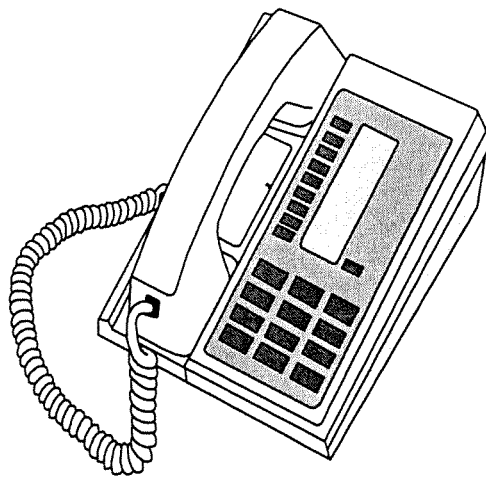


YEAR ENDING 2003

ANNUAL REPORT
OF
Project Telephone Company

TELEPHONE UTILITY



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

RECEIVED BY
PUBLIC SERVICE
COMMISSION
JUN 29 PM 1:53

General Information

Year : 2003

1.	Legal Name of Respondent:	PROJECT TELEPHONE COMPANY
2.	Name Under Which Respondent Does Business:	PROJECT TELEPHONE COMPANY
3.	Date of Incorporation:	1978
4.	Address to send Correspondence Concerning Report:	Project Telephone Company PO Box 600 Scobey, MT 59263
5.	Person Responsible for This Report:	Kathy Greenwood
5a.	Telephone Number:	406-783-5659
Control Over Respondent		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person: NEMONT TELEPHONE COOPERATIVE, INC. PO Box 600 Scobey, MT 59263	
	1b. Means by which control was held: Stock	
	1c. Percent Ownership: 100%	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Roy D Neufeld Larslan, MT	500
2	Greg Miller Reserve, MT	550
3	Larry Mahler Scobey, MT	550
4	Ben Boreson Opheim, MT	600
5	Gary Klind Hindsdale, MT	50
6	Linda Nelson Medicine Lake, MT	550
7	Orvis Nelson Homestead, MT	3250
8	Duane Broadbent Ballantine, MT	4950
9	Vernon Whiteman Lodge Grass, MT	400
10	Kenneth Lauridsen Brockton, MT	
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17		
18	Chairman of the Board: ROY D NEUFELD	
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	PRESIDENT		Roy D Neufeld -- Larslan, MT
2	VICE PRESIDENT		Greg Miller -- Reserve, MT
3	SECRETARY/TREASURER		Larry Mahler -- Scobey, MT
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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	3,163,738	3,100,761
3	1180	Telecommunications Accounts Receivable - Net	457,399	553,641
4	1190	Other Accounts Receivable - Net	814,694	1,265,471
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable	1,666	3,609
7	1220	Materials and Supplies	1,000,991	884,251
8	* 1280	Prepayments	7,825	13,323
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	7,825	13,323
14	1350	Other Current Assets		
15		Total Current Assets	5,446,313	5,821,056
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	20,346,006	17,869,806
18	1402	Investments in Nonaffiliated Companies	842,971	834,247
19	1406	Nonregulated Investments		
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges		
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	21,188,977	18,704,053
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	26,473,871	25,625,617
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	372,098	369,973
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	4,395,210	4,395,210
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(13,144,095)	(12,016,017)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(2,907,071)	(2,636,500)
39		Net Property, Plant, & Equipment	15,190,013	15,738,283
40		TOTAL ASSETS	41,825,303	40,263,392

^ 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	784,131	1,622,466
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	269,053	268,611
45	4040	Customer Deposits	66,864	68,932
46	4050	Current Maturities - Long Term Debt	50,391	57,735
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	126,147	102,601
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities		
53	4130	Other Current Liabilities	197,445	187,302
54		Total Current Liabilities	1,494,031	2,307,647
55		LONG-TERM DEBT:		
56	4210	Funded Debt	5,465,697	5,755,188
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	5,940,539	6,737,076
63		Total Long-Term Debt	11,406,236	12,492,264
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net	24,030	56,994
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	2,383,587	2,092,399
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits		
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	2,407,617	2,149,393
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	7,950	7,950
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	26,509,469	23,306,138
79		Total Stockholders' Equity	26,517,419	23,314,088
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	41,825,303	40,263,392

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	2,448,844	1,832,589
3	5080	Network Access Revenues	5,213,949	5,385,585
4	* 5100	Long Distance Message Revenue	65	3,530
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	65	3,530
9	* 5200	Miscellaneous Revenue	75,519	143,715
10	^ 5230	Directory Revenue	15,770	16,274
11	^ 5240	Rent Revenue	4,344	4,270
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,174	5,607
14	^ 5270	Carrier Billing and Collection Revenue	50,231	117,564
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	6,635	139,145
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,731,742	7,226,274
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	28,472	24,024
20	6120	General Support Expense	445,636	428,706
21	6210	Central Office Switching Expense	370,971	277,376
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	401,625	440,396
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,436,183	1,417,443
26	^ 6431	Aerial Wire Expense	1,435,960	1,417,443
27	^ 6441	Conduit Systems Expense	223	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	251,768	311,590
30	6540	Access Expense	36,508	25,172
31	6560	Depreciation and Amortization Expense	1,602,192	1,571,657
32	6610	Marketing	16,968	24,152
33	6620	Services	452,333	657,827
34	6710	Executive and Planning	155,837	139,267
35	6720	General and Administrative	675,284	751,421
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,873,777	6,069,031
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	566,525	634,839
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,291,440	522,404
41	7300	Nonoperating Income and Expense	2,577,501	1,507,683
42	7400	Nonoperating Taxes	2,458	
43	7500	Interest and Related Items	691,767	776,453
44	7600	Extraordinary Items	(28,615)	160,295
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income		
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	3,203,331	1,093,339

^ 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		REVENUES:		
2	5000	Basic Local Service Revenues	2,397,123	1,783,970
3	5080	Network Access Revenues	5,153,334	5,326,555
4	* 5100	Long Distance Message Revenue	65	3,530
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	65	3,530
9	* 5200	Miscellaneous Revenue	72,521	140,215
10	^ 5230	Directory Revenue	15,398	15,951
11	^ 5240	Rent Revenue	4,344	4,270
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,174	5,607
14	^ 5270	Carrier Billing and Collection Revenue	47,605	114,387
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	6,636	139,145
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,616,407	7,115,125
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	28,472	24,024
20	6120	General Support Expense	440,256	425,167
21	6210	Central Office Switching Expense	363,885	272,698
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	389,085	435,909
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,414,044	1,394,968
26	^ 6431	Aerial Wire Expense	1,413,821	1,394,968
27	^ 6441	Conduit Systems Expense	223	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	242,137	300,403
30	6540	Access Expense	35,030	24,166
31	6560	Depreciation and Amortization Expense	1,550,483	1,524,040
32	6610	Marketing	16,281	23,187
33	6620	Services	439,689	640,814
34	6710	Executive and Planning	149,531	133,704
35	6720	General and Administrative	647,955	721,401
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,716,848	5,920,481
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	558,237	630,803
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,341,322	563,841

^ 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	2,397,123	1,783,970
3	5080	Network Access Revenues	5,153,334	5,326,555
4	* 5100	Long Distance Message Revenue	65	3,530
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	65	3,530
9	* 5200	Miscellaneous Revenue	72,521	140,215
10	^ 5230	Directory Revenue	15,398	15,951
11	^ 5240	Rent Revenue	4,344	4,270
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,174	5,607
14	^ 5270	Carrier Billing and Collection Revenue	47,605	114,387
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	6,636	139,145
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,616,407	7,115,125
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	28,472	24,024
20	6120	General Support Expense	440,256	425,167
21	6210	Central Office Switching Expense	363,885	272,698
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	389,085	435,909
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,414,044	1,394,968
26	^ 6431	Aerial Wire Expense	1,413,821	1,394,968
27	^ 6441	Conduit Systems Expense	223	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	242,137	300,403
30	6540	Access Expense	35,030	24,166
31	6560	Depreciation and Amortization Expense	1,550,483	1,524,040
32	6610	Marketing	16,281	23,187
33	6620	Services	439,689	640,814
34	6710	Executive and Planning	149,531	133,704
35	6720	General and Administrative	647,955	721,401
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,716,848	5,920,481
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	558,237	630,803
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,341,322	563,841

^ 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	2,397,123	1,783,970
3	5080	Network Access Revenues	5,153,334	5,326,555
4	* 5100	Long Distance Message Revenue	65	3,530
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	65	3,530
9	* 5200	Miscellaneous Revenue	72,521	140,215
10	^ 5230	Directory Revenue	15,398	15,951
11	^ 5240	Rent Revenue	4,344	4,270
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,174	5,607
14	^ 5270	Carrier Billing and Collection Revenue	47,605	114,387
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	6,636	139,145
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	7,616,407	7,115,125
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	28,472	24,024
20	6120	General Support Expense	440,256	425,167
21	6210	Central Office Switching Expense	363,885	272,698
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	389,085	435,909
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,414,044	1,394,968
26	^ 6431	Aerial Wire Expense	1,413,821	1,394,968
27	^ 6441	Conduit Systems Expense	223	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	242,137	300,403
30	6540	Access Expense	35,030	24,166
31	6560	Depreciation and Amortization Expense	1,550,483	1,524,040
32	6610	Marketing	16,281	23,187
33	6620	Services	439,689	640,814
34	6710	Executive and Planning	149,531	133,704
35	6720	General and Administrative	647,955	721,401
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	5,716,848	5,920,481
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	558,237	630,803
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,341,322	563,841

^ 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	25227624	24429608
2	3100	Accumulated Depreciation	15537352	14184852
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	960481	848925
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	10650753	11093681

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	25227624	24429608
2	3100	Accumulated Depreciation	15537352	14184852
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	960481	848925
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	10650753	11093681

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	25227624	24429608
2	3100	Accumulated Depreciation	15537352	14184852
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	960481	848925
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	10650753	11093681

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		
4	Reconciliation Adjustments:		
5	Depreciation & Amortization		
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)		
25	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		3203331
40	Cash & Cash Equivalents at Beginning of Period		23306138
41	Cash & Cash Equivalents at End of Period		26509469

Receivables and Investments-Affiliated & Nonaffiliated Companies

2003

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Nemont Communications				5719					20346006	
2	Valley Telecommunications				3366						
3	Nemont Telephone				3354						
4	MVC				4539						
5	Sagebrush Cellular				545				1666		
6	NRUCFC	1599975									
7	AT&T				21527						
8	Qwest				982						
9	NCRPC				2757						
10	NECA				277670						
11	Misc L.D. Carriers				79123						
12	RTFC										224251
13	RUS Stock										298959
14	Capital Credits										271164
15	Misc. Memberships										1074
16	NCRPC Stock										10000
17	Raymond James Security										37523
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals	1599975			399582				1666	20346006	842971

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	*	Land and Support Assets	2969272	194427	90280		3073419	1482022	1591397
2	^	Land	94882				94882		94882
3	^	Motor Vehicles	671867	103947	76690		699124	365173	333951
4	^	Aircraft							
5	^	Special Purpose Vehicles	2054				2054	383	1671
6	^	Garage Work Equipment	2113				2113	972	1141
7	^	Other Work Equipment	496856	71462			568318	374072	194246
8	^	Buildings	1602594	17997	11899		1608692	696404	912288
9	^	Furniture	6116				6116	5426	690
10	^	Office Equipment	92790	1021	1691		92120	39592	52528
11	^	General Purpose Computers							
12		Analog Electronic Switching							
13		Digital Electronic Switching							
14		Electro-Mechanical Switching	4806550	17553	47194	-5808	4771101	3409477	1361624
15		Operator Systems							
16		Radio Systems	288636	15684	36236		268084	30849	237235
17		Circuit Equipment	3776822	529533	105888	5808	4206275	1508652	2697623
18	*	Information Orig & Term Equip	12487				12487	12487	
19	^	Station Apparatus							
20	^	Customer Premises Wiring							
21	^	Large Private Branch Exchanges							
22	^	Public Telephone Term. Equip.							
23	^	Other Terminal Equipment	12487				12487	12487	
24		Poles	117120	432	830		116722	83903	32819
25	*	Cable and Wire Facilities	13320428	394872	48449		13666851	6542515	7124336
26	^	Aerial Cable	164644				164644	115336	49308
27	^	Underground Cable	47887	25098			72985	23098	49887
28	^	Buried Cable	13067694	369774	48449		13389019	6369951	7019068
29	^	Submarine Cable							
30	^	Deep Sea Cable							
31	^	Intrabuilding Network Cable	40203				40203	34130	6073
32	^	Aerial Wire	3748				3748	3748	
33		Conduit Systems	330554	24816	184		355186	70442	284744
34		Totals	25625617	1177317	329061		26473873	13144095	13329778

^ 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	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals						

(Sum L.1 to L.29)

Average Cost of Long Term Debt										Year : 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	TELEPHONE PLANT RUS											
2		1957	Feb-92	50000	50000	50000						
3	NOTE NO	2014	Mar-93	175000	175000	175000						
4		1958	Jul-93	55000	55000	55000						
5		2020	Nov-94	25660	25660	25660						
6		2030	Nov-94	12849	12849	12849						
7		2040	Nov-94	10491	10491	10491						
8		2041	Nov-09	1085000	1085000	1085000		351519		18705		
9		2042	Jul-11	320000	320000	320000		94120		1988		
10		12050	Jul-11	85000	85000	85000		44540		915		
11		12060	Nov-13	571000	571000	571000		292541		15135		
12		12062	Oct-18	2170000	2170000	2170000		1371280		70239		
13		12071	Oct-18	3019000	3019000	3019000		1967644		100777		
14		12080	Oct-18	1376000	1376000	1376000		936989		47984		
15		12090	Oct-18	511000	511000	511000		415585		21075		
16		12091										
17		12092										
18	INTEREST ON PREPAYMENTS									-413		
19												
20	PREPAYMENTS-DR.							-8522				
21												
22	TELEPHONE PLANT RUS 1984			3255000	3202500	3202500		2145027		144771		
23												
24	TELEPHONE PLANT RTFC 1994			8886287	8886287	8441973		3848012		266368		
25												
26												
27												
28												
29												
30	Total			21607287	21554787	21110473	97.70	11458735		687544		6.00%

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

Analysis of Common Stock

Year : 2003

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:								
2									
3	N/A								
4									
5									
6									
7									
8	Month by Month Data:								
9	January								
10	February								
11	March								
12	April								
13	May								
14	June								
15	July								
16	August								
17	September								
18	October								
19	November								
20	December								
21									
22									
23									

Capital Stock and Funded Debt Reacquired or Retired During the Year

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

Total Company Expense Matrix

Year : 2003

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	11652	6362	6696	130358	-126595	28473
2	^	Motor Vehicle Expense	10749	5845		109941	-117672	8863
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense	903	517	6696	20417	-8923	19610
5	^	Garage Work Equipment Expense	48929	41454	243524	111729		445636
6	^	Other Work Equipment Expense	29955	29025	194624	62138		315742
7	*	General Support Expense				11886		11886
8	^	Land and Building Expense				27465		27483
9	^	Furniture and Artworks Expense	11	7	48900	10240		90525
10	^	Office Equipment Expense	18963	12422				
11	^	General Purpose Computers Expense	129056	74087		167828		370971
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense	129056	74087		167828		370971
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	55894	34864	149748	161118		401624
18	^	Radio Systems Expense	2253	1322	900	11950		16425
19	^	Circuit Equipment Expense	53641	33542	148848	149168		385199
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	422376	262963	618863	131982		1436184
26	^	Poles Expense			35120			35120
27	^	Aerial Cable Expense	17017	10380	8151			35548
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	405359	252583	575592	131758		1365292
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	667,907	419,730	1,018,831	702,791	(126,595)	2682664

^ Subaccount of the account marked with a *

Year : 2003

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				224		224
36		Other Property Expenses	11237	6709		6165	-24111	
37	*	Network Operations Expense	141512	83620		83290	-56653	251769
38	^	Power Expense				53319		53319
39	^	Network Administration Expense				927		927
40	^	Testing Expense	6798	6622		-8		13412
41	^	Plant Operations Expense	119575	69906		23120	-50544	162057
42	^	Engineering Expense	15139	7092		5932	-6109	22054
43		Access Expense				36508		36508
44		Depreciation - Telecomm. Plant in Service				1331621		1331621
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing	6523	4317		270571		270571
50	^	Product Management				6128		16968
51	^	Sales				1800		1800
52	^	Product Advertising	6523	4317		4328		15168
53		Call Completion Services				1497		1497
54		Number Services	2314	1749		12925		16988
55		Customer Services	123770	96798		213279		433847
56		Executive	46154	58206		51477		155837
57		Planning						
58		Accounting and Finance	84510	58743		76778		220031
59		External Relations	46540	26752		70830		144122
60		Human Relations	12231	9533		19155		40919
61		Information Management						
62		Legal				17519		17519
63		Procurement						
64		Research and Development						
65		Other General and Administrative	50942	34906		166844		252692
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,193,640	801,063	1,018,831	3,067,602	(207,359)	5873777

^ 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	11652	6362	6696	130358	-126595	28473
2	^	Motor Vehicle Expense	10749	5845		109941	-117672	8863
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense	903	517	6696	20417	-8923	19610
7	*	General Support Expense	48929	41454	243524	106350		440257
8	^	Land and Building Expense	29955	29025	194624	62015		315619
9	^	Furniture and Artworks Expense				11405		11405
10	^	Office Equipment Expense	11	7		26353		26371
11	^	General Purpose Computers Expense	18963	12422	48900	6577		86862
12	*	Central Office Switching Expense	124916	71790		167179		363885
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	48351	31118	149748	159868		389085
18	^	Radio Systems Expense	2253	1322	900	11950		16425
19	^	Circuit Equipment Expense	46098	29796	148848	147918		372660
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	409742	255266	618863	130174		1414045
26	^	Poles Expense			35120			35120
27	^	Aerial Cable Expense	17017	10380	8151			35548
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense	392725	244886	575592	129950		1343153
33	^	Aerial Wire Expense						
34		Subtotals	643,590	405,990	1,018,831	693,705	(126,595)	2635521

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense				224		224
36	6510	Other Property Expenses	11237	6709		6165	-24111	242137
37	*	Network Operations Expense	141512	83620		73658	-56653	51138
38	^	Power Expense				51138		927
39	^	Network Administration Expense				927		13412
40	^	Testing Expense	6798	6622		-8		155499
41	^	Plant Operations Expense	119575	69906		16562	-50544	21161
42	^	Engineering Expense	15139	7092		5039	-6109	35030
43		Access Expense				35030		1279912
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	*	Marketing	6523	4317		270571		270571
50	^	Product Management				5441		16281
51	^	Sales						
52	^	Product Advertising	6523	4317		1727		1727
53	6621	Call Completion Services				3714		14554
54	6622	Number Services	2314	1749		1437		1437
55	6623	Customer Services	123770	96798		12237		16300
56	6711	Executive	46154	58206		201384		421952
57	6712	Planning				45170		149530
58	6721	Accounting and Finance	84510	58743		67873		211126
59	6722	External Relations	46540	26752		64997		138289
60	6723	Human Relations	12231	9533		17499		39263
61	6724	Information Management						
62	6725	Legal				16810		16810
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative	50942	34906		156617		242465
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals	1,169,323	787,323	1,018,831	2,948,730	(207,359)	5716848

^ Subaccount of the account marked with a *

Pension Costs

Year : 2003

1	Plan Name	NTCA SAVINGS PLAN		
2	Defined Benefit Plan?	_____		
3	Actuarial Cost Method?	12% OF W-2 WAGES _____		
4	Annual Contribution by Employer:	_135,244_ _____		
5		Is the Plan Over Funded? ___NO___		
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	N/A		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	832902	608670	-26.92%
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution	135244	121254	-10.34%
21	Plan participants' contributions	109422	102978	-5.89%
22	Benefits paid			
23	Fair value of plan assets at end of year	1077568	832902	-22.71%
24	Funded Status			
25	Unrecognized net actuarial loss	1077568	832902	-22.71%
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	1077568	832902	-22.71%
28				
29	Weighted-average Assumptions as of Year End	N/A		
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs	N/A		
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:	N/A		
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	20	20	
48	Not Covered by the Plan	2	2	
49	Active	20	20	
50	Retired			
51	Deferred Vested Terminated			

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
6 Weighted-average Assumptions as of Year End	N/A		
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation	N/A		
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets	N/A		
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status	N/A		
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs	N/A		
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
47 Accumulated Post Retirement Benefit Obligation	N/A		
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year : 2003

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

Payments for Services to Persons Other Than Employees

Year : 2003

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1					
2	NISC	DATA SERVICES	165400	165400	165400
3	MITS (MT INDP TELE SERVICES)	LEGAL SERVICES	53110	53110	53110
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total		218510	218510	218510

Subscriber Line Usage Data

ar : 2003

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	9471081	79.94%	12536074	63.19%
3	Interstate, IntraLATA	71058	0.60%	89563	0.45%
4	Total Interstate Usage	9542139	80.54%	12625637	63.64%
5	Intrastate, InterLATA	1337771	11.29%	1846765	9.31%
6	Intrastate, IntraLATA	967333	8.17%	5366458	27.05%
7	Total Intrastate Usage	2305104	19.46%	7213223	36.36%
8	Total Toll Usage	11847243	100.00%	19838860	100.00%
9	Centrex				
10	Local				
11	Total Minutes	11847243	100.00%	19838860	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	ABSAROKEE	UD/DIG	1324			8		295				17		1636
2	BELFRY	UD/DIG	203			5		28				3		234
3	CLARK	RSU	229					41				1		271
4	CROW AGENCY	UD/DIG	533			315		421				7		961
5	FORT SMITH	RSU	225			35		79				2		306
6	HUNTLEY	RSU	521			4		84				2		607
7	LODGE GRASS	RSU	511			239		72				2		585
8	POMEYS PILLAR	RSU	93					15				1		109
9	SOUTH WYOLA	RSU	857			14		1				15		1005
10	WORDEN	UD/DIG	112			50		133				1		130
11	WYOLA	RSU						17						
12														
13														
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31														
32														
33	Total		4608			670		1186				51		5845

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	ABSAROCKE	HOST	DIGITAL	NTI	DMS10-SS	1,352	1985
2	BELFRY	HOST	DIGITAL	NTI	DMS10-SS	281	1985
3	CLARK	REMOTE	DIGITAL	NTI	RSLE	325	1996
4	CROW AGENCY	HOST	DIGITAL	NTI	DMS10-SS	925	1994
5	FORT SMITH	REMOTE	DIGITAL	NTI	RSLE	350	1994
6	HUNTLEY	REMOTE	DIGITAL	NTI	RSLE	592	1996
7	LODGE GRASS	REMOTE	DIGITAL	NTI	RSLE	649	1994
8	WORDEN	HOST	DIGITAL	NTI	DMS10-SS	1,384	1985
9	WYOLA	REMOTE	DIGITAL	NTI	RSLE	151	1994
10	NYE	REMOTE	DIGITAL	NTI	RSLE	336	1985
11	BEEHIVE	REMOTE	DIGITAL	NTI	RSLE	153	1985
12	ROSCOE	REMOTE	DIGITAL	NTI	RSLE	252	1996
13	DEAN	REMOTE	DIGITAL	NTI	RSLE	153	1996
14							
15							
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year : 2004

Line No.	Description (a)	2004 (b)
1	Central Office Assets:	
2		
3	AFC Upgrades	55000
4	New CO Batteries (5 Offices)	75000
5	Absarokee to Nye OC-3	90000
6	New Rectifiers	11000
7	Worden DMS-10 Network Upgrade	57000
8	LNP	28000
9	DPS Alarm Monitoring System	80000
10	Miscellaneous Items	70000
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	466000
29	Total Central Office Budget (Total of Line 27 & Line 28)	466000
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)	466000

Montana Employee Counts

Year : 2003

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1			
2	Central Office Technician	3	3
3	Combination Technician	6	6
4	Construction Tech	4	4
5	Custodian	2	2
6	Customer Service Rep	1	1
7	Right of Way Clerk	1	1
8	Plant Supervisor	1	1
9	Engineer	1	1
10	Dist. Supervisor	1	1
11			
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42			
43	Totals (Sum of Lines 1 through 42)	20	20

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	Project Telephone has no employees of management status or highly paid supervisor status. Employee services are provided through service agreements with Nemont Telephone Cooperative.						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year : 2003

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	25227624
3	2003 - 2004	Construction Work in Progress	372098
4	2005	Plant Acquisition Adjustments	4377116
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	960481
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-15537352
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	15399967
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	7616407
13	6560	Depreciation & Amortization Expenses	1550483
14		Federal & State Income Taxes	67710
15		Other Taxes	490527
16		Other Operating Expenses	4166365
17		TOTAL Operating Expenses	6275085
18		Net Operating Income	1341322
19		Other Income	2499346
20		Other Deductions	663771
21		NET INCOME	3176897
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	4608
24		Business Access Lines	1186
25		PBX Access Lines	
26		Other Access Lines	51
27		Total Number of Access Lines	5845
28		Average Number of Calls Per Access Line	
29		Local Calls	819
30		Toll Calls (Intra- or Interstate)	1009
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	1828
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	45
34		Gross Plant Investment per Access Line	5129

Depreciation - Montana Intrastate Regulated

Year : 2003

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	25.0%	77,269
2	2114	Special Purpose Vehicles	8.0%	164
3	2115	Garage Work Equipment	8.0%	169
4	2116	Other work Equipment	8.0%	42,060
5	2121	Buildings	3.1%	48,923
6	2122	Furniture	7.5%	459
7	2123.1	Office Support Equipment	7.5%	647
8	2123.2	Company Communications Equipment	7.5%	6,319
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	379,832
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	8.2%	22,017
16	2232	Circuit DDS	6.5%	241,117
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	9.2%	7,837
22	2421	Aerial Cable Metallic	9.2%	12,163
23	2421	Aerial Cable Nonmetallic	9.2%	526
24	2422	Underground Cable Metallic	9.2%	2,091
25	2422	Underground Cable Nonmetallic	9.2%	2,585
26	2423	Buried Cable Metallic	3.3%	378,562
27	2423	Buried Cable Nonmetallic	4.0%	42,500
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	1,327
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems	4.0%	13,345
34				
35		COMPOSITE TOTAL		1,279,912
36	Have these rates been approved by the Commission? _____ YES ___X___ NO			
37				
38	If yes: _____ Docket Number _____ Order Number			
39				
40				

Montana Regulatory Capital Structure & Costs

Year : 2003

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number			
2	Order Number			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
12	Common Equity	69.90%	12.080%	8.444%
13	Preferred Stock			
14	Long Term Debt	30.10%	43.030%	12.952%
15	Other			
16	Total	100.00%		21.396%

Network Access - Charges and Revenues

Year : 2003

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		3094385
2			
3	Montana - Intrastate		
4			
5	Montana - Intrastate Regulated		3094385
6			
7			
8			
9			
10			
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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						
2	NEMONT COMMUNICATIONS	COMPUTER LEASE	LEASE AGREEMENT	48,900	0.6%	
3						
4	NEMONT TELEPHONE	MANAGEMENT LEASE	LEASE AGREEMENT	848,522	10.1%	
5						
6	NEMONT COMMUNICATIONS	BUILDING LEASE	LEASE AGREEMENT	194,624	2.4%	
7						
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29						
30	TOTAL			\$1,092,046		

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						
2	NCI	WAGES & LABOR	COST	73,790	0.9%	
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29						
30	TOTAL			\$73,790		

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	29,976,838	29,176,696	2.74%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(15,537,352)	(14,184,852)	-9.53%
5	Plant in Service	14,439,486	14,991,844	-3.68%
6				
7	Additions			
8	1220 Materials & Supplies	960,481	848,925	13.14%
9	1280 Prepayments			
10	Other Additions			
11	TOTAL Additions	960,481	848,925	13.14%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes	24,030	56,994	-57.84%
15	4320 Unamortized Operating Investment Tax Credits	2,383,587	1,738,885	37.08%
16	4340 Noncurrent Deferred Operating Income Taxes			
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	2,407,617	1,795,879	34.06%
20	TOTAL Rate Base	12,992,350	14,044,890	-7.49%
21				
22	Net Earnings	3,176,897	1,105,564	187.36%
23				
24	Rate of Return on Average Rate Base	24.450%	7.870%	210.67%
25				
26	Rate of Return on Average Equity	11.960%	4.740%	152.32%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
33				
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37				
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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		
2	Montana Public Service Commission Tax	7088	7489
3	Montana Consumer Counsel Tax	2576	2965
4	911 Emergency Telephone Fee	32551	33074
5	Montana Telecommunications Access Service (TDD)	6483	6610
6	Montana Corporate License Tax	10	15
7	Personal Property Tax		
8	Real Property Tax	300589	188886
9			
10			
11			
12	Total	349297	239039

Project Telephone Company

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	1023161	1124696
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	1023161	1124696

Nemont Telephone Cooperative, Inc.

Valley Telecommunications, Inc.

Project Telephone Company

Nemont Communications, Inc.

Sagebrush Cellular, Inc.