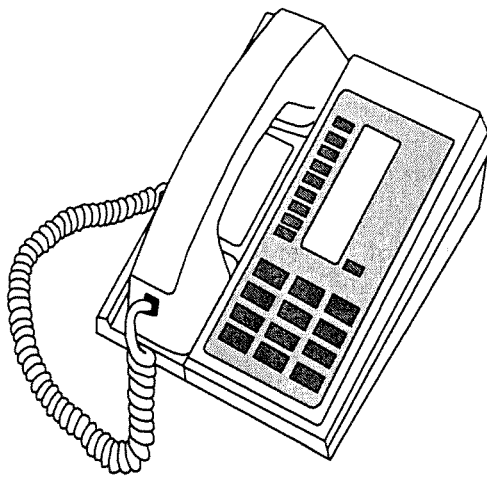


YEAR ENDING 2003

ANNUAL REPORT
OF
Valley Telecommunications

TELEPHONE UTILITY



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PUBLIC SERVICE
COMMISSION

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

Telephone Annual Report

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General Information

Year: 2003

1.	Legal Name of Respondent:	Valley Telecommunications, Inc.
2.	Name Under Which Respondent Does Business:	same
3.	Date of Incorporation:	May 21, 1993
4.	Address to send Correspondence Concerning Report:	PO Box 600 Scobey, MT 59263
5.	Person Responsible for This Report:	Aimee Dietrich
5a.	Telephone Number:	406-783-2225
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 Ownership
1c.	Percent Ownership:	100%

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Robert H. Heikens, Box 342, Nashua, MT 59248-9605	550
2	Orvis Nelson, 534 Biglake Rd., Homestead, MT 59242	550
3	Dayton Cherney, #90 Cherney Rd., Nashua, MT 59248-9000	450
4	Charles McVee, 182 McVee Rd., Glasgow, MT 59230	600
5	Roy D. Neufeld, HC67, Box 138, Larslan, MT 59244-9704	550
6	Linda Nelson, 469 Griffin Rd., Medicine Lake, MT 59247	400
7	Pearl Hopkins, Box 803, Poplar, MT 59255-0803	250
8	Collette Custer, 115 Broadmore St., Plentywood, MT 59254	4850
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18	Chairman of the Board:	
19	Ben Boreson, Box 224, Opheim, MT 59250-0224	600
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		Ben Boreson, Box 224 Opheim, MT 59250-0224
2	Vice President		Robert H. Heikens, Box 342, Nashua, MT 59248-9605
3	Secretary/Treasurer		Orvis Nelson, 534 Biglake Rd., Homestead, MT 59242
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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	3311421	2,542,870
3	1180	Telecommunications Accounts Receivable - Net	191924	255,245
4	1190	Other Accounts Receivable - Net	661573	1,088,139
5	1200	Notes Receivable - Net	0	
6	1210	Interest and Dividends Receivable	2825	2,026
7	1220	Materials and Supplies	1,032	
8	* 1280	Prepayments	12,008	10,704
9	^ 1290	Prepaid Rents	0	
10	^ 1300	Prepaid Taxes	0	
11	^ 1310	Prepaid Insurance	0	
12	^ 1320	Prepaid Directory Expenses	0	
13	^ 1330	Other Prepayments	12008	10,704
14	1350	Other Current Assets		
15		Total Current Assets	4,180,783	3,898,984
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies	7379809	2,789,368
18	1402	Investments in Nonaffiliated Companies	1140505	782,834
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	8,520,314	3,572,202
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	17355622	17,430,777
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	14,223	51,368
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment	5,233,454	5,233,454
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(5,657,467)	(4,989,966)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization	(3,314,973)	(2,965,624)
39		Net Property, Plant, & Equipment	13,630,859	14,760,009
40		TOTAL ASSETS	26,331,956	22,231,195

^ 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	932,233	873,094
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	141	164
45	4040	Customer Deposits	78,363	74,853
46	4050	Current Maturities - Long Term Debt		80,693
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	292,423	265,745
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	279,025	
53	4130	Other Current Liabilities		189,517
54		Total Current Liabilities	1,582,185	1,484,066
55		LONG-TERM DEBT:		
56	4210	Funded Debt	9,506,058	7,192,642
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt	9,506,058	7,192,642
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	1,369,558	1,416,524
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	1,369,558	1,416,524
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	3,500,000	3,500,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	10,319,727	8,637,963
79		Total Stockholders' Equity	13,819,727	12,137,963
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	26,277,528	22,231,195

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	2,356,338	2,324,902
3	5080	Network Access Revenues	5,995,993	5,974,481
4	* 5100	Long Distance Message Revenue	228	193
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	228	193
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	604,600	601,830
10	^ 5230	Directory Revenue	32,922	30,672
11	^ 5240	Rent Revenue	459,288	444,168
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,519	8,060
14	^ 5270	Carrier Billing and Collection Revenue	103,871	118,930
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	13,641	208,369
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,943,518	8,693,037
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	94,716	46,326
20	6120	General Support Expense	521,069	544,535
21	6210	Central Office Switching Expense	551,933	431,805
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	448,777	468,095
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,026,766	973,031
26	^ 6431	Aerial Wire Expense	1,026,266	973,031
27	^ 6441	Conduit Systems Expense	500	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	215,672	188,216
30	6540	Access Expense	76,011	59,724
31	6560	Depreciation and Amortization Expense	1,512,455	1,441,080
32	6610	Marketing	21,871	28,768
33	6620	Services	653,734	648,885
34	6710	Executive and Planning	171,417	179,846
35	6720	General and Administrative	707,369	748,096
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,001,790	5,758,407
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,019,093	962,089
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,922,635	1,972,541
41	7300	Nonoperating Income and Expense	531,595	141,756
42	7400	Nonoperating Taxes	23,832	119,395
43	7500	Interest and Related Items	578,741	519,783
44	7600	Extraordinary Items	169,893	174,015
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)	1,681,764	1,301,104

^ 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	NOT APPLICABLE	
3	5080	Network Access Revenues	ALL BUSINESS IS IN MONTANA	
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	#VALUE!	
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)	#VALUE!	

^ 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	2,356,338	2,324,902
3	5080	Network Access Revenues	5,995,993	1,729,100
4	* 5100	Long Distance Message Revenue	228	193
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	228	193
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	604,600	573,266
10	^ 5230	Directory Revenue	32,922	30,672
11	^ 5240	Rent Revenue	459,288	444,168
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,519	8,060
14	^ 5270	Carrier Billing and Collection Revenue	103,871	90,366
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	13,641	208,369
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,943,518	4,419,092
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	94,716	46,326
20	6120	General Support Expense	521,069	544,535
21	6210	Central Office Switching Expense	551,933	431,805
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	448,777	468,095
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,026,766	973,031
26	^ 6431	Aerial Wire Expense	1,026,266	973,031
27	^ 6441	Conduit Systems Expense	500	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	215,672	188,216
30	6540	Access Expense	76,011	59,724
31	6560	Depreciation and Amortization Expense	1,512,455	1,441,080
32	6610	Marketing	21,871	28,768
33	6620	Services	653,734	648,885
34	6710	Executive and Planning	171,417	179,846
35	6720	General and Administrative	707,369	748,096
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,001,790	5,758,407
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,019,093	629,465
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,922,635	(1,968,780)

^ 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	2,356,338	2,324,902
3	5080	Network Access Revenues	5,995,993	1,729,100
4	* 5100	Long Distance Message Revenue	228	193
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	228	193
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	604,600	573,266
10	^ 5230	Directory Revenue	32,922	30,672
11	^ 5240	Rent Revenue	459,288	444,168
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	8,519	8,060
14	^ 5270	Carrier Billing and Collection Revenue	103,871	90,366
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	13,641	208,369
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	8,943,518	4,419,092
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	94,716	46,326
20	6120	General Support Expense	521,069	544,535
21	6210	Central Office Switching Expense	551,933	431,805
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	448,777	468,095
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	1,026,766	973,031
26	^ 6431	Aerial Wire Expense	1,026,266	973,031
27	^ 6441	Conduit Systems Expense	500	
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense	215,672	188,216
30	6540	Access Expense	76,011	59,724
31	6560	Depreciation and Amortization Expense	1,512,455	1,441,080
32	6610	Marketing	21,871	28,768
33	6620	Services	653,734	648,885
34	6710	Executive and Planning	171,417	179,846
35	6720	General and Administrative	707,369	748,096
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	6,001,790	5,758,407
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	1,019,093	629,465
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,922,635	(1,968,780)

^ 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	17355622	17430777
2	3100	Accumulated Depreciation	5,657,467	4989966
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	1,032	
6	4340	Noncurrent Deferred Operating Income Taxes	1,369,558	1416524
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)	10329629.17	11024287

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	17355622	17430777
2	3100	Accumulated Depreciation	5,657,467	4989966
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	1,032	
6	4340	Noncurrent Deferred Operating Income Taxes	1,369,558	1416524
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)	10329629.17	11024287

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	17355622	17430777
2	3100	Accumulated Depreciation	5,657,467	4989966
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	1,032	
6	4340	Noncurrent Deferred Operating Income Taxes	1,369,558	1416524
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)	10329629.17	11024287

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		
40	Cash & Cash Equivalents at Beginning of Period		
41	Cash & Cash Equivalents at End of Period		

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. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	NRUCFC	1088776							2825		
2	CUSTOMERS		228355	36432	190278						
3	AT&T				3370						
4	QWEST				1830						
5	PROJECT				20444					2029809	
6	NEMONT COMM., INC.				1467						
7	NCRPC				132432						
8	NECA				8876						1000
9	SAGEBRUSH CELLULAR				2404						
10	MISS. VALLEY COMM.				85410					5295572	
11	NEMONT				199953						
12	OTHER CARRIERS				15108						
13	USAC										137551
14	NISC										992084
15	RTFC										2942
16	CAPITAL CREDITS										
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	Totals	1088776	228355	36432	661572				2825	7325381	1140506

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	2998086	72791		-6162	3064715		3064715
2	^ 2111	Land	111732				111732		111732
3	^ 2112	Motor Vehicles	429963	9162		1819	440944	419939	21005
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	2820				2820	2820	
6	^ 2115	Garage Work Equipment	4500				4500	825	3675
7	^ 2116	Other Work Equipment	169273	9676		-5381	173568	129703	43865
8	^ 2121	Buildings	2192282	53953		-2600	2243635	408915	1834720
9	^ 2122	Furniture							
10	^ 2123	Office Equipment	87516				87516	24954	62562
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching	4271353	35525	175969	17275	4148184	1918316	2229868
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems							
17	^ 2232	Circuit Equipment	2037610	291567	333061	-18562	1977554	267158	1710396
18	* 2310	Information Orig & Term Equip							
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment							
24	^ 2411	Poles	183669	1904	732		184841	127948	56893
25	* 2420	Cable and Wire Facilities	5448520	69196	28927		5488789		5488789
26	^ 2421	Aerial Cable	1061303	29351	20660		1069994	399754	670240
27	^ 2422	Underground Cable	1021254	8895			1030149	501528	528621
28	^ 2423	Buried Cable	3284942	30950	8267		3307625	848890	2458735
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	81021				81021	21525	59496
32	^ 2431	Aerial Wire	3586				3586	2901	685
33	^ 2441	Conduit Systems	2487951				2487951	582292	1905659
34		Totals	17430775	470983	538689	-7449	17355620	5657468	11698152

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

Year: 2003

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	NOT APPLICABLE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	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	RTFC-ACQ	Apr-94	Apr-09	12572871				5447909				
2	RTFC-CONSTRUCTION	Apr-94	Aug-09	1349000				715406				
3	RTFC-MVC ACQ	Apr-03	Dec-07	3888889				3342744				
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	Total			17810760				9506059				

Cost of Preferred Stock

Year: 2003

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	NOT APPLICABLE											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	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) Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	350	10000					
2								
3								
4								
5								
6								
7								
8	Month by Month Data:							
9	January							
10	February							
11	March							
12	April							
13	May							
14	June							
15	July							
16	August							
17	September							
18	October							
19	November							
20	December							
21								
22								
23								

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2003

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	NOT APPLICABLE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Total Company Expense Matrix

Line No.	Accl. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	4089	3302		283751	-196425	94717
2	^	Motor Vehicle Expense	2915	2086		112450	-105504	11947
3	^	Aircraft Expense				164	-164	
4	^	Special Purpose Vehicles Expense	1174	1216		171137	-90757	82770
5	^	Garage Work Equipment Expense	75273	43459	286631	115704		521067
6	^	Other Work Equipment Expense	52602	28548	232727	64138		378015
7	*	General Support Expense				14551		14551
8	^	Land and Building Expense				29983		30209
9	^	Furniture and Artworks Expense	102	124		7032		98292
10	^	Office Equipment Expense	22569	14787	53904	299826		551933
11	^	General Purpose Computers Expense	149416	102691				
12	*	Central Office Switching Expense				299826		
13	^	Analog Electronic Expense	149416	102691		299826		551933
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense	40939	28316	327312	52211		448778
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense	40939	28316	327312	52211		448778
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	244865	170579	456327	155025		1026796
26	^	Poles Expense			5031			5031
27	^	Aerial Cable Expense	73180	51118		43343		167641
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	171633	119438	451296	111401		853768
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense				-144		-144
34		Subtotals	514,530	348,324	1,070,270	906,092	(196,425)	2642791

^ Subaccount of the account marked with a *

Total Company Expense Matrix

Year: 2003

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense	52	23		425		500
36	6510	Other Property Expenses	12404	8075		7976	-28455	
37	6530	Network Operations Expense	104727	70556		57047	-16659	215671
38	6531	Power Expense				32530		32530
39	6532	Network Administration Expense				1678		1678
40	6533	Testing Expense	13789	11561		23		25373
41	6534	Plant Operations Expense	81316	55039		9017	-14026	131346
42	6535	Engineering Expense	9622	3956		13799	-2633	24744
43	6540	Access Expense				76011		76011
44	6561	Depreciation - Telecom. Plant in Service				1163106		1163106
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	9635	6410		349349		349349
50	6611	Product Management				5825		21870
51	6612	Sales				2655		2655
52	6613	Product Advertising	9635	6410		3170		19215
53	6621	Call Completion Services				1747		1747
54	6622	Number Services	5726	4466	-14	43637		53815
55	6623	Customer Services	134616	111553		352003		598172
56	6711	Executive	68787	30883		71747		171417
57	6712	Planning						
58	6721	Accounting and Finance	80987	54326		74758		210071
59	6722	External Relations	40425	25720		86755		152900
60	6723	Human Relations	14132	10907		8743		33782
61	6724	Information Management						
62	6725	Legal				4773		4773
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable	68918	49804		187120		305842
67		Totals	1,054,939	721,047	1,070,256	3,397,114	(241,539)	6001817

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rentis (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	4089	3302		283751	-196425	94717
2	^	Motor Vehicle Expense	2915	2086		112450	-105504	11947
3	^	Aircraft Expense				164	-164	
4	^	Special Purpose Vehicles Expense	1174	1216		171137	-90757	82770
5	^	Garage Work Equipment Expense	75273	43459	286631	115704		521067
6	^	Other Work Equipment Expense	52602	28548	232727	64138		378015
7	*	General Support Expense				14551		14551
8	^	Land and Building Expense				29983		30209
9	^	Furniture and Artworks Expense	102	124		7032		98292
10	^	Office Equipment Expense	22569	14787	53904	299826		551933
11	^	General Purpose Computers Expense	149416	102691				
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense	149416	102691				551933
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	40939	28316	327312	52211		448778
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense	40939	28316	327312	52211		448778
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	244865	170579	456327	155025		1026796
26	^	Poles Expense			5031			5031
27	^	Aerial Cable Expense	73180	51118		43343		167641
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	171633	119438	451296	111401		853768
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	514,530	348,324	1,070,270	906,092	(196,425)	2642791

^ 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	52	23		425		500
36		Other Property Expenses	12404	8075		7976	-28455	
37	*	Network Operations Expense	104727	70556		57047	-16659	215671
38	^	Power Expense				32530		32530
39	^	Network Administration Expense				1678		1678
40	^	Testing Expense	13789	11561		23		25373
41	^	Plant Operations Expense	81316	55039		9017	-14026	131346
42	^	Engineering Expense	9622	3956		13799	-2633	24744
43		Access Expense				76011		76011
44		Depreciation - Telecomm. Plant in Service				1163106		1163106
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing	9635	6410		349349		349349
50	^	Product Management				5825		21870
51	^	Sales						
52	^	Product Advertising	9635	6410		2655		2655
53		Call Completion Services				3170		19215
54		Number Services	5726	4466		1747		1747
55		Customer Services	134616	111553		43637	-14	53815
56		Executive	68787	30883		352003		598172
57		Planning				71747		171417
58		Accounting and Finance	80987	54326		74758		210071
59		External Relations	40425	25720		86755		152900
60		Human Relations	14132	10907		8743		33782
61		Information Management						
62		Legal						
63		Procurement				4773		4773
64		Research and Development						
65		Other General and Administrative	68918	49804		187120		305842
66		Provision for Uncollectible Notes Receivable						
67		Totals	1,054,939	721,047	1,070,256	3,397,114	(241,539)	6001817

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2003

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

Other Post Employment Benefits (OPEBS)

Item		Current Year	Last Year	% Change
1	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			
7	Discount rate			
8	Expected return on plan assets	NOT APPLICABLE		#VALUE!
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			
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	Funded Status			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets	#VALUE!		#VALUE!
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost	#VALUE!		#VALUE!
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year: 2003

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan			
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	#VALUE!		#VALUE!
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost	#VALUE!		#VALUE!
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	NISC	DATA SERVICE BUREAU	311293	311293	311293
2	ILLUMINET/VERISIGN	SERVICE BUREAU	35010	35010	35010
3	NORTHWINDS PUBLISHING	DIRECTORY COMPANY	116321	116321	116321
4	MDU	UTILITIES	36921	36921	36921
5	NORTEL NETWORKS	EQUIPMENT VENDOR	237309	237309	237309
6	NAT'S FARMERS UNION	INSURANCE	26984	26984	26984
7	ROOSEVELT COUNTY	TAXES	233040	233040	233040
8	SHERIDAN COUNTY	TAXES	80086	80086	80086
9	VALLEY COUNTY	TAXES	225169	225169	225169
10	NTCA	GROUP HEALTH	86917	86917	86917
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				

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	25318896	61.12%	24782899	56.78%
3	Interstate, IntraLATA	11756	0.03%	12679	0.03%
4	Total Interstate Usage	25330652	61.15%	24795578	56.80%
5	Intrastate, InterLATA	5196149	12.54%	7078012	16.22%
6	Intrastate, IntraLATA	10898887	26.31%	11777384	26.98%
7	Total Intrastate Usage	16095036	38.85%	18855396	43.20%
8	Total Toll Usage	41425688	100.00%	43650974	100.00%
9	Centrex				
10	Local				
11	Total Minutes	41425688	100.00%	43650974	100.00%

Central Office and Access Line Statistics

Year: 2003

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	GLASGOW	DIGITAL	1489		201	93		120	916					2726
2	WOLF POINT	DIGITAL	1304		78	11		92	618					2092
3	PLENTYWOOD	DIGITAL	858		56	36		57	354					1325
4	POPLAR	DIGITAL	732		69	13		63	540					1404
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32														
33	Total		4383		404	153		332	2428					7547

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	GLASGOW	HOST	DIGITAL	NORTEL	DMS-10	2,890	1995
2	WOLF POINT	HOST	DIGITAL	NORTEL	DMS-10	2,041	1995
3	PLENTYWOOD	HOST	DIGITAL	NORTEL	DMS-10	1,456	1994
4	POPLAR	HOST	DIGITAL	NORTEL	DMS-10	1,312	1995
5	WOLF POINT	REMOTE (W. POINT H	DIGITAL	NORTEL	RSC-S		1997
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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		
4		
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26		
27	Total Switching and Central Office Projects over \$500,000	
28	Miscellaneous Central Office Projects not over \$500,000	250000
29	Total Central Office Budget (Total of Line 27 & Line 28)	250000
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)	250000

Montana Employee Counts

Year: 2003

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	VALLEY TELECOMMUNICATIONS, INC. HAS NO EMPLOYEES EMPLOYEE SERVICES ARE PROVIDED THROUGH SERVICE AGREEMENTS WITH NEMONT TELEPHONE COOPERATIVE, INC.		
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42			
43	Totals (Sum of Lines 1 through 42)		

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	NOT APPLICABLE SEE EXPLANATION ON SCHEDULE 26.						
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	NOT APPLICABLE SEE EXPLANATION ON SCHEDULE 26.						
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	17355622
3	2003 - 2004	Construction Work in Progress	14223
4	2005	Plant Acquisition Adjustments	5233454
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	-8972440
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	13630859
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	8943518
13	6560	Depreciation & Amortization Expenses	1512455
14		Federal & State Income Taxes	428751
15		Other Taxes	590342
16		Other Operating Expenses	4489335
17		TOTAL Operating Expenses	7020883
18		Net Operating Income	1922635
19		Other Income	531595
20		Other Deductions	772466
21		NET INCOME	1681764
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	4787
24		Business Access Lines	2760
25		PBX Access Lines	
26		Other Access Lines	
27		Total Number of Access Lines	7547
28		Average Number of Calls Per Access Line	
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30)	
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	2300

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%	77,475
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment	20.0%	450
4	2116	Other work Equipment	8.0%	10,052
5	2121	Buildings	3.1%	68,423
6	2122	Furniture		
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment	7.5%	8,752
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	8.2%	394,272
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS	8.2%	142,152
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	9.2%	18,428
22	2421	Aerial Cable Metallic	9.2%	103,957
23	2421	Aerial Cable Nonmetallic	9.2%	1,892
24	2422	Underground Cable Metallic	9.2%	97,245
25	2422	Underground Cable Nonmetallic	9.2%	5,400
26	2423	Buried Cable Metallic	4.0%	130,986
27	2423	Buried Cable Nonmetallic	4.0%	1,047
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	3.3%	2,682
31	2426	Intrabuilding Network Cable Nonmetallic	3.3%	19
32	2431	Aerial Wire	10.3%	359
33	2441	Conduit Systems	4.0%	99,518
34				
35		COMPOSITE TOTAL		
36				
37	Have these rates been approved by the Commission? _____ YES ___x___ NO			
38				
39	If yes: _____ Docket Number _____ Order Number			
40				

Montana Regulatory Capital Structure & Costs

Year: 2003

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent			
1	Docket Number _____			
2	Order Number _____			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
9				
10	Actual at Year End			
11				
12	Common Equity	52.59%		
13	Preferred Stock			
14	Long Term Debt	36.18%		
15	Other	11.23%		
16	Total	100.00%		

Network Access - Charges and Revenues

Year: 2003

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		1684570
2			
3	Montana - Intrastate		1684570
4			
5	Montana - Intrastate Regulated		1684570
6			
7			
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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	NEMONT TELEPHONE COOPERATIVE	TANDEM SWITCHING	LEASING AGREEMENT	60,312		
2		TOOLS & EQUIPMENT	LEASING AGREEMENT	157,065		
3		OFFICE FURN. & EQUIPMENT	LEASING AGREEMENT	28,470		
4		VEHICLES	LEASING AGREEMENT	101,505		
5						
6						
7	NEMONT COMMUNICATIONS	BUILDING/WAREHOUSE SPACE	LEASING AGREEMENT	220,350		
8		COMPUTERS	LEASING AGREEMENT	53,904		
9		FIBER	LEASING AGREEMENT	778,608		
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30	TOTAL			\$1,400,214		

Affiliate Transactions - Products & Services Provided by Utility

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	NEMONT TELEPHONE COOPERATIVE	SWITCHING SERVICES	LEASING AGREEMENT	384,528		
2		VEHICLES	LEASING AGREEMENT	23,262		
3						
4						
5						
6						
7	NEMONT COMMUNICATIONS	OFFICE SPACE	LEASING AGREEMENT	11,400		
8		VEHICLES	LEASING AGREEMENT	5,697		
9		CDO & BAY SPACE	LEASING AGREEMENT	6,036		
10						
11						
12						
13	SAGEBRUSH CELLULAR, INC.	VEHICLES	LEASING AGREEMENT	2,850		
14		OFFICE SPACE	LEASING AGREEMENT	8,100		
15		BAY & ANTENNA SPACE	LEASING AGREEMENT	7,080		
16						
17						
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29						
30	TOTAL			\$448,953		

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	17,430,775	17,430,777	0.00%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(5,657,467)	(4,989,966)	-13.38%
5	Plant in Service	11,773,308	12,440,811	-5.37%
6				
7	Additions			
8	1220 Materials & Supplies	1,032		
9	1280 Prepayments	12,008	10,704	12.18%
10	Other Additions			
11	TOTAL Additions	13,040	10,704	21.82%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	1,369,558	1,416,524	-3.32%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	1,369,558	1,416,524	-3.32%
20	TOTAL Rate Base	10,416,790	11,034,991	-5.60%
21				
22	Net Earnings	1,681,764	1,301,104	29.26%
23				
24	Rate of Return on Average Rate Base	16.145%	11.791%	36.93%
25				
26	Rate of Return on Average Equity	12.169%	10.719%	13.53%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
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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	9454	9928
3	Montana Consumer Counsel Tax	3426	3930
4	911 Emergency Telephone Fee	43033	43256
5	Montana Telecommunications Access Service (TDD)	8605	8641
6	Montana Corporate License Tax		
7	Personal Property Tax	525198	554927
8	Real Property Tax		
9			
10			
11			
12	Total	589716	620682

Company Name: Valley Telecommunications, Inc.

Universal Service Funds Received

Year: 2003

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	51456	68862
14	Funds received from Federal Sources	990551	885345
15			
16			
17			
18			
19			
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21			
22			
23			
24	Total	1042007	954207

ORGANIZATIONAL CHART OF NEMONT TELEPHONE COOPERATIVE, INC. AND AFFILIATES AS OF DECEMBER 31, 2003

