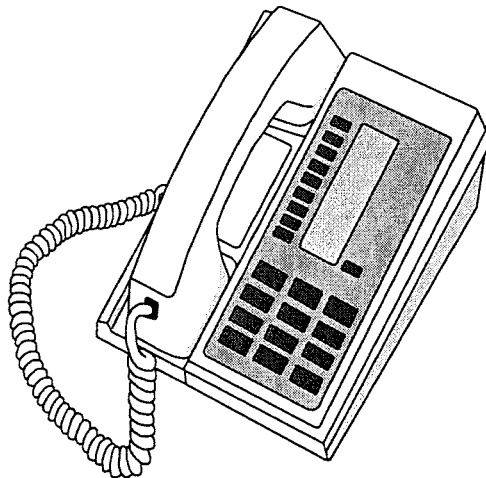


YEAR ENDING 2004

ANNUAL REPORT
OF
Valley Telecommunications

TELEPHONE UTILITY



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

RECEIVED BY
MONTANA PUBLIC SERVICE COMMISSION
JUL 21 2005

General Information

Year: 2004

1. Legal Name of Respondent:	Valley Telecommunications, Inc.
2. Name Under Which Respondent Does Business:	same
3. Date of Incorporation:	21-May-93
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	300
2	Orvis Nelson, 534 Biglake Rd., Homestead, MT 59242	350
3	Dayton Cherney, #90 Cherney Rd., Nashua, MT 59248-9000	300
4	Charles McVee, 182 McVee Rd., Glasgow, MT 59230	300
5	Roy D. Neufeld, HC67, Box 138, Larslan, MT 59244-9704	300
6	Linda Nelson, 469 Griffin Road, Medicine Lake, MT 59247	350
7	Pearl Hopkins, Box 803, Poplar, MT 59255-0803	2550
8	Colette Custer, 115 Broadmore St., Plentywood, MT 59254	2600
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18	Chairman of the Board:	
19	Ben Boreson, Box 224, Opheim, MT 59250-0224	350
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Officers

Year: 2004

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: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents		3,311,421
3	1180	Telecommunications Accounts Receivable - Net		191,924
4	1190	Other Accounts Receivable - Net		661,573
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		2,825
7	1220	Materials and Supplies		1,032
8	* 1280	Prepayments		12,008
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments		12,008
14	1350	Other Current Assets		
15		Total Current Assets		4,180,783
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		7,379,809
18	1402	Investments in Nonaffiliated Companies		1,140,505
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
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service		17,355,622
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term		14,223
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		5,233,454
33	2006	Nonoperating Plant		
34	2007	Goodwill		
35	3100	Accumulated Depreciation		(5,657,467)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		(3,314,973)
39		Net Property, Plant, & Equipment		13,630,859
40		TOTAL ASSETS		26,331,956

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable		932,233
43	4020	Notes Payable		
44	4030	Advance Billing and Payments		141
45	4040	Customer Deposits		78,363
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued		292,423
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		
54		Total Current Liabilities		1,582,185
55		LONG-TERM DEBT:		
56	4210	Funded Debt		9,506,058
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
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
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
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock		3,500,000
75	4520	Additional Paid-In Capital		
76	4530	Treasury Stock		
77	4540	Other Capital		
78	4550	Retained Earnings	832,863	10,319,727
79		Total Stockholders' Equity	832,863	13,819,727
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	832,863	26,277,528

Total Company Income Statement

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	1,209,542	2,356,338
3	5080	Network Access Revenues	2,661,514	5,995,993
4	* 5100	Long Distance Message Revenue	107	228
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	107	228
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	317,482	604,600
10	^ 5230	Directory Revenue	15,394	32,922
11	^ 5240	Rent Revenue	255,505	459,288
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,413	8,519
14	^ 5270	Carrier Billing and Collection Revenue	41,170	103,871
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,085	13,641
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,183,560	8,943,518
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	61,952	94,716
20	6120	General Support Expense	273,986	521,069
21	6210	Central Office Switching Expense	285,317	551,933
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	242,559	448,777
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	557,159	1,026,766
26	^ 6431	Aerial Wire Expense	556,951	1,026,266
27	^ 6441	Conduit Systems Expense	207	500
28	6510	Other Property, Plant & Equipment Expense	700	
29	6530	Network Operations Expense	105,274	215,672
30	6540	Access Expense	38,787	76,011
31	6560	Depreciation and Amortization Expense	744,491	1,512,455
32	6610	Marketing	8,077	21,871
33	6620	Services	348,500	653,734
34	6710	Executive and Planning	98,395	171,417
35	6720	General and Administrative	373,788	707,369
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,138,985	6,001,790
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	867	1,019,093
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,043,709	1,922,635
41	7300	Nonoperating Income and Expense	21,060	531,595
42	7400	Nonoperating Taxes	99	23,832
43	7500	Interest and Related Items	271,375	578,741
44	7600	Extraordinary Items	(39,568)	169,893
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)	832,863	1,681,764

^ Subaccount of the account marked with a *.

Montana Total State Income Statement

Year: 2004

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: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	1,209,542	2,356,338
3	5080	Network Access Revenues	2,661,514	5,995,993
4	* 5100	Long Distance Message Revenue	107	228
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	107	228
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	317,482	604,600
10	^ 5230	Directory Revenue	15,394	32,922
11	^ 5240	Rent Revenue	255,505	459,288
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,413	8,519
14	^ 5270	Carrier Billing and Collection Revenue	41,170	103,871
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,085	13,641
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,183,560	8,943,518
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	61,952	94,716
20	6120	General Support Expense	273,986	521,069
21	6210	Central Office Switching Expense	285,317	551,933
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	242,559	448,777
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	557,159	1,026,766
26	^ 6431	Aerial Wire Expense	556,951	1,026,266
27	^ 6441	Conduit Systems Expense	207	500
28	6510	Other Property, Plant & Equipment Expense	700	
29	6530	Network Operations Expense	105,274	215,672
30	6540	Access Expense	38,787	76,011
31	6560	Depreciation and Amortization Expense	744,491	1,512,455
32	6610	Marketing	8,077	21,871
33	6620	Services	348,500	653,734
34	6710	Executive and Planning	98,395	171,417
35	6720	General and Administrative	373,788	707,369
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,138,985	6,001,790
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	867	1,019,093
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,043,709	1,922,635

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	1,209,542	2,356,338
3	5080	Network Access Revenues	2,661,514	5,995,993
4	* 5100	Long Distance Message Revenue	107	228
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	107	228
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	317,482	604,600
10	^ 5230	Directory Revenue	15,394	32,922
11	^ 5240	Rent Revenue	255,505	459,288
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	5,413	8,519
14	^ 5270	Carrier Billing and Collection Revenue	41,170	103,871
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	5,085	13,641
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	4,183,560	8,943,518
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	61,952	94,716
20	6120	General Support Expense	273,986	521,069
21	6210	Central Office Switching Expense	285,317	551,933
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	242,559	448,777
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	557,159	1,026,766
26	^ 6431	Aerial Wire Expense	556,951	1,026,266
27	^ 6441	Conduit Systems Expense	207	500
28	6510	Other Property, Plant & Equipment Expense	700	
29	6530	Network Operations Expense	105,274	215,672
30	6540	Access Expense	38,787	76,011
31	6560	Depreciation and Amortization Expense	744,491	1,512,455
32	6610	Marketing	8,077	21,871
33	6620	Services	348,500	653,734
34	6710	Executive and Planning	98,395	171,417
35	6720	General and Administrative	373,788	707,369
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	3,138,985	6,001,790
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	867	1,019,093
40		Net Operating Income (L.17-L.37+L.38-L.39)	1,043,709	1,922,635

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2004

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		17355622
2	3100	Accumulated Depreciation		5657467
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		1032
6	4340	Noncurrent Deferred Operating Income Taxes		1369558
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

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service		17355622
2	3100	Accumulated Depreciation		5657467
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		1032
6	4340	Noncurrent Deferred Operating Income Taxes		1369558
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

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
2	3100	Accumulated Depreciation		5657467
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		1032
6	4340	Noncurrent Deferred Operating Income Taxes		1369558
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

Statement of Cash Flows

Year: 2004

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:	Refer to 2004 Audit Report	
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: 2004

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	Not Applicable										
2	Valley Telecommunications was merged with Nemont Telephone Cooperative										
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30	Totals										

Net Plant in Service - Detail

Year: 2004

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	3064716.16			-3064716.16			
2	^ 2111	Land	111732.2			-111732.2			
3	^ 2112	Motor Vehicles	440943.96			-440943.96			
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	2820.44			-2820.44			
6	^ 2115	Garage Work Equipment	4500			-4500			
7	^ 2116	Other Work Equipment	173568.04			-173568.04			
8	^ 2121	Buildings	2243635.04			-2243635.04			
9	^ 2122	Furniture							
10	^ 2123	Office Equipment	87516.48			-87516.48			
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching	4148184.22			-4148184.22			
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems							
17	^ 2232	Circuit Equipment							
18	* 2310	Information Orig & Term Equip	1977554.89			-1977554.89			
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	184840.76			-184840.76			
25	* 2420	Cable and Wire Facilities	5488788.55			-5488788.55			
26	^ 2421	Aerial Cable	1069994.38			-1069994.38			
27	^ 2422	Underground Cable	1030148.96			-1030148.96			
28	^ 2423	Buried Cable	3307624.31			-3307624.31			
29	^ 2424	Submarine Cable							
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	81020.9			-81020.9			
32	^ 2431	Aerial Wire	3585.87			-3585.87			
33	^ 2441	Conduit Systems	2487951.11			-2487951.11			
34		Totals	17355621.56			-17355621.56			

^ Subaccount of the account marked with a *.

Analysis of Plant Held for Future Use

Year: 2004

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							
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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: 2004

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	Not Applicable											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
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19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30	Total											

Cost of Preferred Stock											Year: 2004	
Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	Not Applicable											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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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: 2004

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:							
2	Valley Telecommunications merged with Nemont Telephone Cooperative, effective July 1, 2004.							
3	Not Applicable							
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: 2004**

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

Year: 2004

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	1029.33	2157.09		184112.52	-125347.37	61951.57
2	^	Motor Vehicle Expense	832.05	2019.26		77508.98	-68235.26	12125.03
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense				73.31	-73.31	
5	^	Garage Work Equipment Expense	197.28	137.83		106530.23	-57038.8	49826.54
6	^	Other Work Equipment Expense	38423.69	23978.03	137397	74187.35		273986.07
7	*	General Support Expense	25388.09	14734.04	105915	41831.13		187868.26
8	^	Land and Building Expense				6640		6640
9	^	Furniture and Artworks Expense				19970.37		21510.44
10	^	Office Equipment Expense	812.67	727.4		5745.85		57967.37
11	^	General Purpose Computers Expense	12222.93	8516.59	31482	127425.63		285317.45
12	*	Central Office Switching Expense	78843.32	79048.5				
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense	78843.32	79048.5				285317.45
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	26652.44	26232.27	163656	26018.32		242559.03
18	^	Radio Systems Expense	27.08	22.25		2.38		51.71
19	^	Circuit Equipment Expense	26625.36	26210.02	163656	26015.94		242507.32
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	108451.49	114219.19	238824.49	95663.38		557158.55
26	^	Poles Expense			13176.49	1429.22		14605.71
27	^	Aerial Cable Expense	35011.44	42471.75		22312.07		99795.26
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	73320.71	71664.14	225648	71917.54		442550.39
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals	253,281	245,552	539,877	507,403	(125,347)	1420765.48

^ Subaccount of the account marked with a *

Year: 2004

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	119.34	83.3		4.55		207.19
36		Other Property Expenses	5741.95	3589.22		2313.61	-10945.14	699.64
37	*	Network Operations Expense	51784.25	36531.25		25289.36	-8330.43	105274.43
38	^	Power Expense				17499.22		17499.22
39	^	Network Administration Expense				1395.55		1395.55
40	^	Testing Expense	5298.58	4295.7		-262.27		9332.01
41	^	Plant Operations Expense	46281.6	32235.55		5122.01	-8162.02	75477.14
42	^	Engineering Expense	204.07			1534.85	-168.41	1570.51
43		Access Expense				38787		38787
44		Depreciation - Telecomm. Plant in Service				570042.35		570042.35
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other				174448.5		174448.5
49	*	Marketing	4078.31	2815.98		1182.9		8077.19
50	^	Product Management						
51	^	Sales				725.64		725.64
52	^	Product Advertising	4078.31	2815.98		457.26		7351.55
53		Call Completion Services				3396.88		3396.88
54		Number Services	461.79	398.75		43661.85		44522.39
55		Customer Services	71386.9	53387.37		175806.23		300580.5
56		Executive	33852.03	18075.11		46467.9		98395.04
57		Planning						
58		Accounting and Finance	40741.13	25670		49183.99		115595.12
59		External Relations	23160.8	17633.37		49458.13		90252.3
60		Human Relations	6507.38	5891.95		5650.01		18049.34
61		Information Management						
62		Legal				3342.25		3342.25
63		Procurement						
64		Research and Development						
65		Other General and Administrative	33150.11	24423.93		88975.29		146549.33
66		Provision for Uncollectible Notes Receivable						
67		Totals	524,265	434,052	539,877	1,785,413	(144,623)	3138984.93

^ 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	1029.33	2157.09		184112.52	-125347.37	61951.57
2	^	Motor Vehicle Expense	832.05	2019.26		77508.98	-68235.26	12125.03
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense				73.31	-73.31	
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense	197.28	137.83	137397	106530.23	-57038.8	49826.54
7	*	General Support Expense	38423.69	23978.03		74187.35		273986.07
8	^	Land and Building Expense	25388.09	14734.04	105915	41831.13		187868.26
9	^	Furniture and Artworks Expense				6640		6640
10	^	Office Equipment Expense	812.67	727.4		19970.37		21510.44
11	^	General Purpose Computers Expense	12222.93	8516.59	31482	5745.85		57967.37
12	*	Central Office Switching Expense	78843.32	79048.5		127425.63		285317.45
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	26652.44	26232.27	163656	26018.32		242559.03
18	^	Radio Systems Expense	27.08	22.25		2.38		51.71
19	^	Circuit Equipment Expense	26625.36	26210.02	163656	26015.94		242507.32
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	108451.49	114219.19	238824.49	95663.38		557158.55
26	^	Poles Expense			13176.49	1429.22		14605.71
27	^	Aerial Cable Expense	35011.44	42471.75		2232.07		99795.26
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense			225648	71917.54		442550.39
34		Subtotals	253,281	245,552	539,877	507,403	(125,347)	1,420,765.48

^ Subaccount of the account marked with a *

Year: 2004

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	119.34	83.3		4.55		207.19
36		Other Property Expenses	5741.95	3589.22		2313.61	-10945.14	699.64
37	*	Network Operations Expense	51784.25	36531.25		25289.36	-8330.43	105274.43
38	^	Power Expense				17499.22		17499.22
39	^	Network Administration Expense				1395.55		1395.55
40	^	Testing Expense	5298.58	4295.7		-262.27		9332.01
41	^	Plant Operations Expense	46281.6	32235.55		5122.01	-8162.02	75477.14
42	^	Engineering Expense	204.07			1534.85	-168.41	1570.51
43		Access Expense				38787		38787
44		Depreciation - Telecomm. Plant in Service				570042.35		570042.35
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other				174448.5		174448.5
49	*	Marketing	4078.31	2815.98		1182.9		8077.19
50	^	Product Management						
51	^	Sales				725.64		725.64
52	^	Product Advertising	4078.31	2815.98		457.26		7351.55
53		Call Completion Services				3396.88		3396.88
54		Number Services	461.79	398.75		43661.85		44522.39
55		Customer Services	71386.9	53387.37		175806.23		300580.5
56		Executive	33852.03	18075.11		46467.9		98395.04
57		Planning						
58		Accounting and Finance	40741.13	25670		49183.99		115595.12
59		External Relations	23160.8	17633.37		49458.13		90252.3
60		Human Relations	6507.38	5891.95		5650.01		18049.34
61		Information Management						
62		Legal				3342.25		3342.25
63		Procurement						
64		Research and Development						
65		Other General and Administrative	33150.11	24423.93		88975.29		146549.33
66		Provision for Uncollectible Notes Receivable						
67		Totals	524,265	434,052	539,877	1,785,413	(144,623)	3,138,985

^ Subaccount of the account marked with a *

Pension Costs

Year: 2004

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		#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			
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	Not Applicable		#VALUE!
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			
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status			
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs			
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
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: 2004

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	Not Applicable		#VALUE!
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: 2004

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Calix Networks	Equipment vendor	621614.82	621614.82	621614.82
2	Verisign	Service bureau	29914.84	29914.84	29914.84
3	NorthWinds Publishing	Directory publishing	58458.9	58458.9	58458.9
4	MT DOR	Various tax remittances	163451.29	163451.29	163451.29
5	MDU	Utilities	25716.58	25716.58	25716.58
6	NCI	Fiber lease	389304	389304	389304
7	Nemont Communications	Intercompany transactions	856725.64	856725.64	856725.64
8	Nemont Telephone	Intercompany transactions	2740266.9	2740266.9	2740266.9
9	Nortel Networks	Equipment vendor	48039	48039	48039
10	NISC	Service bureau	192680.49	192680.49	192680.49
11	Project Telephone	Intercompany transactions	50626.51	50626.51	50626.51
12	Sagebrush Cellular	Intercompany transactions	109920.29	109920.29	109920.29
13	Sheridan County Treasurer	Property taxes	41937.43	41937.43	41937.43
14	USAC	Contributions	35221.7	35221.7	35221.7
15	Valley County Treasurer	Property taxes	115922.34	115922.34	115922.34
16	Roosevelt County Treasurer	Property taxes	118948.47	118948.47	118948.47
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
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41					
42					
43					
44					
45					
46					
47					
48					
49	Total				

Subscriber Line Usage Data

Year: 2004

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	10831498	61.08%	25318896	61.12%
3	Interstate, IntraLATA	6148	0.03%	11756	0.03%
4	Total Interstate Usage	10837646	61.12%	25330652	61.15%
5	Intrastate, InterLATA	2181436	12.30%	5196149	12.54%
6	Intrastate, IntraLATA	4714117	26.58%	10898887	26.31%
7	Total Intrastate Usage	6895553	38.88%	16095036	38.85%
8	Total Toll Usage	17733199	100.00%	41425688	100.00%
9	Centrex				
10	Local				
11	Total Minutes	17733199	100.00%	41425688	100.00%

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	<i>Valley Telecommunications, Inc. merged with Nemont Telephone Cooperative.</i>													
2	<i>Not Applicable</i>													
3														
4														
5														
6														
7														
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22														
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30														
31														
32														
33	Total													

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

Central Office and Switch Information

Year: 2004

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	Not Applicable						
2	Valley Telecommunications, Inc. merged with Nemont Telephone Cooperative.						
3							
4							
5							
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2005

Line No.	Description (a)	2005 (b)
1	Central Office Assets:	
2		
3	NOT APPLICABLE - VALLEY MERGED WITH NEMONT TELEPHONE COOPERATIVE	
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	
29	Total Central Office Budget (Total of Line 27 & Line 28)	
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)	

Montana Employee Counts

Year: 2004

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1			
2	VALLEY TELECOMMUNICATIONS, INC. HAS NO EMPLOYEES		
3	EMPLOYEE SERVICES ARE PROVIDED THROUGH A SERVICE AGREEMENT		
4	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: 2004

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: 2004

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	Not Applicable
3	2003 - 2004	Construction Work in Progress	Valley Telecommunications
4	2005	Plant Acquisition Adjustments	merged with Nemont
5	2002	Plant Held for Future Use	Telephone Cooperative.
6	1220	Materials & Supplies	
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	4183560.48
13	6560	Depreciation & Amortization Expenses	744490.85
14		Federal & State Income Taxes	2164
15		Other Taxes	-1297
16		Other Operating Expenses	2394494.08
17		TOTAL Operating Expenses	3139851.93
18		Net Operating Income	1043708.55
19		Other Income	52104.52
20		Other Deductions	262949.81
21		NET INCOME	832863.26
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	
24		Business Access Lines	
25		PBX Access Lines	
26		Other Access Lines	
27		Total Number of Access Lines	
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	

Depreciation - Montana Intrastate Regulated

Year: 2004

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	Not applicable Valley Telecommunications merged with Nemont Telephone Cooperative.	
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment		
5	2121	Buildings		
6	2122	Furniture		
7	2123.1	Office Support Equipment		
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers		
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment		
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		
16	2232	Circuit DDS		
17	2232	Circuit Digital		
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles		
22	2421	Aerial Cable Metallic		
23	2421	Aerial Cable Nonmetallic		
24	2422	Underground Cable Metallic		
25	2422	Underground Cable Nonmetallic		
26	2423	Buried Cable Metallic		
27	2423	Buried Cable Nonmetallic		
28	2424	Submarine Cable Metallic		
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire		
33	2441	Conduit Systems		
34				
35		COMPOSITE TOTAL		
36	Have these rates been approved by the Commission? _____ YES _____ NO			
37				
38				
39	If yes: _____ Docket Number _____ Order Number			
40				

Montana Regulatory Capital Structure & Costs

Year: 2004

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				
9				
10				
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	Total			

Network Access - Charges and Revenues

Year: 2004

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State		731100.84
2			
3	Montana - Intrastate		731100.84
4			
5	Montana - Intrastate Regulated		731100.84
6			
7			
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13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2004

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	Vehicle lease	Lease agreement	62,712		
2		Tools & work equipment	Lease agreement	99,978		
3		Furniture & office equipment	Lease agreement	15,738		
4		Tandem switching	Lease agreement	30,156		
5						
6	Nemont Communications, Inc.	Land/Building space	Lease agreement	102,888		
7		Computer use	Lease agreement	31,482		
8		Fiber	Lease agreement	389,304		
9		Voicemail services	Lease agreement	6,325		
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29						
30	TOTAL			\$738,583		

Affiliate Transactions - Products & Services Provided by Utility

Year: 2004

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	Vehicle use	Leasing agreement	31,692		
2		Switching services	Leasing agreement	192,264		
3						
4	Nemont Communications, Inc.	Vehicle use	Leasing agreement	7,758		
5		Office space	Leasing agreement	5,700		
6		CDO & Bay space	Leasing agreement	3,018		
7						
8	Sagebrush Cellular, Inc.	Vehicle use	Leasing agreement	3,882		
9		Tower space	Leasing agreement	300		
10		Office space	Leasing agreement	4,050		
11		Equipment use	Leasing agreement	3,240		
12						
13						
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27						
28						
29						
30	TOTAL			\$251,904		

Montana Intrastate Regulated Earned Rate of Return

Year: 2004

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service		17,430,775	-100.00%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation		(5,657,467)	100.00%
5	Plant in Service		11,773,308	-100.00%
6				
7	Additions			
8	1220 Materials & Supplies		1,032	-100.00%
9	1280 Prepayments		12,008	-100.00%
10	Other Additions			
11	TOTAL Additions		13,040	-100.00%
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	-100.00%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions		1,369,558	-100.00%
20	TOTAL Rate Base		10,416,790	-100.00%
21				
22	Net Earnings		1,681,764	-100.00%
23				
24	Rate of Return on Average Rate Base		16.145%	-100.00%
25				
26	Rate of Return on Average Equity			
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
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42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2004

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax		
2	Montana Public Service Commission Tax	9928	5929.77
3	Montana Consumer Counsel Tax	3930	2174.25
4	911 Emergency Telephone Fee	43256	21314.71
5	Montana Telecommunications Access Service (TDD)	8641	4290.92
6	Montana Corporate License Tax		
7	Personal Property Tax	554927	443462.81
8	Real Property Tax		
9			
10			
11			
12	Total	620682	477172.46

Company Name: Valley Telecommunications, Inc.

Universal Service Funds Received

Year: 2004

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	68862	35653.34
14	Funds received from Federal Sources	885345	256962.68
15			
16			
17			
18			
19			
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21			
22			
23			
24	Total	954207	292616.02