

YEAR ENDING 2005

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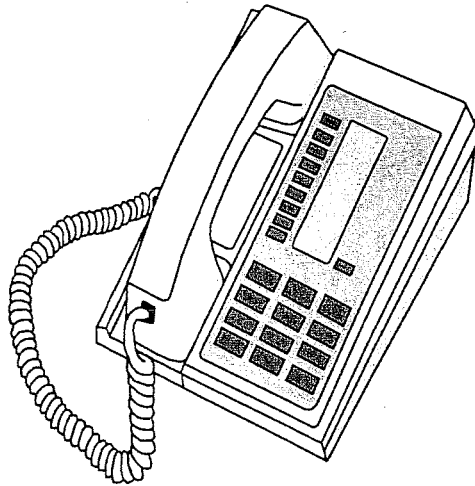
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PUBLIC SERVICE
COMMISSION

ANNUAL REPORT OF

CenturyTel of Montana, Inc.

TELEPHONE UTILITY



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

2005 Telephone Annual Report

Instructions

General

1. A Microsoft EXCEL workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell. You may also obtain these instructions and the report in both an Adobe Acrobat[®] format and as an EXCEL[®] file from our website at <http://psc.mt.gov/> under the "Reports" section on that page. Please be sure you use the 2005 report form. It has been updated and slightly changed from the 2004 report.
2. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report.
3. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. **Please submit one unbound copy of the annual report along with the regular number of annual reports that you submit.** This aids in scanning the report so that it may be published on our web site. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5".
4. Unless otherwise indicated, all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.
5. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.
6. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).

7. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.
8. The following schedules should be filled out with information on a total company basis:

- Schedules 1 - 4
- Schedule 10
- Schedules 13 - 17
- Schedule 19
- Schedule 20, Page 1 of 2
- Schedules 33 and 34

All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana from other jurisdictions.

9. All companies owned by another company shall attach a corporate structure chart of the holding company.
10. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:

- Schedule 6
- Schedules 17 and 18
- Schedule 21

11. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.
12. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.
13. Companies with over 5,000 lines must complete schedules to all required subaccount detail.
14. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.
15. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 6, 7, 8, 18, 29, 30 and 35

1. The Montana Public Service Commission approved intrastate depreciation rates must be utilized in the preparation of these schedules.

Schedules 3 through 9

1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).
2. **Schedule 5** may be omitted for companies doing business only in Montana.
3. **Schedule 6** is not required for companies with under 5,000 lines.
4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearly on the form.
5. **Schedule 8** - Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.
6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.
7. **Schedule 9** - Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

Schedule 10

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of \$50,000 for companies with under 5,000 lines and in excess of \$100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

Schedule 12

1. Respondents shall list each item amounting individually to \$100,000 or more and report all others in the aggregate.
2. Amounts in Column f relating to individual items exceeding \$50,000 shall be fully explained.

Schedule 15

1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.
2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

Schedule 19

1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

Schedule 20

1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. The schedule shall be filled out using FASB 106 and 132 guidelines.

Schedule 21

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was \$25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 23

1. Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other). At the company's option, it may file for this information to be considered proprietary, however, the totals are not considered proprietary and need to be filed in the public annual report.

Schedule 24

1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".
2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

Schedule 25

1. This schedule must be completed by all companies for the year following the reporting year.

Schedule 25a

1. This schedule should reflect the amount of total dollars spent in Montana during the reporting year and booked to the accounts listed on the schedule per the Code of Federal Regulations (CFR), Title 47, Chapter 1, Part 32. Universal System of Accounts.

Schedule 26

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

Schedule 27

1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.

Schedule 28

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.

3. All items included in Column (d) - Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule.
4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 29

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedule 30 and 30a

1. If the total of lines 35 on these schedules differs from Line 31 on Schedule 7 please reconcile the difference.

Schedules 33 and 34

1. Respondents shall report all transactions with affiliated companies.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedule 35

1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
3. Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 36

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

Schedule 37

2. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

Telephone Annual Report

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General Information

Year: 2005

1	Legal Name of Respondent:	CenturyTel of Montana, Inc.
2	Name Under Which Respondent Does Business:	CenturyTel of Montana, Inc.
3	Date of Incorporation:	October 23, 1946
4	Address to send Correspondence Concerning Report:	P. O. Box 4065 Monroe, La. 71211-4065
5	Person Responsible for This Report:	Ted M. Hankins Director of Economic Analysis
5a.	Telephone Number:	(318) 388-9416
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person: Pacific Corp. Holdings, Inc. owned 100% of the voting securities of Pacific Telecom, Inc. until December 1, 1997, when these securities were sold to CenturyTel, Inc., P. O. Box 4065, Monroe, La. 71211-4065.	
	1b. Means by which control was held: Ownership of voting securities.	
	1c. Percent Ownership: 99%	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Glen F. Post, III Chairman & CEO	None
2	Stacey W. Goff Senior V.P., General Counsel, & Assistant Secretary	None
3	R. Stewart Ewing, Jr. Executive V. P & CFO	None
4		
5	Address for Directors:	
6	CenturyTel, Inc.	
7	P. O. Box 4065	
8	Monroe, La. 71211-4065	
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	Chairman of the Board:	
19		
20		

Officers

Year: 2005

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	Chairman & C.E.O.	Company Wide	Glen F. Post, III
2	President & C.O.O.	"	Karen A. Puckett
3	Executive V. P. & C.F.O.	"	R. Stewart Ewing, Jr.
4	Senior Vice President	"	David D. Cole
5	Senior Vice President	"	Michael E. Maslowski
6	Senior V.P., General Council,	"	Stacey W. Goff
7	& Assistant Secretary	"	
8	Vice President & Controller	"	Neil A. Sweasy
9	Vice President & Treasurer	"	G. Clay Bailey
10	Vice President	"	Tim Walden
11	Vice President	"	Ivan Hughes
12	Vice President	"	Jeff Glover
13	Secretary	"	Kay Buchar
14	Region Vice President	Mid-West Region	Duane Ring
15	General Manager	CenturyTel of Montana, Inc.	Jeremy Ferkin
16			
17			
18			All officers are based in Monroe, La.,
19			except Duane Ring who is based in
20			LaCrosse, Wisconsin and Jeremy Ferkin
21			who is based in Kalispell, Montana.
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Total Company Balance Sheet

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	12,390,242	14,946,253
3	1180	Telecommunications Accounts Receivable - Net	3,207,144	3,292,750
4	1190	Other Accounts Receivable - Net	2,034,019	3,018,714
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	22,047	
8	* 1280	Prepayments	80,488	41,497
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	80,488	41,497
14	1350	Other Current Assets		
15		Total Current Assets	17,733,940	21,299,214
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	284,455	260,656
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	214,185	4,651
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	498,640	265,307
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	153,976,764	148,397,221
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	3,399,361	1,536,445
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	2,582	2,582
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(94,389,399)	(90,300,559)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	62,989,308	59,635,689
40		TOTAL ASSETS	81,221,888	81,200,210

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,932,831	3,983,850
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	703,045	659,437
45	4040	Customer Deposits	53,897	8,886
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	2,577,357	2,203,412
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	629,549	645,502
53	4130	Other Current Liabilities		
54		Total Current Liabilities	5,896,679	7,501,087
55		LONG-TERM DEBT:		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt		
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	8,321,540	8,621,372
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	10,402,001	5,829,574
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	18,723,541	14,450,946
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	6,680,000	6,680,000
75	4520	Additional Paid-In Capital	141,016	141,016
76	4530	Treasury Stock	(130,500)	(130,500)
77	4540	Other Capital		
78	4550	Retained Earnings	49,911,152	52,557,661
79		Total Stockholders' Equity	56,601,668	59,248,177
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	81,221,888	81,200,210

Total Company Income Statement

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	20,451,774	20,396,809
3	5080	Network Access Revenues	21,112,723	17,441,486
4	* 5100	Long Distance Message Revenue	252,407	189,434
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	267,970	302,598
7	^ 5160	Other Long Distance Revenue	(15,563)	(113,164)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	4,721,840	4,298,559
10	^ 5230	Directory Revenue	3,823,485	3,451,534
11	^ 5240	Rent Revenue	76,925	75,846
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	68,806	61,529
14	^ 5270	Carrier Billing and Collection Revenue	752,624	709,650
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	979,711	127,621
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	45,559,033	42,198,667
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	60,659	59,040
20	6120	General Support Expense	1,028,018	1,116,933
21	6210	Central Office Switching Expense	958,914	798,660
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	714,001	655,080
24	6310	Information Origination/Termination Expense	1,389	1,096
25	* 6410	Cable and Wire Facilities Expense	4,428,861	4,484,539
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	9,402	37,084
29	6530	Network Operations Expense	1,985,489	1,949,273
30	6540	Access Expense	1,388,475	852,535
31	6560	Depreciation and Amortization Expense	9,301,035	7,778,347
32	6610	Marketing	1,337,681	1,341,071
33	6620	Services	3,097,036	4,077,494
34	6710	Executive and Planning	523,706	634,591
35	6720	General and Administrative	3,205,042	3,479,774
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	28,039,708	27,265,517
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	8,393,248	7,011,901
40		Net Operating Income (L.17-L.37+L.38-L.39)	9,126,077	7,921,249
41	7300	Nonoperating Income and Expense	586,604	326,212
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	4,396	(6,637)
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	641,108	526,758
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	10,358,185	8,767,582

^ Subaccount of the account marked with a *.

(1) Includes Interstate Prior Period Adjustments of \$1,411,354 in 2005 and \$262,497 in 2004.

Includes Intrastate Prior Period Adjustments of \$170,98 in 2005 and \$54,382 in 2004.

(2) Includes Miscellaneous Prior Period Adjustments of \$13,045 in 2005 and \$11,417 in 2004.

Montana Total State Income Statement

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues		20,396,809
3	5080	Network Access Revenues		5,331,773
4	* 5100	Long Distance Message Revenue		189,434
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		302,598
7	^ 5160	Other Long Distance Revenue		(113,164)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		3,786,499
10	^ 5230	Directory Revenue		3,451,534
11	^ 5240	Rent Revenue		75,846
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		61,529
14	^ 5270	Carrier Billing and Collection Revenue		197,590
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		127,621
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		29,576,894
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	41,828	41,727
20	6120	General Support Expense	708,871	789,401
21	6210	Central Office Switching Expense	572,710	523,701
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	449,272	437,374
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,255,014	3,310,222
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	6,483	26,209
29	6530	Network Operations Expense	1,367,026	1,377,665
30	6540	Access Expense	646,473	108,861
31	6560	Depreciation and Amortization Expense	6,387,465	5,438,986
32	6610	Marketing	1,019,981	1,022,564
33	6620	Services	2,601,570	3,579,249
34	6710	Executive and Planning	394,528	490,336
35	6720	General and Administrative	2,377,159	2,657,207
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	19,828,380	19,803,502
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,712,111	4,892,555
40		Net Operating Income (L.17-L.37+L.38-L.39)	(25,540,491)	4,880,837

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	20,451,774	20,396,809
3	5080	Network Access Revenues	5,648,998	5,331,773
4	* 5100	Long Distance Message Revenue	252,407	189,434
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	267,970	302,598
7	^ 5160	Other Long Distance Revenue	(15,563)	(113,164)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	4,176,156	3,786,499
10	^ 5230	Directory Revenue	3,823,485	3,451,534
11	^ 5240	Rent Revenue	76,925	75,846
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	68,806	61,529
14	^ 5270	Carrier Billing and Collection Revenue	206,940	197,590
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	979,711	127,621
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	29,549,624	29,576,894
18		OPERATING EXPENSES: (1)		
19	6110	Network Support Expense	41,828	41,727
20	6120	General Support Expense	708,871	789,401
21	6210	Central Office Switching Expense	572,710	523,701
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	449,272	437,374
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,255,014	3,310,222
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	6,483	26,209
29	6530	Network Operations Expense	1,367,026	1,377,665
30	6540	Access Expense	646,473	108,861
31	6560	Depreciation and Amortization Expense	6,387,465	5,438,986
32	6610	Marketing	1,019,981	1,022,564
33	6620	Services	2,601,570	3,579,249
34	6710	Executive and Planning	394,528	490,336
35	6720	General and Administrative	2,377,159	2,657,207
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	19,828,380	19,803,502
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,712,111	4,892,555
40		Net Operating Income (L.17-L.37+L.38-L.39)	4,009,133	4,880,837

^ Subaccount of the account marked with a *.

- (1) Intrastate expenses include a portion of LNP expense. In any future ratemaking process, the LNP expenses will be removed to determine expenses solely on an intrastate basis. LNP investment and expenses are being recovered through a charge to the enduser as approved by the FCC.

Montana Intrastate Regulated Income Statement

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	19,636,861	19,413,501
3	5080	Network Access Revenues	4,967,516	4,455,898
4	* 5100	Long Distance Message Revenue	228,123	189,178
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	243,686	302,342
7	^ 5160	Other Long Distance Revenue	(15,563)	(113,164)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	137,011	134,457
10	^ 5230	Directory Revenue	81,235	85,562
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	55,776	48,895
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	269,743	90,459
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	24,699,768	24,102,575
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	40,904	40,728
20	6120	General Support Expense	693,216	770,498
21	6210	Central Office Switching Expense	561,919	512,575
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	440,808	428,081
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,176,474	3,224,652
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	6,340	25,581
29	6530	Network Operations Expense	1,336,836	1,344,673
30	6540	Access Expense	646,473	108,861
31	6560	Depreciation and Amortization Expense	6,255,812	5,321,476
32	6610	Marketing	983,845	986,337
33	6620	Services	2,319,900	3,336,436
34	6710	Executive and Planning	381,724	475,917
35	6720	General and Administrative	2,246,895	2,500,940
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	19,091,146	19,076,755
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,565,902	4,760,146
40		Net Operating Income (L.17-L.37+L.38-L.39)	42,720	265,674

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2005

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	151,186,993	143,760,162
2	3100	Accumulated Depreciation	(92,350,115)	(86,991,607)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	10,830	7,956
6	4340	Noncurrent Deferred Operating Income Taxes	(8,697,335)	(8,460,041)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	767,000	799,736
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	50,917,373	49,116,206

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	104,251,293	101,603,645
2	3100	Accumulated Depreciation	(64,022,521)	(61,479,256)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	7,959	5,873
6	4340	Noncurrent Deferred Operating Income Taxes	(5,997,266)	(5,979,197)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	552,366	590,323
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	34,791,831	34,741,388

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	101,995,662	99,224,590
2	3100	Accumulated Depreciation	(62,767,445)	(60,148,111)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	7,705	5,543
6	4340	Noncurrent Deferred Operating Income Taxes	(5,864,067)	(5,847,930)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	527,480	565,285
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	33,899,335	33,799,377

Notes to Schedule 8

(A) Revenues and expenses were allocated using FCC Part 36 separation rules. Allocation factors are based on 2000 traffic measurements per Separations Freeze Order (i.e. allocations for 2005 are based on the 2000 traffic measurement) which are the most current factors available.

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

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

Statement of Cash Flows

Year: 2005

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		10,358,185
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	9,301,035	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	280,867	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	1,070,301	
11	Change in Materials, Supplies & Inventories - Net	(22,047)	
12	Change in Operating Payables & Accrued Liabilities - Net	(2,051,019)	
13	Change in Other Assets & Deferred Credits - Net	(38,991)	
14	Change in Other Liabilities & Deferred Credits - Net	446,611	
15	Other (explained on back of this page)	3,991,728	
16	Total Adjustments		12,978,485
17	Net Cash Provided by/(Used in) Operating Activities		23,336,670
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of	(12,654,654)	
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)	(233,333)	
25	Net Cash Provided by/(Used in) Investing Activities		(12,887,987)
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	(13,004,694)	
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		(13,004,694)
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		(2,556,011)
40	Cash & Cash Equivalents at Beginning of Period		14,946,253
41	Cash & Cash Equivalents at End of Period		12,390,242

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2005

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	AT&T				204,100						
2	RBOC				135,487						
3	All Other Connecting Companies				1,510,920						
4											
5											
6											
7											
8											
9											
10											
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24											
25											
26											
27											
28											
29	Aggregate of all balances		3,501,241	(451,025)	340,440						
30	Totals		3,501,241	(451,025)	2,190,947						

Net Plant in Service - Detail

Year: 2005

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	*	Land and Support Assets	8,312,692	317,340	1,326,588	3,778	7,307,222		7,307,222
2	^	Land	467,745				467,745		467,745
3	^	Motor Vehicles	1,492,430	61,960	65,248		1,489,142	1,218,253	270,889
4	^	Aircraft							
5	^	Special Purpose Vehicles							
6	^	Garage Work Equipment							
7	^	Other Work Equipment	823,098	43,933	307,924		559,107	459,662	99,445
8	^	Buildings	3,621,618	60,255	47,156		3,634,717	2,170,646	1,464,071
9	^	Furniture	216,570		189,607		26,963	14,496	12,467
10	^	Office Equipment	284,939	4,043	57,663		231,319	223,333	7,986
11	^	General Purpose Computers	1,406,292	147,149	658,990	3,778	898,229	353,027	545,202
12	^	Analog Electronic Switching							
13	^	Digital Electronic Switching	27,028,033	1,914,651	925,215		28,077,594	26,762,450	1,315,144
14	^	Electro-Mechanical Switching							
15	^	Operator Systems							
16	^	Radio Systems	35,926				35,926	(4,517)	40,443
17	^	Circuit Equipment	33,144,883	3,811,963	2,121,602	(55,700)	34,779,544	21,069,968	13,709,576
18	*	Information Orig & Term Equip							
19	^	Station Apparatus							
20	^	Customer Premises Wiring							
21	^	Large Private Branch Exchanges							
22	^	Public Telephone Term. Equip.							
23	^	Other Terminal Equipment							
24	^	Poles	1,404,774	9,550	17,610	(756)	1,395,958	1,395,958	
25	*	Cable and Wire Facilities	76,538,339	4,353,738	732,223	2,732	80,162,586	39,839,059	40,323,527
26	^	Aerial Cable	10,635,084	184,848	118,906	(10,309)	10,690,717	10,431,213	259,504
27	^	Underground Cable	1,572,557	128,316	14,952	22,203	1,708,124	701,846	1,006,278
28	^	Buried Cable	64,291,665	4,040,574	598,343	(9,162)	67,724,734	28,669,550	39,055,184
29	^	Submarine Cable	5,831				5,831	3,270	2,561
30	^	Deep Sea Cable							
31	^	Intrabuilding Network Cable	33,202		22		33,180	33,180	
32	^	Aerial Wire	404,456				404,456	404,456	
33	^	Conduit Systems	1,522,637	297,501		(6,660)	1,813,478	482,608	1,330,870
34		Totals	148,391,740	10,704,743	5,123,238	3,519	153,976,764	94,389,399	59,587,365
35	2682	Leasehold Improvements	5,481		5,481				
		Totals w/ Leasehold Improvements	148,397,221	10,704,743	5,128,719	3,519	153,976,764	94,389,399	59,587,365

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2005

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	N/A						
2							
3							
4							
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: 2005

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	N/A											
2												
3												
4												
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	Total											

Cost of Preferred Stock

Year:2005

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	Preferred Stock 5% cumulative authorized & outstanding, 500 shares of \$100 par value. (includes 390 held in treasury)	12/50	Private	None	\$100	(A)	(A)	(A)	(A)	50,000	1,125	0
2												
3												
4												
5												
6	Serial Preferred 10% cumulative authorized 100,000 shares of \$100 par value; 1,800 shares issued. (includes 1200 held in treasury)	12/71	Private	None	\$100	(A)	(A)	(A)	(A)	180,000	6,000	0
7												
8												
9												
10												
11												
12												
13												
14												
15												
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)									230,000	7,125	

(A) No Preferred Stock transactions took place in the reporting year.

Analysis of Common Stock

Year: 2005

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31	96,000		107.90		(A)		(A)	(A)
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January		625.30						
10	February		623.74						
11	March		622.29	19.85					
12	April		625.17						
13	May		625.71						
14	June		628.97	28.40					
15	July		625.50						
16	August		625.32						
17	September		634.99	34.40					
18	October		626.47						
19	November		626.35						
20	December		488.39	25.24					
21									
22									
23									

(A) Not Applicable, Common Stock not publicly traded.

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2005

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
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22								
23								
24								
25								
26								
27								
28								
29								
30	Totals (Sum L.1 to L.29)							

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	15,475	5,978	198	39,008		60,659
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense	15,475	5,978	198	39,008		60,659
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	160,027	61,117	148,791	658,083		1,028,018
8	^	Land and Building Expense			70,976	320,962		391,938
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense	160,027	61,117	77,815	337,121		636,080
12	*	Central Office Switching Expense	433,231	157,730	2,963	364,990		958,914
13	^	Analog Electronic Expense	253	83	48			384
14	^	Digital Electronic Expense	432,978	157,647	2,915	349,226		942,766
15	^	Electro-Mechanical Expense				15,764		15,764
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense	365,242	134,112		214,647		714,001
18	^	Radio Systems Expense				2,273		2,273
19	^	Circuit Equipment Expense	365,242	134,112		212,374		711,728
20	*	Information Origination/Termination Expense	934	320		135		1,389
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense	934	320		135		1,389
25	*	Cable and Wire Facilities Expense	2,078,883	766,127	255,649	1,328,202		4,428,861
26	^	Poles Expense	1,278	472	191,245	241		193,236
27	^	Aerial Cable Expense	310,758	115,492		191,009		617,259
28	^	Underground Cable Expense	3,769	1,470		3,758		8,997
29	^	Buried Cable Expense	1,761,536	648,127	64,404	1,132,927		3,606,994
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense	184	68		44		296
34	^	Maintenance	1,358	498		223		2,079
35		Subtotals	3,053,792	1,125,384	407,601	2,605,065		7,191,842

Total Company Expense Matrix

Year: 2005

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
36		Other Property Expenses	21,330	8,046	4,006	(23,980)		9,402
37	*	Network Operations Expense	1,025,454	380,612	1,807	577,616		1,985,489
38	^	Power Expense				243,774		243,774
39	^	Network Administration Expense	128,914	37,189	151	73,862		240,116
40	^	Testing Expense	298,222	121,865	934	89,848		510,869
41	^	Plant Operations Expense	481,680	171,319	433	85,378		738,810
42	^	Engineering Expense	116,638	50,239	289	84,754		251,920
43		Access Expense				1,388,475		1,388,475
44		Depreciation - Telecomm. Plant in Service				9,301,035		9,301,035
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing	506,888	197,357	1,287	632,149		1,337,681
50	^	Product Management	137,554	54,095	211	85,224		277,084
51	^	Sales	369,334	143,262	1,076	312,314		825,986
52	^	Product Advertising				234,611		234,611
53		Call Completion Services				10,685		10,685
54		Number Services				206,697		206,697
55		Customer Services	1,125,498	525,806	11,415	1,216,935		2,879,654
56		Executive	160,044	189,052	57	174,553		523,706
57		Planning						
58		Accounting and Finance	223,862	116,065	1,080	328,339		669,346
59		External Relations	98,312	36,615	2,059	86,070		223,056
60		Human Relations	129,987	59,023	5,858	89,001		283,869
61		Information Management	330,524	138,789	8,282	1,073,673		1,551,268
62		Legal	43,406	23,370	4,458	125,605		196,839
63		Procurement	8,168	3,977	9	3,264		15,418
64		Research and Development						
65		Other General and Administrative	6,325	22,537	3	236,381		265,246
66		Provision for Uncollectible Notes Receivable						
67		Totals	6,733,590	2,826,633	447,922	18,031,563		28,039,708

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)
			NOT APPLICABLE					
1	*	Network Support Expense						
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
			NOT APPLICABLE					
35	6441	Conduit Systems Expense						
36	6510	Other Property Expenses						
37	6530	Network Operations Expense						
38	6531	Power Expense						
39	6532	Network Administration Expense						
40	6533	Testing Expense						
41	6534	Plant Operations Expense						
42	6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	6610	Marketing						
50	6611	Product Management						
51	6612	Sales						
52	6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2005

1	Plan Name			
2	Defined Benefit Plan? _____ X _____		Defined Contribution Plan? _____	
3	Actuarial Cost Method? _____		IRS Code: _____	
4	Annual Contribution by Employer: _____		Is the Plan Over Funded? _____	
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	See Note (A) Below		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:			
43	Pension Costs	588,032	641,217	9.04%
44	Pension Costs Capitalized	(23,521)	(19,493)	17.13%
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	150	149	-0.67%
48	Not Covered by the Plan			
49	Active	150	149	-0.67%
50	Retired	86	82	-4.65%
51	Deferred Vested Terminated			

(A) This information is not available on an individual basis. Information regarding the pension plan is summarized in the attached copy of Footnote 9 of CenturyTel, Inc.'s 2005 Proxy Statement.

(9) POSTRETIREMENT BENEFITS

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

In May 2004, the Financial Accounting Standards Board issued Financial Statement Position FAS 106-2, which provides accounting guidance to sponsors of postretirement health care plans that are impacted by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). We believe that certain drug benefits offered under our postretirement health care plans will qualify for subsidy under Medicare Part D. In the third quarter of 2004, we estimated that the effect of the Act on us would not be material. We first reflected the effects of the Act as of the December 31, 2004 measurement date. As of this date, we estimated that the reduction in our accumulated benefit obligation attributable to prior service cost was approximately \$7 million and reflected such amount as an actuarial gain.

In 2005, in connection with negotiating certain union contracts, we amended certain retiree contribution and retirement eligibility provisions of our plan. In 2003, we announced changes, effective January 1, 2004, that (i) decreased our subsidization of benefits provided under our postretirement benefit plan for existing participants and (ii) eliminated our subsidization of benefits for employees hired after January 1, 2003.

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

December 31,	2005	2004	2003
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 305,720	311,421	253,762
Service cost	6,289	6,404	6,176
Interest cost	16,718	17,585	18,216
Participant contributions	1,637	1,362	1,199
Plan amendments	23,289	2,529	(34,597)
Actuarial (gain) loss	16,391	(18,185)	79,163
Benefits paid	(16,102)	(15,396)	(12,498)
<u>Benefit obligation at end of year</u>	<u>\$ 353,942</u>	<u>305,720</u>	<u>311,421</u>
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 29,570	29,877	28,697
Return on assets	1,440	2,377	4,479
Employer contributions	13,000	11,350	8,000
Participant contributions	1,637	1,362	1,199
Benefits paid	(16,102)	(15,396)	(12,498)
<u>Fair value of plan assets at end of year</u>	<u>\$ 29,545</u>	<u>29,570</u>	<u>29,877</u>

Net periodic postretirement benefit cost for 2005, 2004 and 2003 included the following components:

Year ended December 31,	2005	2004	2003
	(Dollars in thousands)		
Service cost	\$ 6,289	6,404	6,176
Interest cost	16,718	17,585	18,216
Expected return on plan assets	(2,440)	(2,465)	(2,367)
Amortization of unrecognized actuarial loss	2,916	3,611	1,731
Amortization of unrecognized prior service cost	(1,876)	(3,648)	(2,447)
Net periodic postretirement benefit cost	\$ 21,607	21,487	21,309

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2005, 2004 and 2003.

December 31,	2005	2004	2003
	(Dollars in thousands)		
Benefit obligation	\$ (353,942)	(305,720)	(311,421)
Fair value of plan assets	29,545	29,570	29,877
Unamortized prior service cost	(1,726)	(26,891)	(33,068)
Unrecognized net actuarial loss	82,660	68,185	89,893
Accrued benefit cost	\$ (243,463)	(234,856)	(224,719)

Assumptions used in accounting for postretirement benefits as of December 31, 2005 and 2004 were:

	2005	2004
Determination of benefit obligation		
Discount rate	5.5%	5.75
Healthcare cost increase trend rates (Medical/Prescription Drug)		
Following year	9.0%/14.0%	10.0/15.0
Rate to which the cost trend rate is assumed to decline (the ultimate cost trend rate)	5.0%/5.0%	5.0/5.0
Year that the rate reaches the ultimate cost trend rate	2010/2015	2010/2015
Determination of benefit cost		
Discount rate	5.75%	6.0
Expected return on plan assets	8.25%	8.25

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

Our postretirement benefit plan weighted-average asset allocations at December 31, 2005 and 2004 by asset category are as follows:

	2005	2004
Equity securities	60.2%	63.0
Debt securities	31.4	34.1
Other	8.4	2.9
Total	100.0%	100.0

In determining the expected return on plan assets, we study historical markets and apply the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. We evaluate current market factors such as inflation and interest rates before determining long-term capital market assumptions. We also review peer data and historical returns to check for reasonableness.

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

	1-Percentage Point Increase	1-Percentage Point Decrease
(Dollars in thousands)		
Effect on annual total of service and interest cost components	\$ 1,498	(1,428)
Effect on postretirement benefit obligation	\$ 23,159	(21,736)

We expect to contribute approximately \$18 million to our postretirement benefit plan in 2006.

Our estimated future projected benefit payments under our postretirement benefit plan are as follows:

Year	Before Medicare Subsidy	Medicare Subsidy	Net of Medicare Subsidy
(Dollars in thousands)			
2006	\$ 18,500	(800)	17,700
2007	\$ 20,700	(900)	19,800
2008	\$ 22,900	(1,000)	21,900
2009	\$ 24,400	(1,100)	23,300
2010	\$ 26,000	(1,100)	24,900
2011-2015	\$ 140,600	(6,100)	134,500

Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End	See Note (A) Below		
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13	VEBA - Tax Advantaged	OTHER TRUSTS - Not Tax Advantaged		
14	401 (h) - Tax Advantaged			
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	Funded Status			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost	588,032	641,217	9.04%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 10 of the CenturyTel, Inc.'s 2005 Proxy Statement.

Other Post Employment Benefits (OPEBS) Continued

Year: 2005

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	150	149	-0.67%
3	Not Covered by the Plan			
4	Active	150	149	-0.67%
5	Retired	83	82	-1.20%
6	Spouses/Dependants covered by the Plan	12	13	8.33%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Ccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

(10) DEFINED BENEFIT AND OTHER RETIREMENT PLANS

We sponsor defined benefit pension plans for substantially all employees. We also sponsor a Supplemental Executive Retirement Plan to provide certain officers with supplemental retirement, death and disability benefits. We use a December 31 measurement date for our plans.

The following is a reconciliation of the beginning and ending balances for the aggregate benefit obligation and the plan assets for our above-referenced defined benefit plans.

<u>December 31,</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 418,630	390,833	346,256
Service cost	15,332	14,175	12,840
Interest cost	23,992	23,156	23,617
Plan amendments	31	428	-
Settlements	-	-	(9,962)
Actuarial loss	28,016	16,304	46,221
Benefits paid	(25,402)	(26,266)	(28,139)
<u>Benefit obligation at end of year</u>	<u>\$ 460,599</u>	<u>418,630</u>	<u>390,833</u>
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 363,981	348,308	266,420
Return on plan assets	25,453	35,892	52,783
Employer contributions	43,335	6,047	50,437
Acquisitions	-	-	6,807
Benefits paid	(25,402)	(26,266)	(28,139)
<u>Fair value of plan assets at end of year</u>	<u>\$ 407,367</u>	<u>363,981</u>	<u>348,308</u>

At December 31, 2005 and 2004, our underfunded pension plans (meaning those with projected benefit obligations in excess of plan assets) had aggregate benefit obligations of \$437.8 million and \$172.0 million, respectively, and aggregate plan assets of \$382.2 million and \$109.0 million, respectively.

Net periodic pension expense for 2005, 2004 and 2003 included the following components:

<u>Year ended December 31,</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(Dollars in thousands)		
Service cost	\$ 15,332	14,175	12,840
Interest cost	23,992	23,156	23,617
Expected return on plan assets	(29,225)	(28,195)	(22,065)
Settlements	-	1,093	2,233
Recognized net losses	6,328	5,525	7,214
Net amortization and deferral	289	279	397
<u>Net periodic pension expense</u>	<u>\$ 16,716</u>	<u>16,033</u>	<u>24,236</u>

The following table sets forth the combined plans' funded status and amounts recognized in our consolidated balance sheet at December 31, 2005, 2004 and 2003.

December 31,	2005	2004	2003
	(Dollars in thousands)		
Benefit obligation	\$ (460,599)	(418,630)	(390,833)
Fair value of plan assets	407,367	363,981	348,308
Unrecognized transition asset	(396)	(648)	(900)
Unamortized prior service cost	3,109	3,618	3,721
Unrecognized net actuarial loss	123,879	98,479	98,759
Prepaid pension cost	\$ 73,360	46,800	59,055

Our accumulated benefit obligation as of December 31, 2005 and 2004 was \$392.3 million and \$353.1 million, respectively.

Amounts recognized on the balance sheet consist of:

December 31,	2005	2004	2003
	(Dollars in thousands)		
Prepaid pension cost (reflected in Other Assets)	\$ 73,360	46,800	59,055
Additional minimum pension liability (reflected in Deferred Credits and Other Liabilities)	(11,662)	(18,450)	-
Intangible asset (reflected in Other Assets)	-	3,043	-
Accumulated Other Comprehensive Loss	11,662	15,407	-
	\$ 73,360	46,800	59,055

Assumptions used in accounting for the pension plans as of December 2005 and 2004 were:

	2005	2004
Determination of benefit obligation		
Discount rate	5.5%	5.75
Weighted average rate of compensation increase	4.0%	4.0
Determination of benefit cost		
Discount rate	5.75%	6.0
Weighted average rate of compensation increase	4.0%	4.0
Expected long-term rate of return on assets	8.25%	8.25

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

Our pension plans weighted-average asset allocations at December 31, 2005 and 2004 by asset category are as follows:

	2005	2004
Equity securities	69.5%	71.7
Debt securities	28.0	25.5
Other	2.5	2.8
Total	100.0%	100.0

In determining the expected return on plan assets, we study historical markets and apply the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. We evaluate current market factors such as inflation and interest rates before determining long-term capital market assumptions. We also review peer data and historical returns to check for reasonableness.

The amount of the 2006 contribution will be determined based on a number of factors, including the results of the 2006 actuarial valuation report. At this time, the amount of the 2006 contribution is not known.

Our estimated future projected benefit payments under our defined benefit pension plans are as follows: 2006 - \$22.8 million; 2007 - \$24.1 million; 2008 - \$26.9 million; 2009 - \$29.0 million; 2010 - \$31.2 million; and 2011-2015 - \$190.8 million.

We also sponsor an Employee Stock Ownership Plan (“ESOP”) which covers most employees with one year of service and is funded by our contributions determined annually by the Board of Directors. Our expense related to the ESOP during 2005, 2004 and 2003 was \$7.3 million, \$8.1 million, and \$8.9 million, respectively. At December 31, 2005, the ESOP owned an aggregate of 6.0 million shares of CenturyTel common stock.

We also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the “401(k) Plans”) which are available to substantially all employees. Our matching contributions to the 401(k) Plans were \$9.5 million in 2005, \$9.1 million in 2004 and \$8.2 million in 2003.

Payments for Services to Persons Other Than Employees

Year: 2005

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Automotive Rentals	Vehicle Maintenance & Rental	215,093	215,093	164,248
2	Flathead Janitorial, Inc.	Janitorial Services	108,648	108,648	76,788
3	Montana Dept. of Revenue	PSC & Consumer Council Fees	88,307	88,307	88,307
4	Montana Telecommun. Assoc.	Dues & Fees	55,240	55,240	42,182
5	One Call Locators, LTD.	Locating & Utility Services	164,409	164,409	121,357
6	The Berry Company	Advertising	102,205	102,205	77,931
7					
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13					
14					
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48					
49	Total		733,902	733,902	570,813

Subscriber Line Usage Data

Year: 2005

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	236,003,593	81.08%	247,365,226	81.27%
3	Interstate, IntraLATA	16,356	0.01%	14,379	0.00%
4	Total Interstate Usage	236,019,949	81.09%	247,379,605	81.28%
5	Intrastate, InterLATA	17,014,986	5.85%	17,155,593	5.64%
6	Intrastate, IntraLATA	38,025,575	13.06%	39,826,394	13.09%
7	Total Intrastate Usage	55,040,561	18.91%	56,981,987	18.72%
8	Total Toll Usage	291,060,510	100.00%	304,361,592	100.00%
9	Centrex				
10	Local				
11	Total Minutes	291,060,510	100.00%	304,361,592	100.00%

Central Office and Access Line Statistics

Year: 2005

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	Bigfoot	Digital	3,468		1,290	535		515	92		5	459		5,829
2	Columbia Falls	Digital	3,993		1,310	1,446		572	100		13	1,064		7,052
3	Elmo	Digital	790		226	208		43	14		1	6		1,080
4	Finley Point	Digital	510		108	82		25	2		1			646
5	Hungry Horse	Digital	941		285	623		120	22		7	61		1,436
6	Kalispell	Digital	18,417		6,507	8,337		4,065	841		54	7,586		37,470
7	Lakeside	Digital	1,244		419	116		133	37		2	240		2,075
8	Marion	Digital	330		122	35		28	3			8		491
9	McGregor lake	Digital	141			12		15	11			10		177
10	Olney	Digital	123		42	29		21	3			21		210
11	Polson	Digital	3,568		1,086	1,999		720	99		9	1,017		6,499
12	Somers	Digital	791		284	101		77	18		1	31		1,202
13	Swan Lake	Digital	229		43			16			1			289
14	Whitefish	Digital	6,006		2,097	1,495		1,058	257		18	1,746		11,182
15	Yellow Bay	Digital	330		108	15		11	1		1	8		459
16														
17														
18														
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30														
31														
32														
33	Total		40,881		13,927	15,033		7,419	1,500		113	12,257		76,097

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

Central Office and Switch Information

Year: 2005

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	<i>Bigfoot</i>	Remote	Digital	Nortel	Dual RSC	11,160	1985
2	<i>Columbia Falls</i>	Remote	Digital	Nortel	Dual RSC	12,748	1988
3	<i>Elmo</i>	Remote	Digital	Nortel	RLCM	1,856	1990
4	<i>Finley Point</i>	Remote	Digital	Nortel	RLCM	1,216	1990
5	<i>Hungry Horse</i>	Remote	Digital	Nortel	RSC	2,560	1989
6	<i>Kalispell</i>	Host	Digital	Nortel	DMS100	57,376	1981
7	<i>Lakeside</i>	Remote	Digital	Nortel	RSC	4,416	1990
8	<i>Marion</i>	Remote	Digital	Alcatel	LS2000 RDT	600	1999
9	<i>McGregor Lake</i>	Remote	Digital	Nortel	RLCM	640	1995
10	<i>Olney</i>	Remote	Digital	Alcatel	LS2000	732	1999
11	<i>Polson</i>	Remote	Digital	Nortel	Dual RSCS	10,392	1993
12	<i>Somers</i>	Remote	Digital	Nortel	RSC	2,655	1995
13	<i>Swan Lake</i>	Remote	Digital	Alcatel	LS2000 RDT	800	1999
14	<i>Whitefish</i>	Remote	Digital	Nortel	Dual RSCS	21,780	1994
15	<i>Yellow Bay</i>	Remote	Digital	Nortel	RLCM	640	1989
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NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2006

Line No.	Description (a)	2006 (b)
1	Central Office Assets:	
2		
3	MTKLSLADD ADSL ADDITIONAL CAPACITY - E.113024	621,668
4		
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27	Total Switching and Central Office Projects over \$500,000	621,668
28	Miscellaneous Central Office Projects not over \$500,000	779,013
29	Total Central Office Budget (Total of Line 27 & Line 28)	1,400,681
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	4,965,971
43	Total Construction Budget (Total of Lines 29, 41 & 42)	6,366,652

Montana Total State Construction Expenditures

Year: 2005

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	257,085	223,091	15.24%
2	2210	Central Office Assets	4,321,496	1,116,798	286.95%
3	2220	Operator Systems	0	0	
4	2230	Central Office Transmission	3,290,898	5,269,063	-37.54%
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	4,078,361	3,800,173	7.32%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		Total Construction Expenditures	11,947,840	10,409,125	14.78%

Montana Employee Counts

Year: 2005

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Vice President and Managers	4	4
2	Supervisors & Superintendants	8	9
3	Comm. Technicians	11	11
4	Plant Technicians	20	20
5	Cable Technicians	5	5
6	Engineers/Drafting	11	11
7	Facility & Test Board Technicians	6	6
8	Special Apparatus Technicians	9	10
9	Commercial & General	39	49
10	Secretaries	5	5
11	Communication Consultants	1	0
12	LAN Administrator	1	1
13	Plant Support Technicians	9	6
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43	Totals (Sum of Lines 1 through 42)	129	137

Compensation of Top 10 Montana Based Employees

Year: 2005

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	In order to protect the privacy interests of the company's employees, this schedule has historically been submitted as confidential and subject to protective order. The company is submitting the information on Schedule 27 under separate cover subject to the protective order currently in place.						
2							
3							
4							
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10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
	Note: CenturyTel of Montana, Inc. does not submit SEC information. See Schedule 27, Compensations of Top 10 Montana based employees.						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2005

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	104,251
3	2003 - 2004	Construction Work in Progress	1,705
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	6
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(64,023)
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	41,939
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	29,550
13	6560	Depreciation & Amortization Expenses	6,387
14		Federal & State Income Taxes	4,273
15		Other Taxes	1,439
16		Other Operating Expenses	13,442
17		TOTAL Operating Expenses	25,541
18		Net Operating Income	4,009
19		Other Income	
20		Other Deductions	
21		NET INCOME	4,009
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	40,881
24		Business Access Lines	7,419
25		PBX Access Lines	3,057
26		Other Access Lines	24,740
27		Total Number of Access Lines	76,097
28		Average Number of Calls Per Access Line	
29		Local Calls (Intrastate)	55,040,561
30		Toll Calls (Intra- or Interstate)	291,060,510
31		Total Number of Calls Per Access Line (Line 30 divided by Line 27)	21,653
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	N/A
34		Gross Plant Investment per Access Line (Line 2 divided by Line 27)	1.370

Depreciation - Montana Intrastate Regulated

Year: 2005

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	16.20%	234,360
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	9.38%	9,290
5	2121	Buildings	3.04%	110,735
6	2122	Furniture	8.19%	15,149
7	2123.1	Office Support Equipment	13.06%	15,186
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	17.26%	235,883
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.39%	2,298,722
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	9.39%	35
16	2232	Circuit DDS		
17	2232	Circuit Digital	9.39%	3,145,937
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	11.29%	45,444
22	2421	Aerial Cable Metallic	9.32%	81,709
23	2421	Aerial Cable Nonmetallic	9.32%	109,072
24	2422	Underground Cable Metallic	3.41%	49,038
25	2422	Underground Cable Nonmetallic	3.41%	5,293
26	2423	Buried Cable Metallic	4.43%	2,641,442
27	2423	Buried Cable Nonmetallic	4.43%	258,135
28	2424	Submarine Cable Metallic	3.30%	192
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	9.09%	6,963
33	2441	Conduit Systems	2.37%	38,450
34				
35		COMPOSITE TOTAL		9,301,035
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number <u>83.9.88</u> Order Number <u>5052</u></p>			
37				
38				
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THIS SCHEDULE IS REPORTED FOR TOTAL MONTANA AND AGREES WITH SCHEDULE 4, LINE 31.

Amortization - Montana Intrastate Regulated

Year: 2005

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1		N/A		
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35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39	Docket Number _____ Order Number _____			
40				

Montana Regulatory Capital Structure & Costs

Year: 2005

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>92.7.32</u>			
2	Order Number <u>5638C</u>			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
12	Common Equity 56,371,668	99.59%	13.700%	13.644%
13	Preferred Stock 230,000	0.41%	8.913%	0.037%
14	Long Term Debt			
15	Other			
16	Total 56,601,668	100.00%		13.680%

Network Access - Charges and Revenues

Year: 2005

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	N/A	21,112,723
2			
3	Montana - Intrastate		5,648,998
4			
5	Montana - Intrastate Regulated		4,967,516
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Affiliate Transactions - Products & Services Provided to Utility Year: 2005

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Service Group, Inc.	Management, Accounting, Operating and Miscellaneous Services	Contract Year - 2003	6,803,413		6,803,413
2						
3	CenturyTel, Inc.	"	"	351,322		351,322
4	CenturyTel of Washington, Inc.	"	"	240,909		240,909
5	CenturyTel of Ohio, Inc.	"	"	31,137		31,137
6	CenturyTel Holdings MO., Inc.	"	Contract Year - 2002	22,639		22,639
7	All Other	"		36,280		36,280
8	CenturyTel Supply, Inc.	Warehouse	Contract Year - 2003	322,133		322,133
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29						
30	TOTAL			\$7,807,833		\$7,807,833

Affiliate Transactions - Products & Services Provided by Utility

Year: 2005

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Internet Services, Inc.	Management, Billing & Coll., Operating, DSL & Miscellaneous Services	Contract Year - 2001	319,028	7.1%	319,028
2						
3	CenturyTel Long Distance, LLC	"	Contract Year - 2001	465,964	10.4%	465,964
4	CenturyTel of Mid West MI, Inc.	"	Contract Year - 2003	58,612	1.3%	58,612
5	CenturyTel of Wisconsin, Inc.	"	"	84,083	1.9%	84,083
6	CenturyTel of Idaho, Inc.	"	"	259,949	5.8%	259,949
7	Spectra Commun. Group, LLC	"	"	244,239	5.5%	244,239
8	CenturyTel of USA Wisconsin	"	"	109,666	2.5%	109,666
9	CenturyTel of GTE Wisconsin	"	"	131,294	2.9%	131,294
10	CenturyTel of Michigan, Inc.	"	"	117,454	2.6%	117,454
11	CenturyTel of Ohio, Inc.	"	"	148,122	3.3%	148,122
12	CenturyTel of Washington, Inc.	"	"	316,896	7.1%	316,896
13	CenturyTel of Eastern Oregon, Inc.	"	"	59,364	1.3%	59,364
14	CenturyTel of Oregon, Inc.	"	"	78,862	1.8%	78,862
15	CenturyTel of Gen. State, Inc.	"	"	123,804	2.8%	123,804
16	CenturyTel of Eagle, Inc.	"	"	423,773	9.5%	423,773
17	CenturyTel of Wyoming, Inc.	"	"	158,834	3.6%	158,834
18	CenturyTel of Mid W. WI., Inc.	"	"	151,110	3.4%	151,110
19	CenturyTel of Mid W. WI.-Cencom	"	"	59,369	1.3%	59,369
20	CenturyTel of Mid W. WI.-Kendall, Inc.	"	"	144,484	3.2%	144,484
21	CenturyTel of Minnesota, Inc.	"	"	57,148	1.3%	57,148
22	CenturyTel of SoW. Missouri	"	"	394,255	8.8%	394,255
23	CenturyTel of Central Missouri	"	"	147,379	3.3%	147,379
24	All Other	"	"	417,872	9.3%	417,872
25						
26						
27						
28						
29						
30	TOTAL		For all Affiliates Contract Price Determined by Fully Distributed Costs	\$4,471,561	100.00%	\$4,471,561

Montana Intrastate Regulated Earned Rate of Return

Year: 2005

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	101,995,662	99,224,590	2.79%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(62,767,445)	(60,148,111)	-4.35%
5	Plant in Service	39,228,217	39,076,479	0.39%
6				
7	Additions			
8	1220 Materials & Supplies	7,705	5,543	39.00%
9	1280 Prepayments			
10	Other Additions	527,480	565,285	-6.69%
11	TOTAL Additions	535,185	570,828	-6.24%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	(5,864,067)	(5,847,930)	-0.28%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	(5,864,067)	(5,847,930)	-0.28%
20	TOTAL Rate Base	45,627,469	33,799,377	35.00%
21				
22	Net Earnings	42,720	265,674	-83.92%
23				
24	Rate of Return on Average Rate Base	0.094%	0.786%	-88.09%
25				
26	Rate of Return on Average Equity	17.700%	13.700%	29.20%
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
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43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	1,120,334	1,135,302
2	Montana Public Service Commission Tax	61,024	55,705
3	Montana Consumer Counsel Tax	26,703	32,603
4	911 Emergency Telephone Fee	371,328	366,289
5	Montana Telecommunications Access Service (TDD)	74,662	73,685
6	Montana Corporate License Tax	500,000	610,000
7	Personal Property Tax		
8	Real Property Tax	1,774,606	1,835,379
9			
10			
11			
12	Total	3,928,657	4,108,963

SCHEDULE 37**Universal Service Funds Received**

Year: 2005

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	N/A	
14	Funds received from Federal Sources	1,109,904	2,185,926
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18			
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20			
21			
22			
23			
24	Total	1,109,904	2,185,926