<b>TOTAL</b>					

## 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	16,172,436	15,820,166	2.23%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(8,656,785)	(7,511,045)	-15.25%
5	<b>Plant in Service</b>	7,515,650	8,309,121	-9.55%
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies	6,952	19,791	-64.87%
9	1280 Prepayments			
10	Other Additions			
11	<b>TOTAL Additions</b>	6,952	19,791	-64.87%
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	1,639,155	1,728,072	-5.15%
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>	1,639,155	1,728,072	-5.15%
20	<b>TOTAL Rate Base</b>	5,883,447	6,600,840	-10.87%
21				
22	<b>Net Earnings</b>	849,221	739,863	14.78%
23				
24	<b>Rate of Return on Average Rate Base</b>	14.43%	11.21%	28.78%
25				
26	<b>Rate of Return on Average Equity</b>	17.64%	15.94%	10.65%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30	4340 Remove Deferred Income Taxes related to Telecom	(1,226,931)	(1,269,725)	
31	Plant Adjustment (TPA).			
32				
33				
34	Comp. Tax Rate @ 39.39% w/interest expense adjustment	119,206	175,972	-32.26%
35				
36	Touch America (6728)	(19,084)		
37	Worldcom W/O Adjustment (6728)	(4,855)		
38	MDSI Accelerated (6623)	(13,732)		
39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>	14.15%	11.88%	19.13%
44				
45	<b>Adjusted Rate of Return on Average Equity</b>	17.21%	16.77%	2.64%

**Other Taxes Paid**

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Retail Telecommunications Excise Tax	80,881	78,721
2	Montana Public Service Commission Tax	7,254	6,474
3	Montana Consumer Counsel Tax	2,917	2,583
4	911 Emergency Telephone Fee	46,229	44,779
5	Montana Telecommunications Access Service (TDD)	9,176	8,889
6	Real Property Tax	359,625	335,684
7			
8			
9			
10			
11			
12	<b>Total</b>	506,081	477,129

**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	1,657,568	1,359,709
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	1,657,568	1,359,709



Citizens Telecommunications Company of Montana  
Year ended December 31, 2003

I have examined the foregoing report; that to the best of my knowledge,  
information and belief, all statements of fact in this report are true; and that this  
report correctly states the respondent's business and affairs in each matter set  
forth from January 1, 2003 through December 31, 2003.

Signature:

Title:

  
Assistant Secretary